

Unclassified

DCD/DAC(2006)24



Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

03-Mar-2006

English - Or. English

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

**DCD/DAC(2006)24
Unclassified**

HARMONIZING EX ANTE POVERTY IMPACT ASSESSMENT

15 March 2006

This report is circulated to POVNET and to DAC for APPROVAL under item 9 of the DAC agenda [DCD/DAC/A(2006)3].

Contact Person: Ebba Dohlman - Tel: +33 (0) 1 45 24 98 48 – E-mail: ebba.dohlman@oecd.org

JT03204880

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1. The rationale for ex ante Poverty Impact Assessment	5
1.1 What is ex ante PIA	5
1.2 The rationale for a harmonized approach to ex ante PIA.....	5
1.3 The main benefits of an ex ante PIA.....	5
1.4 Ex ante PIA in relation to other assessment methods	6
1.5 The level of application	7
1.6 Resource implications	7
1.7 Implementation of ex ante PIA	8
2. The Analytical framework for ex ante PIA	8
3. How to do an ex ante PIA.....	9
3.1 Relevance of the intervention for the national Poverty Reduction Strategy	10
3.2 Identification of transmission channels and assessment of target group outcomes	10
3.3 Analysis of specific population groups using the capabilities framework.....	12
3.4 Aggregate impacts in terms of the MDGs and other strategic goals.....	14
3.5 Summary assessment and recommendations	15
4. Adjusting donors' reporting to impact orientation	15
5. How to support and monitor implementation of ex ante PIA.....	16

Tables

Matrix 1: Transmission channels and outcomes for target groups.....	12
Matrix 2: Outcomes by selected stakeholder groups	13
Matrix 3: Aggregate impacts in terms of the MDGs	14

HARMONIZING EX ANTE POVERTY IMPACT ASSESSMENT

EXECUTIVE SUMMARY

1. The Paris Declaration on Aid Effectiveness stresses the importance of results-oriented frameworks, harmonisation and alignment to improve aid effectiveness and to assure better pro-poor outcomes. ***Ex ante Poverty Impact Assessment (PIA) can inform donors and partner countries of the expected intended and unintended consequences of donor interventions.***

2. Ex ante PIA in the context of national development strategies and the Millennium Development Goals (MDGs) ***helps donors and their partners to understand and maximise the poverty reducing impacts of their interventions responding both to the need for accountability to their constituencies and the importance of transparent evidence based decision making.*** The ex ante PIA can ***guide and assist in modifying the design of interventions to improve the pro-poor impacts and identifies key areas for monitoring and evaluation. It can identify interventions with high impact on poverty reduction and pro-poor growth as well as mitigating measures to protect the poor.*** A broad application of ex ante PIA could also provide a potential basis for a harmonised reporting system on poverty impacts. Poverty in the ex ante PIA is defined as a deprivation of multiple capabilities: economic, human, political, socio-cultural, and protective (OECD/DAC).

3. ***This methodology has been designed and tested by a group of DAC POVNET members with a key objective being to harmonise approaches.*** Consistent with the Paris Declaration, this objective seeks to avoid both incoherent assessments created by competing methods and the often conflicting demands placed on partner governments. The value added of ex-ante PIA lies in providing a relatively simple but effective and flexible methodology, which can draw on more intensive data collection and analysis where these are available, but also provides useful guidance in their absence.

4. Ex ante analysis of the multi-dimensional impacts of policy and investment decisions on poverty reduction is a highly complex task, built on possibly contentious assumptions and demanding data requirements. The ex ante PIA outlined in this document is based on a simple framework and associated ***assessment procedures which build on existing methodologies and definitions, particularly the Poverty and Social Impact Assessment (PSIA) approach, the OECD/DAC capabilities framework, the Asian Development Bank's (ADB) work on poverty impact and the Sustainable Livelihoods Approach.***

5. The relationship between PIA and Poverty and Social Impact Analysis (PSIA) can best be characterised by understanding PIA as a light version of PSIA. PIA is less demanding in terms of data, time, personnel and financial resources than PSIA, but still provides a sound basis for partner countries and donors to transparently assess interventions with respect to their poverty outcomes and impacts and to identify further data and analytic requirements. Ex ante PIA complements rather than replaces other assessments during the appraisal process, such as for example logframe analysis, cost-benefit/cost-effectiveness analysis or environmental assessments.

6. The approach sets out a structured presentation of relevant information (and identifies information gaps) by providing an overview using three matrices. These matrices help analysts and decision makers to quickly identify key aspects and risks with respect to pro-poor impacts of the proposed intervention. They comprise guidelines for types of information to be collected. For each cell of the matrices a rough quantification of its relevance needs to be assessed. More detailed information is provided in texts below the matrices and in a summary assessment. The matrices comprise:

- i) Transmission channels and outcomes for target groups.
- ii) Outcomes by selected stakeholder groups.
- iii) Aggregate impacts in terms of the MDGs and other strategic goals considered important by partner countries and donors.

