

**MEASURING AND EVALUATING PROGRESS: SOME THOUGHTS  
ON FIGHTING POVERTY**

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**Abstract:** Credible demonstration of policy or program impacts for poverty reduction are dependent on understanding the distinction between inputs, outputs, outcomes and indicators. Moreover, to be trusted by the public, performance reporting on poverty reduction needs to focus more selectively on identifying the key measures of performance and the engagement of key constituents. The intention of this paper is to identify some current best practices and suggest some indicators involved in measuring incremental results and impacts that could be utilized to enhance understanding in relation to human development issues. This is the essential next step if the power and resources of stakeholders are to be harnessed in the fight against poverty, and a model with indicators is proposed to assist in this process. All of which, we contend, enable organizations new ways of approaching measurement effectiveness and accountability in a strategic and comprehensive manner.

### **Introduction**

Performance measurement and reporting is now considered to be a critical component in private, not-for-profit and public sector accountability both in Canada and abroad. Indeed, private, not-for-profit and public sector organizations remain under increasing pressure to measure progress toward results, have flexibility to adjust operations to meet expectations, and report on outcomes accomplished.

The intention of this article is to identify some current best practices and suggest some indicators involved in measuring incremental results and impacts that could be utilized to enhance understanding in relation to human development issues. This is the essential next step if the power and resources of stakeholders are to be harnessed in the fight against poverty, and a model with indicators is proposed to assist in this process.

### **Manage for Results**

In comparison to private and not-for profit organizations, public sector organizations neither seek to enhance competitiveness or promote growth—these public institutions aim to provide the highest quality of service to the public and to manage for results. A significant element of public sector reform is the move toward an approach that pays greater attention to the results attained with taxpayers' dollars; both the private and not-for-profit sectors have also faced increased pressure from stakeholders (business, civil society, government, and labour) to demonstrate results, particularly in the area of their contributions to human development and poverty reduction.

Credible demonstration of policy or program impacts for poverty reduction and other social issues are dependent on understanding the distinction between inputs, outputs, outcomes and indicators. To be trusted by the public, performance reporting on such issues need to focus more selectively on identifying the key measures of performance and the engagement of key constituents.

While the literature is replete with numerous models for assessing the impact and results of programs and policies, the number of program evaluators familiar with the literature, and who understand the appropriate methods that can be utilized to estimate and assess these impacts and results, is not optimal. There are many advantages to having program evaluators understand results and impact assessment literature. For example, if program evaluators consistently incorporated the principles of impact and results assessment in both formative and summative evaluations, it would afford organizations a stronger way of approaching performance accountability in a strategic and comprehensive manner. This would respond to the changing mind-set of the public regarding performance accountability, while providing enhanced information and opportunity to organizational management to make more effective choices in programming investments.

### **Results-Oriented Measurement**

While The Millennium Development Goals formulated in 2000, and The World Summit on Sustainable Development in 2002 have put the spotlight on poverty reduction as the most pressing challenge of our time, both recognized that business, civil society, government, and labor have important roles to play. According to the Overseas Development Institute and Japan International Cooperation Agency, while

most OECD countries have performance measurements and planning regimes, and results reporting, the robustness of this activity is questionable!

The literature distinguishes two uses for performance measurement information. Firstly, from a management perspective, performance information can be used to better understand the contributions and differences a program or policy is making. Furthermore, it enables program management to determine if a program or policy is the appropriate tool to achieve the desired result. In this regard, performance measurement is both a search for knowledge and an investigative tool.

Secondly, performance measurement is utilized to explain or demonstrate the results achieved by a program. In many jurisdictions, there is an increased focus on reporting to elected officials and other stakeholders exactly what has been achieved with the dollars spent and resources used. While performance measures frequently forms the basis of such reporting, according to the Overseas Development Institute and Japan International Cooperation Agency, the question is how can performance measurement information be used to report credibly on what has been accomplished and perhaps to confirm: the right metrics were identified, the approach for direct impacts was appropriate and useful; and if better indirect measures or even induced impacts and report of these impacts in a comparable way would have been a better alternative?

