

PIDG Development Impact 2018

Series Note: Reflections on PIDG's processes for impact measurement

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PIDG Impact measurement principles

When selecting projects and questions for evaluation, PIDG draws on the CART Principles put forward by the Innovations for Poverty Action (IPA) network:

1. **Credible** – Evaluations focus on collecting high quality data in areas where there are currently significant information gaps and assumptions that require validation. Data collection and analysis will be based on established tools and methodologies where available.
2. **Actionable** – Proposals that make a strong case for generating information of value to PIDG companies and developers in improving environmental, social and commercial performance are prioritised.
3. **Responsible** – Evaluations must ensure that the benefits of data collection outweigh the costs. Measures include making use of existing market and project data, and gathering primary data using lean methodologies. Research plans are also required to clearly communicate to participants the time and resource demands from interviewees and participants, how information will be used, and offer appropriate value propositions or compensation.
4. **Transportable** – Research activities seek to generate knowledge and insights that are transferable to other projects and to investors and institutions. Evaluation question selection is guided by views on relevant issues for the wider market and is co-ordinated with other evaluation programmes amongst DFIs and impact investors.

Ex-ante development impact assessments

PIDG reviews the development impact case for all new projects during due diligence. Projects must have a clear impact case in line with PIDG objectives in order to receive investment.

During 2018, PIDG Companies put development impact scorecards in place which take into account several elements of the PIDG Theory of Change in order to assess how / whether each project might be expected to contribute to different impact pathways. These scorecards will be tested and refined during 2019. These scorecards also help to identify the specific performance metrics that should be tracked for that project (alongside the KPIs that are aggregated from all projects across PIDG).

Project evaluations

PIDG selects a small sample of its portfolio for conducting in-depth research. This research includes case studies and longitudinal assessment of development outcomes.

Projects are shortlisted for basic evaluability assessments based on the CART principles. These principles translate in to the following criteria:

1. The project has significant information gaps, for example it is unclear ex-ante who the end beneficiaries of a project may be.
2. Information to be gathered through research is likely to help improve project operations – for example by informing the types of service offered to end-users.
3. Research can be conducted without creating major disruptions to the project, and investment in research is proportionate to the overall size of the project.

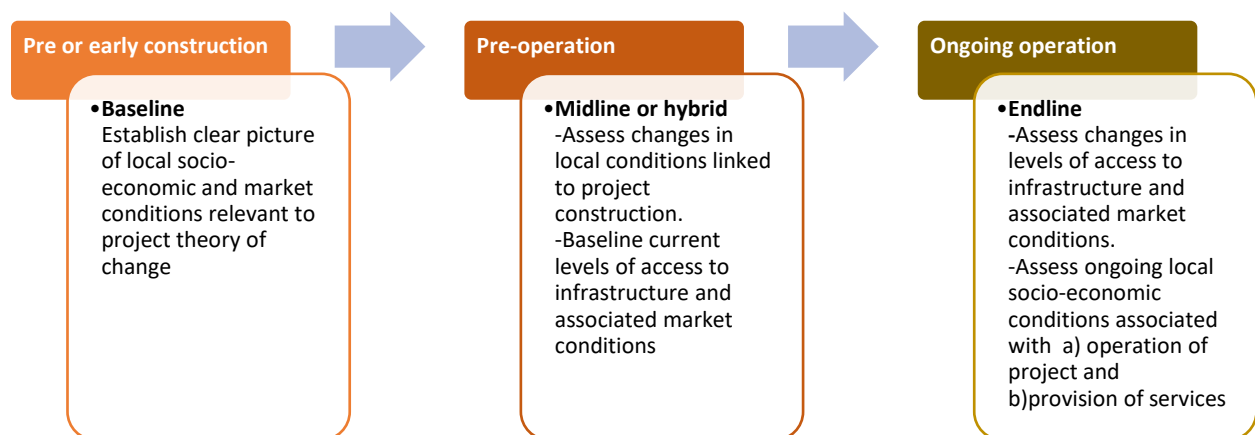
4. The project represents an opportunity for learning that may be applied more widely – e.g. it is in a sector, geography, or includes a particular approach or innovation that PIDG Companies have identified as a potential area for further investment.