7. The methodology *can be applied to most modalities of donor support: projects, programmes, sector-wide interventions and policy reforms*. It is not meaningful to conduct the ex ante PIA to assess budget support. Nor is it recommended to use the approach for identifying poverty impacts of very small projects.

8. Analytical rigour can be balanced with resource constraints in a cost-effective way depending on the scale and significance of the proposed intervention. ***Ex ante PIA is guided by the principle that it is more important to be roughly right than precisely wrong about the potential impacts of interventions on the well-being of people.*** Should some agencies require more detailed analysis, the complexity of this framework can easily be scaled up to meet their needs, or, for example a full-fledged Poverty and Social Impact Assessment (PSIA) can be conducted. Ex ante PIA may serve as a framework for monitoring impact hypotheses during implementation and as an input for ex post evaluation exercises.

9. The broad implementation of ex ante PIA will be promoted in an initial phase starting in 2006 involving activities such as a series of hands-on pilot exercises conducted by the agencies involved in the design of the approach. A guidance manual/handbook will be completed and is planned to be distributed via the internet and on CD-Rom. Training programmes to strengthen capacities of both donors and partners are planned.

1. The rationale for ex ante Poverty Impact Assessment

1.1 What is ex ante PIA

10. Ex ante Poverty Impact Assessment is a focussed process for donors to inform themselves and the partner countries of the expected intended and unintended consequences of donor interventions. It also provides an assessment of the well-being of different social groups, focusing on poor and vulnerable people. A multi-dimensional approach to poverty is taken as defined by the OECD DAC Guidelines on Poverty Reduction and engrained in the MDGs. The actual application process may vary from a quick review to a more comprehensive analysis.

1.2 The rationale for a harmonized approach to ex ante PIA

11. The Paris Declaration stresses that partner countries and donors are mutually accountable for development results. While monitoring and evaluating the progress of country-led strategic development goals (such as MDGs and pro-poor growth) is mainly the responsibility of the partner government, donors and their partners are striving to understand and maximise the poverty reducing impacts of the assistance provided by donors to accelerate pro-poor growth and to assure better pro-poor outcomes.

12. For this reason, a methodology for ex ante PIA has been designed by a POVNET Cross-Cutting Team.¹ *The primary consideration has been the need to seek harmonization between donor approaches to avoid both the confusion created by competing methods and the often conflicting demands placed on partner governments.*

13. The leadership taken by donors in this area should be seen as a reflection of their concern to demonstrate accountability and transparency: accountability both to their own constituencies in terms of exercising due diligence over the resources that they disperse and to partner countries, in terms of accepting joint responsibility for agreed strategic decisions. A harmonised PIA provides a basis for future joint assessments with partner governments and between donors.

1.3 The main benefits of an ex ante PIA

14. The ex ante PIA provides an opportunity for clear exposition of the reasons for donor actions – for example preference of one intervention over another – and allows partners and other stakeholders to examine the assumptions, logic and evidence underlying resource allocation decisions. Interventions with high impact on poverty reduction and pro-poor growth can thus be identified.

15. In particular, for a given intervention, ex ante PIA provides:

- i) Estimated qualitative and/or quantitative outcomes for the target population taking into account the multi-dimensionality of poverty and an assessment of the intervention's broader implications for a range of stakeholders in terms of the OECD/DAC capabilities framework.
- ii) An estimation of the potential impact on the MDGs, and, if desired, other strategic goals (e.g. governance, security).
- iii) An understanding of the importance and inter-relationship of individual transmission channels through which changes are transmitted to the stakeholders.
- iv) An assessment of the relation of the intervention to national development strategy/poverty reduction strategy.

- v) An assessment of key assumptions and identification of potential risks; at the same time an assessment of the reliability of data/information used in the exercise and identification of key knowledge gaps.
- vi) Recommendations for decision makers on: how the intervention might be improved to increase the pro-poor impact; on appropriate monitoring procedures and whether or not to support the intervention.
- vii) A framework for monitoring impact hypotheses during implementation and as an input for ex post evaluation exercises.

16. As ex ante PIA documents the assumptions implicit in the intervention design and the causal pathways between intervention outputs and intended outcomes, it can provide a rational basis on how to design monitoring systems which will gather the data required to test the assumptions and to investigate the operation of the proposed causal pathways. Such an approach can address the familiar ‘missing middle’ issue – the need for monitoring to focus not only on input and outcome indicators but to track the processes whereby activities result in the achievement of identified outcomes.