The literature clearly articulates the distinction between inputs, outputs, outcomes and indicators as the basis of performance measurement. Inputs are the resources allocated to programs and organizations. Outputs are the activities government agencies undertake, such as the provision of services. Outcomes are the eventual results of those activities in terms of the public good. Schacter notes "...indicators are the empirical measures of inputs, outputs and outcomes." Hence, the thrust of performance measurement is to train attention on "outcomes" – what ultimately matters the most – and link them to a logical model that connects inputs (resources) with activities, outputs and outcomes.

### **Toward a Management Regime**

However, when examined more closely, performance measurement is more than simply "measuring impacts" – it entails a management regime that requires an organization to have a clear idea of its objectives, and a regular means of reporting its success achieving them. Performance reporting is different from program or policy evaluation, which typically takes place at specific points in time in a program's life and is a more comprehensive analysis of program impacts. It is imperative that performance measurement be viewed as part of a larger management regime, which attempts to link ongoing results with strategic planning, budgeting and resource allocation. In other words, a framework based on managing for results.

The heart of any performance reporting process is a "logic model" that ties inputs to activities as well as to short-term, intermediate and ultimate outcomes. According to Wholey, the logic model becomes a conceptual illustration of the "results chain" or how the activities of a policy, program or initiative are expected to lead to the achievement of the final outcomes – in this case poverty reduction. So then, a well-structured logic model is the beginning foundation to both understanding and subsequently measuring the success of any poverty reduction program. Thus, performance can only be measured if there are both outputs and outcomes. Even for a program explicit as poverty reduction, selecting indicators is not automatic. Successful performance measurement depends, in part, on finding credible indicators, which can be successfully measured.

Results can be measured in many ways by using many different kinds of information when stakeholders agree upon appropriate performance indicators. However, without stakeholder agreement there is a risk that inappropriate performance will be encouraged.

### **Critical Features**

#### **1. Linking Resources to Results—A Process Requirement**

Performance measurement is not an end in itself. Measurement should contribute to the wider process of resource allocation. Linking resources to results is a mechanism for supporting transparency in the decision-making process. As well, such steps enrich accountability in a citizens' centered approach.

Theoretically, if programs are found to be under-performing, resources should be reallocated to other programs that have demonstrated public benefits. In addition, there is evidence from several jurisdictions to suggest the alignment of resources to results. Many organizations report actual performance against targeted performance. Alignment is most common between budgeted resources and expected results.

## **2. Tell a Convincing Story**

There is a paradox of performance measurement acknowledged in the literature. As noted previously, performance measurement is driven by both precision and a clear assessment of the contribution of government programs to specific outcomes. The literature acknowledges that there are significant technical problems associated with disentangling the specific effect of those programs from other factors that might contribute to those outcomes. Schacter argues good performance measurement is an exercise in storytelling. He maintains successful performance measurement must acknowledge there is an element of judgement. Furthermore, he notes the importance to acknowledge the limits of both the chosen indicators and the evidence for those indicators. According to Schacter, a well-developed performance framework allows you to tell a convincing story, backed by credible evidence, about the value added by the program to some particular segment of society.

The literature highlights four organizational implications of performance measurement. First, if a true performance measurement regime is established, it implies the organization has a focus on performance and outcomes rather than on process or outputs. Second, there is a willingness to be evaluated at both an organizational and a personal level. Third, there is a focus on continuous improvement so that performance measurement is linked to the development and adjustment of new programs and resource allocation. Fourth, there is greater transparency, and accountability to both internal and external stakeholders.

## **3. Stakeholder Engagement – a process**

The review and evaluation of existing programs has always been a part of management practices within public sector institutions. However, the nature and content of evaluations and reviews have evolved from focusing mainly on the quantity of resources used by programs (the dollars spent and the number of people employed) to examining how the resources are used, the purposes of programs and their impacts and effects on society. This change of emphasis has been necessary, as decision-makers have increasingly demanded better information on the actual as opposed to the expected achievements of public sector policies and programs.

Within public institutions, program evaluation has been an essential organizational practice. Engaging key constituents, however, is not practiced consistently across all program areas, nor is it sufficiently well integrated into the day-to-day evaluation process of most programs. Typically, there are three phases to public sector evaluations:

- Evaluation assessment or framework (the planning phase)
- Evaluation study
- Decision-making based on findings and recommendations.