Once projects are shortlisted, PIDG develops terms of reference for impact measurement and evaluation in consultation with project partners. This process typically includes the following activities:

1. Examine the expected development impact and additionality thesis of the project, to identify relevant baseline indicators and scope of baseline (for example the size of local area, whether to incorporate analysis at national, regional or municipal level).
2. Review existing project documentation and available public data sets.
3. Consult with project teams to fill information gaps.
4. Conduct primary research in project target region if needed and appropriate. This may include interviews with community representatives, household and SME surveys and other research methods.

Research is conducted by independent third parties, the PIDG Development Impact team, and investee companies depending on capacity and fit with operations.

Figure 1: High level generic timeline for project evaluation



As of 2018 PIDG has impact measurement studies underway for ten projects. The majority of these are at baseline stage for projects under construction or in early stages of operation. We expect to begin publishing summary reports on these from 2019 onwards.

Independent oversight

Recognising the importance of independent oversight of PIDG’s development impact monitoring and evaluation programme, the PIDG Board has appointed a three-person Independent Panel. The Panel is made up of experts in impact management, evaluations and infrastructure. This Panel’s task is to interrogate and challenge the work of PIDG’s Development Impact team and to report to the PIDG Board. If necessary, they have the power to request that the Board flags an issue with PIDG’s Owners¹.

Lessons from PIDG’s Evaluation Programme, 2017-2018

Targeting incremental progress on priority evidence gaps

PIDG prioritises research and evaluation in areas where there are current evidence gaps. These gaps often exist for good reason. Data is scarce in low-income and frontier markets. This makes it difficult to identify trends and changes and quantify how much change is due to PIDG projects or activities.

Throughout our in-depth reviews and evaluations, we have learnt the importance of setting realistic expectations. Our research on key questions is more likely to offer incremental progress rather than immediate and definitive answers. Using our current thematic reviews as a template provides the following steps for progress on impact measurement and learning.

1. **Build an in-depth understanding of the issue** by identifying existing sources of relevant information, assessing its uses and limitations, and mapping key assumptions and external factors
2. **Review PIDG processes** to manage issues relevant to the theme and compare to industry practice
3. **Test suitable methods** for impact measurement
4. **Validate assumptions** regarding PIDG performance and impact, based on a sample of the PIDG portfolio
5. **Scale up learnings and measurement** solutions to other areas of the PIDG portfolio
6. **Monitor changes in portfolio profile and outcomes**
7. **Identify emerging questions and information gaps for further research.**

Using qualitative approaches to understand and manage impact

Standardised quantitative indicators give a useful picture of the scale of PIDG portfolio activities for aggregation and comparison (for instance, on the number of people accessing new or improved infrastructure). Alongside quantitative analysis, qualitative approaches are also fundamental to managing impact across a diverse portfolio of projects in different sectors, and markets, and with different routes to impact. Our initial work on a gender empowerment framework, for example, provides a stronger basis for PIDG Companies to target more impactful investments than simply comparing the female beneficiary headcount of projects, and also identifies opportunities for enhancing project impacts.

Selecting and designing project studies

PIDG's approach to impact measurement has to balance our dual objectives of accountability and learning and do so efficiently. We have found the following measures to be particularly helpful in striking this balance.

Sampling

PIDG uses criterion-based sampling of projects for evaluation rather than randomised sampling in order to focus our resources where they have the greatest potential value. We also have to be flexible with our sample of projects and adjust based on changes to the design of infrastructure projects and revised timelines for development. We view our pipeline for project evaluations as dynamic and subject to some attrition, in a similar way to a deal pipeline.

Partnerships

Many of the projects we support have already participated in research or evaluations with other partners or are planning to do so. Most of these resources are discovered through proactive checking and regular communications with project partners and co-funders.

PIDG's research priorities also frequently overlap with co-funders. Dialogue with these co-funders has helped us identify suitable impact measurement methods and opportunities for joint research initiatives.

Combining independent and integrated impact measurement

Commissioning independent evaluations is important for PIDG's commitments to accountability. There are, however, advantages to involving portfolio companies in the design and delivery of evaluations, rather than relying solely on independent researchers. Embedded or partially embedded approaches may make better use of existing company knowledge and access to information and may be more likely to lead to insights that companies can use to guide their activities. The appropriate balance between independent and embedded impact measurement is decided on a project-by-project basis. Evaluation designs take into account any sensitivities and potential conflicts regarding data gathering in local communities. We also consider opportunities to use existing project activities for impact measurement. These include Environmental and Social Impact Assessments, market studies and feasibility assessments during due diligence, and consumer and employee surveys during the operational phase of projects.