17. Due to its simply structured matrices, a broad application of ex ante PIA could also provide a potential basis for a harmonised reporting system on poverty impacts.

1.4 Ex ante PIA in relation to other assessment methods

18. Ex ante PIA as discussed here can be seen as an extension of the logframe/ causal chain analysis that strengthens the focus on direct and indirect poverty impacts for a wide range of stakeholders.

19. The approach has a number of sources, particularly ADB work on poverty impact,² the PSIA approach,³ the OECD/DAC capabilities framework⁴ and the Sustainable Livelihoods Approach.⁵ The PIA outlined here does not replace any of these approaches and frameworks, but draws heavily from their terminology and cognition as they are already well established and each cover aspects important for PIA. The application of the terminology used in ex ante PIA is thus defined to ensure transparency and comparability between different donor agencies and their partners and to ensure a widespread recognition and acceptance of the approach.

20. The value added of ex ante PIA lies in providing a relatively simple but effective and flexible methodology, which can draw on more intensive data collection and analysis where these are available, but also provides useful guidance in their absence.

21. *The relationship between PIA and PSIA can best be characterised by understanding PIA as a light version of PSIA.* PIA is less demanding in terms of data, time, personnel and financial resources than PSIA, but still provides a sound basis for partner countries and donors to transparently assess interventions with respect to their poverty outcomes and impacts. PIA also identifies information gaps and the need to conduct further data collection and analysis, including a full PSIA.

22. PIA complements rather than replaces other assessments during the appraisal process, such as for example log frame analysis, cost-benefit / cost effectiveness analysis, and environmental assessments.

1.5 *The level of application*

23. There is a broad consensus within the donor community that aid effectiveness is greatly enhanced if provided in support of country-owned strategies. Such an approach entails a focus on policy dialogue, national planning frameworks, especially Poverty Reduction Strategies (PRS), and programme support, for example in sector-wide approaches (SWAPs).

24. There is a move towards programmatic lending, such as SWAPs, basket funding and budget support. However, there is no suggestion that the existing range of aid instruments will be radically restructured in the short term. Projects will remain an important component of the aid portfolio, even if seen as having a much greater potential impact when embedded within a programme or national development strategy.⁶ Capturing such diversity in aid delivery is difficult to reconcile with the aim of developing “*a unified simple methodology*”, which was the primary objective of the PIA.

25. The ex ante PIA approach described here can be applied to most modalities of donor support - projects, programmes, sector-wide interventions and policy reforms – though the frequency of application, level of detail and allocated resources would vary. However, PIA does not work for budget support, since such assistance can be used to fund any part of the partner country’s budget. In this case, a PIA would have to address the relevant policy reforms. Neither is it recommended to use the approach for identifying poverty impacts of very small projects.

1.6 *Resource implications*

26. There would be little point in recommending elaborate procedures which would entail an allocation of resources far in excess of those that agencies are prepared to consider. On the other hand, partner country stakeholders should feel confident that decisions which have serious consequences for their populations are being taken on the basis of sound analysis, and that the analysis is presented in a format which they can easily understand. Therefore, it cannot be assumed that a ‘quick and dirty’ approach will ensure cost-effectiveness.

27. The level of detail in the proposed approach inevitably represents a compromise between comprehensive analysis and a realistic attitude to resource implications. In general, the approach is guided by the principle that it is more important to be roughly right than precisely wrong about the potential impacts of interventions on the well-being of people.

28. The resources allocated to do the assessment can be largely decided by the implementing agency depending on the scale and significance of the proposed intervention.

29. A minimal exercise relying only on available data can be undertaken by a single knowledgeable consultant in one or two days. A number of examples developed during the preparation of the methodology confirmed this. However, such a limited exercise has a primarily descriptive role and does not reflect the intended iterative and interactive process.

30. Typically, an ex ante PIA relies on the abilities of a small team of competent analysts, working during the preparation of an intervention in collaboration with colleagues from partner countries and making the best use of existing knowledge to address a specific intervention within a given context.

31. For major interventions where significant effects on the poor and vulnerable are expected, it is important to have more substantial data and reliable analysis about their potential impacts and risks. The approach can then be enhanced by using a range of qualitative and quantitative methods to address crucial knowledge gaps. The resource cost can then be substantial. Alternatively and/or additionally a full PSIA

could be carried out. The information gained and information gaps identified through the ex ante PIA provide a good starting point.

1.7 Implementation of ex ante PIA

32. Ex ante PIA is intended to become an integral part of the overall appraisal process and can be used at various points in that process, either in a descriptive manner, for example to provide a basis for discussion at the initial identification phase, or more analytically, for example, to provide quantified estimates (or at least detailed descriptions) of the primary expected outcomes and impacts. Best results can be achieved if PIA is used iteratively throughout the preparation process allowing it to influence the design of the intervention.