The evaluation assessment phase identifies the main issues and questions to be addressed in the study and develops appropriate methods for gathering evidence on them. The evaluation staff then develops specific terms of reference for approval by the senior management cadre, following which the evaluation study begins, and data is collected and analyzed to produce findings about the evaluation issues. These findings and subsequent recommendations form the basis for making decisions about the future of the program(s). The reporting of these findings to senior management cadre helps maintain accountability for the results.

Serving the broader interest means ensuring that the interest of stakeholders and taxpayers, are protected. Traditionally, however, public sector organizations have considered accountability to be of greater importance - inputs (what it spends), activities (what it did) and outputs (what it produced). This mentality may have ensured that the ledger books were in order but it provides little information about whether the interests of stakeholders have been considered. To differentiate itself from the current evaluation process, evaluation units need to re-focus how they would reposition themselves to engage key stakeholders at all levels in the evaluation process.

## **4. Measurement and its Limitations!**

### **4.1 Less about precision**

As pointed out by Canada's Auditor General, the Overseas Development Institute and the Japan International Cooperation Agency there remains a constant need to rethink what measurement can usefully mean. This is especially true for initiatives such as poverty reduction. Even with a carefully designed evaluation study, definitively determining the extent to which a program contributes to a particular reduction outcome is usually very difficult, and perhaps not possible. In fact, measurement is becoming less about precision and more about increasing our understanding and knowledge about what works, thereby reducing the uncertainty about program impacts. This view of measurement implies a requirement to gather additional data and information that will increase our understanding about a program and its impacts, even if we cannot "prove" things in an absolute sense. However, it might allow us to provide a reasonable estimate of the magnitude of the impact.

### **4.2 Qualitative Tools**

Perhaps more importantly, this view recognizes a need to include softer, qualitative measurement tools within the concept of measurement. Since there is a need to be realistic about program outcomes, there is a need to acknowledge other factors at play that may influence these outcomes. Furthermore, Mayne contends there is a need for a more honest and credible approach by acknowledging that these influences exist, rather than pretending otherwise.

Increasingly, there is recognition that such measurement has its limitations, perhaps implying that a need exists to accept some uncertainty about the unavailability of performance measures in some cases. When it is absolutely necessary to have a high degree of certainty regarding a program's contribution, it becomes even more crucial to ensure rigor within the evaluation measurement process.

### **4.3 Intended Outcomes**

While the literature is clear on the concept of program "effectiveness", organizational programs designed to produce certain "intended outcomes" such as: poverty reduction, a healthier public, better living conditions, healthier communities, more jobs, and so on have proven difficult to measure. We all know that effective programs are those that can demonstrate these results. In other words, they contribute to the public view of value for money expended. However, in the quest to measure program performance, we face two challenges: first, measuring whether or not these outcomes are actually occurring, and second, determining what contribution the specific program has made to the outcome. The second is perhaps the more difficult question in that it attempts to determine how much of the success (or failure) can be attributed to the program.

The broad picture that emerges from the review and analysis of the literature is that any Poverty Reduction Strategy (PRS) has the potential to encourage the development of a country-owned and credible long-term strategy for growth and poverty reduction, which could provide an effective framework for coordinating the efforts of donors and international financial institutions. However, actual achievements thus far fall considerably short of potential. This is partly because it is unrealistic to expect quick gains given the initial conditions from which the process started in most low-income countries. But there were also shortcomings in the design of the initiative that have reduced its effectiveness, including a lack of clarity about the role, which funding organizations and stakeholders should play.

### **4.4 Stakeholder Participation**

Stakeholder participation in the formulation of Poverty Reduction Strategies is increasingly seeing practice; and although there was generally more broadly based engagement than in previous approaches, and most stakeholders involved in the process viewed this as a significant improvement. However, the participatory processes are typically not designed to strengthen existing domestic institutional processes for policy formulation and accountability (e.g., through local authority). In a few cases, institutional arrangements to sustain the process are beginning to develop around the budgetary cycle; and in fact few if any measures exist to gauge the impact of domestic stakeholders in outcomes.

The PRS process has had limited impact in generating meaningful discussions, outside the narrow official circle, of alternative policy options with respect to the macroeconomic framework and macro-relevant structural reforms. This reflects in part the absence of any mechanism to ensure that key issues were aired and the broader debate well informed. Lack of clarity about the role of funding organizations in this area contributed to this outcome. In the relatively few cases where a broader stakeholder engagement and debate did occur, there was a positive impact on policy outcomes.