33. Implementation of the ex ante PIA typically involves the use of data and analyses provided by a wide range of different tools and methodologies (both qualitative and quantitative) from different disciplines depending on the specific situation, data availability, type of intervention and main transmission channels.

34. The methodology is intended for initial use by donor agency staff. It is important that every effort is made to draw on local sources, including key stakeholders. To render communicable and operational results and to promote the widespread use of PIA, it should be done in close cooperation with the partner countries. In the medium term it is expected that partner countries would demand the application of PIA to improve their evidence-based policy making process and to increase accountability towards their own domestic constituencies.

2. The Analytical framework for ex ante PIA

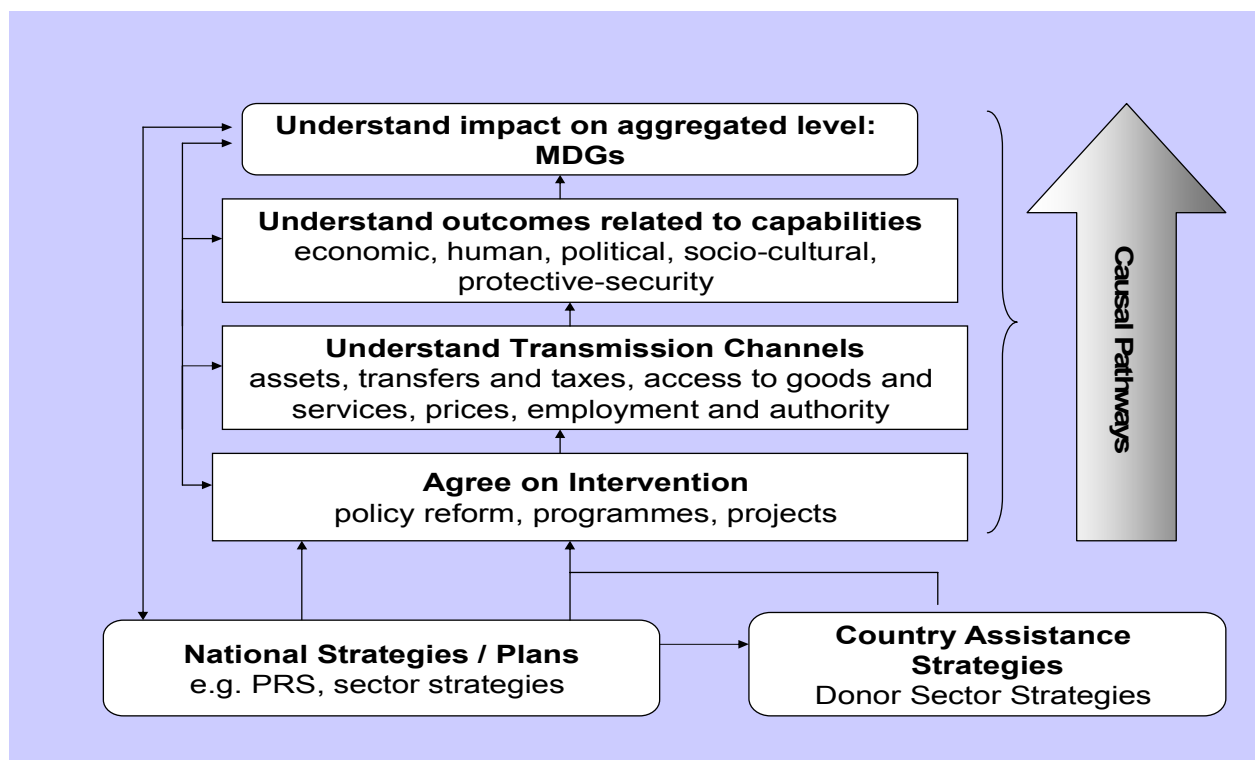
35. Ex ante analysis of the multi-dimensional impacts of policy and investment decisions on poverty reduction is a highly complex task, built on possibly contentious assumptions and with demanding data requirements. *The ex ante PIA that was developed by the POVNET Cross-Cutting Team is based on a simple framework and associated assessment procedures building on existing methodologies and definitions.*

36. It is based on the following key elements:

- i) The main entry point is the national development strategy; in particular the poverty reduction strategy and its associated sector strategies. These strategies determine the required interventions (policies, programmes and projects).
- ii) In turn, the nature of these interventions determines the main transmission channels through which they achieve their intended and unintended outcomes and impacts. The main transmission channels are assets, transfers and taxes, access to goods and services, prices, employment and authority.⁷
- iii) Planned interventions are thus linked to expected outcomes and impacts through a better understanding of transmission channels, risks and assumptions.
- iv) The changes that are transmitted through these channels affect the socio-economic, political, legal, cultural and security capabilities required for people to reduce their poverty. An assessment of outcomes on the basis of causal chain analysis with respect to the multiple dimensions of poverty is thus necessary.
- v) In this context, it needs to be recognised that the circumstances and needs of poor people and the associated potential for differential outcomes, for example as between men and women will differ.

- vi) With enhanced capabilities people will be able to improve their standards of living individually and collectively, short term and long term. This, in turn, will result in improvements in MDGs and accelerated pro-poor growth or other goals prioritised by partner countries and/or donors (e.g. governance, global environmental security).

Figure 1. Analytical framework of the ex ante PIA



37. In the following section, the steps for conducting an ex ante PIA are set out. Each step involves the statement of assumptions, description of causal pathways, identification of risks and an assessment of the various sources of information used in the analysis. Each builds on the findings of the previous step; and there will be a degree of iteration between the steps. Together, they can be considered as the technical background for the final stage in the assessment process: the development of a summary overall assessment of the intervention. This will include recommendations as to: whether or not it should be supported; how it might be improved; and appropriate monitoring procedures.

38. Ex ante PIA is based around a series of simple matrices, intended to structure the analysis to the extent that a range of key issues are addressed and that comparability between interventions is possible. Further elaboration of these tables is possible where more detailed analysis is warranted and necessary resources available.

3. How to do an ex ante PIA

39. The steps in conducting an ex ante PIA are described in this section in very general terms. More detailed instructions on how to use the approach are made available in a Manual "Guidance on Undertaking an Ex ante Poverty Impact Assessment"⁸ which is work in progress.

3.1 *Relevance of the intervention for the national Poverty Reduction Strategy*

40. The initial task of the assessment is to ascertain the circumstances within which the proposed intervention is to be introduced. The level of detail required depends on the magnitude of the intervention and whether the PIA is undertaken as one component of a detailed proposal, or as a stand alone activity. The objective is to briefly describe, with supporting quantitative data where available:

- i) The overall poverty situation in the country, with a particular focus on sectors, regions or population groups of particular relevance.
- ii) Existing national poverty reduction strategies, or similar plans, highlighting the priority given to areas addressed by the intervention and any relevant joint programming discussions/decisions/documents involving the donor and development partner(s).
- iii) The key objectives of the intervention and a brief outline of what is proposed, including the aid instrument(s) to be implemented (support for policy reform, SWAP, project etc.) and the *main* transmission channel they are expected to use.

3.2 *Identification of transmission channels and assessment of target group outcomes*

3.2.1 *Transmission channels*

41. The assessment next considers the potential outcomes (positive or negative) of the intervention for the identified target groups. The links between intervention and outcomes are described in terms of six (interacting) transmission channels which are outlined below. They are based on the transmission channels used in PSIA.

Prices

42. This channel focuses on changes in consumption and production prices, as well as wages, salaries,⁹ and interest rates.

Employment

43. All aspects of formal and 'informal' employment (including self-employment and employment in household enterprises)¹⁰ may be discussed under this heading. Changes in either employment levels or the associated wage rate (under prices) will impact on the cash or kind income flowing to households and individuals. Other aspects of employment, for example security, status and work loads, may also be considered here. Gender issues will be of considerable importance.

Taxes and transfers

44. This channel covers public and private transfers, and taxation. A primary concern includes an examination of the impact of targeted transfers to poor households, either by means of subsidies or direct payments in cash, vouchers or kind. This may be associated with attempts to mitigate the negative impacts of an intervention on the poor. It can also be used to consider tax payments associated, for example, with the introduction of a compulsory levy or social insurance scheme, or the degree of progressiveness of a tax. Private transfers, such as urban/rural, and from overseas workers are major sources of income transfers in many countries.

Access

45. In most countries, PRSs have prioritised increased expenditure on health, education, water, sanitation, micro-finance, roads and infrastructure. The associated projects and programmes can be seen in terms of providing or enhancing the access of the poor to public and private goods and services. This may involve the actual removal of barriers, for example physical or financial, or improvements to the quality of the goods and services available.

Authority

46. The term authority is used to address issues relating to formal and informal institutions, organizations, relationships and power structures.¹¹ It includes, for example, laws governing land rights, civil service codes of conduct and behavioural norms in specific population groups. This channel examines the effects on poor households of changes in political, legal, social or cultural factors. It is seen as particularly important in addressing issues of empowerment, equity and inclusion. Implications for changes in the behaviour of economic agents may also have considerable consequences for growth and distribution.