Results in terms of ownership are mixed. The approach has often generated relatively strong ownership in a narrow circle of official stakeholders responsible for driving the process, but much less among other domestic stakeholders. The perception that the approach is overly influenced by procedural requirements of funding organizations is potentially widespread in PRS initiatives.

#### **5. Stakeholder Engagement Measurement – Suggestions for Consideration**

Stakeholder engagement has been a key element in progressive planning and management processes for many years. 'Consultation' has, however, taken many forms and actual practices have often been criticized as tokenistic and cynical. In some cases, Rightmer and Jeney suggests the approach taken has been referred to as the "decide, educate, announce, defend" (DEAD) process of engagement.

In fact, stakeholder participation should be an interactive two way process. As suggested by Dwyer for example, consultation should involve consensus building, be objective, open and fair, be explicit – where, when and how, legitimate so results can be used in the decision making process and traceable so participants can see how their efforts have influenced the decision making process – a point also supported by Hardy.

Sterne indicates that any stakeholder consultation process should have the following principles: a first thought, not an afterthought; mutual respect; all parties must be involved; participant funding; outcome should not be pre-determined; open, honest, and transparent; all participants should have equal influence on outcome of process; access to information; shared ownership of the process; clear feedback and continuing communication.

In terms of stakeholder engagement, according to the International Institute for Sustainable Development indicators may be described as "bits of information that summarize the characteristics of systems or highlight what is happening in a system." Others, such as the World Resources Institute denote indicators can be used to gain information about progress or decline in particular areas and can help to uncover clues to matters of larger significance or identify trends. Often, information from monitoring of indicators is expected to "provide important policy guidance to decision makers and provide a means for tracking sustainable development" related to PRS in the context of stakeholder engagement

#### **Identification of appropriate and measurable indicators**

We know that effective indicator use for sustainability purposes requires attention to a range of social, economic and perhaps other considerations, hopefully with some effort to recognize and track interconnections. However, it is quite clear that the majority of indicators that have been developed are utilized to report on sustainable development.

Thus, the next logical consideration would be to develop a set of indicators that measure the contribution and impact of stakeholder engagement in relation to the PRS initiative outcomes. For example, a set of indicators could be developed around:

- Procedural quality – measured by evidence / indicators of how the stakeholder engagement was undertaken, and whether it was consistent with its declared process;
- Responsiveness – measured by evidence / indicators which demonstrates the organisation has learnt from the process of engagement and, crucially, that the learning is put into practice e.g. through policies and decisions; and

- Quality of outcomes - measuring indicators / evidence of resulting costs and benefits to the organisation and its stakeholders

## **6. The Management Matrix**

Incorporating solid program evaluation practice and the above consideration, Table 1 presents the linking of strategic objectives of the Development Perspective to proposed measures, targets and initiatives under consideration by the Executive Forum.

So then, based on these examples, our management matrix for the Stakeholder Perspective would be as follows.