Assets

47. The ability either to cope with adversity or take advantage of opportunities is seen as highly correlated with the extent to which individuals or households are in possession of (or have access to) assets.¹² The Sustainable Livelihood Approach used here differentiates between five assets:

- i) *Physical* (buildings, tools, equipment, livestock, access to infrastructure, etc.).
- ii) *Natural* (land, water, forest, natural resources, etc.).
- iii) *Human* (labour supply, education, skills, knowledge, health, nutritional status, etc.).
- iv) *Social* (networks, groups, relationships).
- v) *Financial* (savings, access to credit, pension or similar guaranteed income flow, etc.).

48. Interventions which tend to increase or decrease the value of, and return to any of these assets will change the livelihood options of poor households in ways which may impact on their welfare. Changes in asset holdings will also have consequences in terms of the vulnerability of households to external shocks. For example, increasing the area of irrigated, cultivable land or construction of weather-proof crop storage buildings will tend to improve food security. Training and education will help improve the quality of human assets and the ability of people to make use of opportunities and respond to challenges.

3.2.2 Transmission channels and outcomes for target groups

49. The matrix associated with this step (shown in simplified form below, excluding the detailed rows for text) is intended to allow a detailed examination of the intervention in terms of:

- i) The primary transmission channels used for implementation.
- ii) Details, assumptions and risks associated with these transmission channels.
- iii) The anticipated short-run outcomes associated with all transmission channels.
- iv) The probable medium-term outcomes associated with all transmission channels.
- v) Assessment of critical risks and mitigation associated with each outcome.
- vi) Sources of information that have been used or consulted.

50. Note that step one will have identified the primary channels used by the intervention. However, these will typically stimulate others and it is the resultant outcomes of all channels that are the focus of this step. To give a simple example, a new road might primarily be seen as using the ‘access’ channel to deliver beneficial outcomes. However, it would potentially give rise to a range of outcomes via, for example, the ‘prices’ channel (lower transport costs) and/or the ‘employment’ channel (increased production resulting from improved access to markets). It may also activate the ‘authority’ channel, by changing the balance of authority in the region, i.e. making it easier for police to control the area and increase security by undermining the influence of local gangsters.

51. The content of Matrix 1 would be primarily descriptive but with a ranking of outcomes and, to the extent possible, the estimation of quantitative indicators (for example number of probable beneficiaries) for those identified as of primary importance.

Matrix 1: Transmission channels and outcomes for target groups

Transmission Channels	Transmission Channel Used	Results by Transmission Channel Categories			Information Sources
	Details & Risks that may influence the effectiveness of this channel	Short term	Medium term	Details & Risks that the results will not achieved	
Prices					
Employment					
Transfers					
Access					
Authority					
Assets					

NB: Simple indicators such as ++, +, 0, - and -- are entered into these cells with reference to more detailed text below the matrix.

3.3 *Analysis of specific population groups using the capabilities framework*

52. Matrix 1 was concerned with detailed analysis of specific intervention related to outcomes for targeted population groups. Drawing on this analysis, the next step considers aggregate welfare outcomes, using the OECD/DAC capabilities framework,¹⁵ both for the target groups and a broad range of other relevant stakeholder groups. These include:

- i) Sub-populations within the target groups that are likely to experience differential outcomes – for example, an assessment of the outcomes for women members of those target groups would almost always be required.
- ii) Vulnerable groups who may be significantly positively or negatively affected.
- iii) Other stakeholders that may influence the success of the implementation - for example, certain elites may undermine an intervention that hurts them, or may capture a substantial proportion of the benefits intended for the target groups.

53. The specific groups to be included are determined by those undertaking the assessment, following consultation with agency colleagues, partner country officials and other key informants. Any other stakeholder analysis undertaken during the planning phase of the intervention will clearly have to be carefully considered.

54. The OECD/DAC framework identifies five capabilities required by stakeholders to help them to escape from or to avoid poverty:

- i) *Economic* – covers the ability to have and use assets to pursue sustainable livelihoods, to provide income to finance consumption and savings.
- ii) *Human* – covers the need for health, education, nutrition, clean water and shelter, necessary to engage effectively in society.
- iii) *Political* – covers human rights, having a voice and authority to influence public policies and political priorities, and be adequately represented at the community, local and national levels.
- iv) *Socio-cultural* – covers the rights and abilities to be included and participate as a valued member within social and cultural relationships and activities. and
- v) *Protective-security* – covers all the issues that help to lessen vulnerability, such as protection from threat to person and property (including unfair treatment by the state), the ability to withstand economic shocks; formal or informal forms of insurance.