## The Management Matrix

| <b>Stakeholder Perspective: The Development Perspective</b>   |   |   |  |
|---|---|---|--|
| <b>Strategic Consideration: The development “gear” of strategy</b>  |   |   |  |
| <b>Objective 1:</b><br><br>To raise employment among urban poor, with particular emphasis on those export sectors characterized by high labour, medium skill requirements | <b>Measures</b><br>Extent to which PRS initiatives contributed to increased employment among participants.  | <b>Targets</b><br>% Increase of employment created among participants.<br>30% overall reduction in unemployment within 3 years. | <b>Initiatives</b><br>Stakeholder engagement initiatives at the local and regional levels to identify definition of employment success and yearly targets.   |
|   | Rate of income distribution over quintiles (including inequality gap between percent income group and others.   | % Increase of the average income of the bottom and top 20%.   | Introduction of the Cooperative Centre model at local and regional levels.   |
|   | Increase in the average yearly employment level by family and region.   | % Of population living at poverty level as compared to % increase.  | Encourage programmes, which support enterprises, which creates abundance of low / semi-skilled job opportunities.  |
|   | Increase rate of participation in PRS employment initiatives.   | 5% yearly increase in PRS employment initiatives participation rate (% of eligible participants who are active participants.    | Creation of incentives for enterprises to locate in lagging regions.<br>Priority investment strategy, which places and emphasize on export sector.   |
| <b>Objective 2</b><br><br>To generate export-related income opportunities for rural families working in the informal sector   | <b>Measures</b><br>Number of new opportunities by sector, and region.   | <b>Targets</b><br>% Increase in number of opportunities by sector and region annually   | <b>Initiatives</b><br>PRS sponsorship of community-based and self-led activities and initiatives.  |
|   | Number of micro-credit loans by sector and region.  | % Increase in uptake of micro-credit.   | Research grants to local and regional individuals and groups to undertake and support research related to economic viability and competitiveness.  |
|   | Number of micro-own enterprises by sector and region.   | % Increase in the number of joint initiatives between funding organizations and local / regional government.                    | Cooperative Marketing Programs at the local, regional and international level.<br>Establishment of facilitation and brokering platforms to support exporter program initiatives.<br>Development of pilot testing / monitoring new approaches framework – what works / what don't work. |
|   | Number of agreements with exporters.  | % Increase in number of agreements signed.  | Partnership initiatives with International not-for-profit organizations (i.e. World Vision, UNICEF, Oxfam).  |
| <b>Objective 3</b><br><br>To stimulate entrepreneurship   | <b>Measures</b><br>Stakeholders have a ‘good’ (i.e. better than ‘fair’ but not ‘excellent’ understanding and appreciation of the benefits of the program. | <b>Targets</b><br>25% increase in share of paid employment within 3 years   | <b>Initiatives</b><br>Stakeholder workshops.<br>Establishment of Business Improvement Associations at local and regional levels.   |

|  |  |   |  |
|--|--|---|--|
| within regions of high poverty incidence, with particular emphasis on international markets. | Increased uptake of participation by stakeholders in funded training and programs.                             | 100 % of interested individuals receive training with 2 years   | Access to child-care programs.<br>Promotion of cross-learning with and beyond local and regional centres.                              |
|  | Extent to which ITC funded initiatives contributed to long-term benefits and intended outcomes of the program. | Demonstrated increase at the local and regional levels of best practice initiatives.<br>% Demonstrated qualitative feedback supporting intended outcomes. | Promoting and sharing good practice.<br>Initiatives to support managing risk.<br>Development of entrepreneurship mentoring program.    |
|  | Stakeholders are the driving force with respect to providing Business intelligence regarding local markets.    | Quality and quantity of business intelligence incorporated into business planning and risk mitigation strategies.   | PRS sponsorship of local and regional Cooperative led initiatives.<br>PRS funding to support local and regional business associations. |

## Conclusion

Gaining an in-depth understanding of the literature related to best practices in impact measurement is the first step in building a credible methodology to measure poverty reduction program impacts. In addition, utilizing both contribution analysis and other appropriate techniques and approaches to add rigor increases evidence validity. As well, institutions need to build a culture of partnership and constituent engagement. Such an approach would require organizations to achieve a balance between constituents' expectations and evaluation requirements. What works best in an organization will depend on a range of factors, including its size, the nature of its business and its culture. Engaging constituents in the evaluation should be the product of deliberate and strategic-decision making, based on an understanding of the organization, its objectives, operating environment and culture. According to studies conducted by the Commonwealth of Australia and The World Bank incorporating a process to engage key constituents' active participation in the evaluation process builds quality and credibility into the process and subsequently leads to acceptance of results at the grass roots level. The model and concepts proposed in this paper if incorporated into current and future poverty reduction initiatives would not only increase the level of transparency with stakeholders – it would enable the countries to create a highly credible accountability and reporting regime; and support decision making at a more strategic level, ultimately building a stronger social foundation and more competitive, robust economy.

Finally, the literature highlights the recognition that measurement is becoming less about precision and more about increasing the overall understanding of program contribution in comparison to intended outcomes. Also as highlighted throughout this paper, is the need to consider the broader array of factors at play that could contribute additional data and information with respect to the poverty reduction initiatives. Lastly, the literature bespeaks the need to keep an open mind when developing alternative methodologies—such an approach will provide a more credible demonstration of program impacts.

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