55. Again, the analysis would mainly be qualitative, but where possible with a simple ranking scale for outcomes and quantitative estimates, for example numbers affected, where possible.

56. For negative impacts, mitigation measures should be discussed and at the same time measures that can reinforce pro-poor outcomes should be strengthened. Particular attention should be paid to a gender sensitive analysis.

Matrix 2: Outcomes by selected stakeholder groups

	Outcomes in terms of capabilities										Details & risks	Information sources	Mitigation or reinforcing measures
	Economic		Human		Political		Socio-cultural		Protective Security				
Stakeholder Groups	short term	medium term	short term	medium term	short term	medium term	short term	medium term	short term	medium term			
Target													
Vulnerable													
Other													

NB: Simple indicators such as ++, +, 0, - and -- are entered into these cells with reference to more detailed text below the matrix.

3.4 *Aggregate impacts in terms of the MDGs and other strategic goals*

57. This step, again based on the findings of the previous stages of analysis, is intended to provide a higher level summary, showing the likely contributions of the intervention to strategic poverty reduction goals. Note that some interventions may be identified as potentially having significant impacts in terms of improving the welfare of specific target groups, even if their overall national impact is limited because of the limited scale of the intervention.

58. Matrix 3 presented here focuses on the MDGs 1 to 7. Additional goals might be included if they are of primary concern to the donor and partner country:

MDGs

- i) Eradicate extreme poverty and hunger
- ii) Achieve universal primary education
- iii) Promote gender equality empower women
- iv) Reduce child mortality
- v) Improve maternal health
- vi) Combat HIV/AIDS, malaria, other diseases
- vii) Ensure environmental sustainability

Other strategic goals that can be included in such an assessment (derived from the Millennium Declaration or reflecting other goals of importance for partner and donor countries) are for example: (i) pro-poor growth; (ii) protecting the vulnerable; (iii) peace, security and disarmament; (iv) human rights, democracy and good governance; or (iv) protecting the common environment. Obviously, assessing the contribution of the intervention becomes increasingly difficult at these impact levels.

Matrix 3: Aggregate impacts in terms of the MDGs, Millennium Declaration and/or other strategic goals

Strategic Development Goals	Impacts	Details & risks	Information sources
MDG 1. Eradicate extreme poverty and hunger			
MDG 2. Achieve universal primary education			
MDG 3. Promote gender equality empower women			
MDG 4. Reduce child mortality			
MDG 5. Improve maternal health			
MDG 6. Combat HIV/AIDS, malaria, other diseases			
MDG 7. Ensure environmental sustainability			
Pro-poor growth			
Protecting the vulnerable			
Peace, security and disarmament			
Human rights, democracy and good governance			
Protecting the common environment			

NB: Simple indicators such as ++, +, 0, - and -- are entered into these cells with reference to more detailed text below the matrix.

3.5 *Summary assessment and recommendations*

59. Drawing on the information gained through conducting the previous four steps, a summary assessment is prepared. This summary assessment and recommendations could best stand in the beginning of a PIA report as an executive summary of the detailed analysis that follows. It outlines:

- i) The nature of the intervention and its relation to national policies on poverty reduction.
- ii) Key benefits.
- iii) Potential risks that should be monitored.
- iv) Possible modifications to the design.
- v) Overall assessment of the quality of available knowledge, and whether it is sufficient to make an informed decision (if it is not considered sufficient the recommendation may be to collect more data and undertake more analyses, or even not to undertake the intervention).
- vi) Mitigating or reinforcing measures that should be included to assist stakeholders who may be adversely affected by the intervention or to strengthen the pro poor impacts of the intervention, respectively.
- vii) Outline of key issues that need to be included in the monitoring of the intervention (to address risks, determine progress, clarify issues that were not clear at the start of the intervention, identify when mitigating measures may no longer be required, etc.), and whether any additional information/systems are required to those that are already in place to provide this monitoring.
- viii) Recommendations to decision makers on whether or not to go ahead with this intervention, based on the assessment of the poverty consequences and the available quality of information and analysis.

4. **Adjusting donors' reporting to impact orientation**

60. The international community requires a reporting system that is no longer exclusively based upon "inputs" but takes into consideration "impacts and results". Many donors are currently experimenting with different approaches to achieving this.

61. Comparing reporting systems, there are a number of features which may be seen as building blocks for impact and results based reporting of donors:

- i) The reporting systems are understood by most donors as dual purpose instruments. They should satisfy fiscal control needs (accountability) as well as supporting the agency in managing portfolios.
- ii) Most of the reported data originate either from self-evaluations, independent evaluations, embassy reports, PRSP reviews, and project progress reports.
- iii) The data are usually stored in databanks for in-depth analysis and special studies.
- iv) However, all agencies face problems in attributing highly aggregated development achievements at impact level to donor interventions. Many agencies maintain the opinion that attribution and verification is not feasible and propose to focus on contributions and plausibility.
- v) The Millennium Declaration and the MDGs constitute the measuring frame for results-based management of donor agencies and more so of partner countries. This should contribute to a more effective focus on fighting extreme poverty.

- vi) Though conceptually difficult to grasp, contributions of development interventions to the attainment of MDGs are increasingly becoming the basis for budgetary decisions and allocations by donors.

62. One of the core issues to be solved is the generation of valid and internationally comparable data for measuring the true poverty reducing qualities of development interventions. Besides national task forces who work on improving their internal reporting systems, a number of working groups have been tasked by the DAC Secretariat to develop workable approaches and methodologies. *If the ex ante PIA approach described above is widely used it is seen as a potential basis for the development of an improved and harmonised reporting system on poverty impacts.*

5. How to support and monitor implementation of ex ante PIA

63. The integration of a new methodology into established donor procedures will clearly only take place if it is seen as providing benefits which outweigh the implied resource costs. One major advantage of this ex ante PIA is clearly that it integrates already established approaches, their terminology and procedures. Its novelty is that it merges them into one model and the results of the assessment are visualised in relatively simple matrices. This allows the possibility of sharing ex ante PIA exercises based on a common format across a number of agencies. This in turn considerably reduces the burden on partner governments having to deal with competing methods and the often conflicting demands placed on them. Harmonising ex ante PIA is clearly in line with the spirit of the Paris Declaration on Aid Effectiveness.

64. The establishment of an internet based user group, providing access to good practice guidelines, templates and a database of studies will be an excellent starting point to promote the approach. This would provide a resource base for a series of introductory workshops on the approach, which can be either stand-alone or undertaken in association with existing donor meetings. It should also provide opportunities for an open critical debate on the approach, allowing a much wider group of potential practitioners to contribute both to the refinement of the methodology and the quality of the available materials. A web based version could be maintained, with a CD version distributed at regular intervals to ensure that all potential users, including those in partner countries, had access to current 'best practice'.

65. The broad implementation of ex ante PIA will be promoted in an initial phase starting in 2006. It includes a series of pilot exercises conducted by the agencies involved in the design of the approach. Several POVNET members expressed interest in testing the methodology. First results are expected to be available from June 2006 onwards.

66. A guidance manual/handbook will be completed, published and distributed via the internet and/or on CD-Rom. The current draft will guide the pilot exercises. Further refinements will be incorporated as the pilot results come in.

67. Training for donor staff, responsible for project and programme appraisals is planned. The main focus shall be the familiarisation with the approach. Local partners shall be involved in a timely.

ENDNOTES

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1. In addition to regular working meetings of donor representatives, one meeting was held with representatives from various partner countries (Bangladesh, Malawi, Sri Lanka, Uganda, and Vietnam).
 2. Fujimura, M. and Weiss, J. (2000) Integration of Poverty Impact in Project Economic Analysis: Issues in Theory and Practice, Mimeo ADB

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3. World Bank (2003) User's guide to Poverty and Social Impact Analysis
World Bank, DFID & World Bank (2005) Tools for Institutional, Political and Social Analysis (TIPS) in Poverty and Social Impact Analysis (PSIA): A Sourcebook for Commissioners and Practitioners
 4. OECD/DAC (2001) The DAC Guidelines on Poverty Reduction, OECD.
 5. DFID (1999) The Livelihoods Framework: Sustainable Livelihoods Guidance Sheets No 2, DFID, www.livelihoods.org/info/info_guidanceSheets.html.
 6. DAC (2003) Harmonising Donor Practices for Effective Aid Delivery.
 7. These transmission channels are based on those adopted in the Poverty and Social Impact Analysis (PSIA) methodology developed by the World Bank, DFID and others.
 8. DAC Network on Poverty Reduction (2005) Room Document 1: Guidance on Undertaking an Ex ante Poverty Impact Assessment, POVNET Meeting, 15-17 November, DCD/DAC/POVNET/RD(2005)14/RD1
 9. Changes in wages are handled in the 'prices' channel, while changes in the level and nature of employment is covered in the 'employment' channel. This means interventions in these areas may use both channels.
 10. Household enterprises include farm households and other small scale enterprises owned by poor households.
 11. This concept is discussed at length in the DFID TIPS guidelines.
 12. A recent contribution to the debate on the value of the assets approach is Siegel, Paul (2005) 'Using an Asset-Based Approach to Identify Drivers of Sustainable Rural Growth and Poverty Reduction in Central America: A Conceptual Framework', Policy Research Working Paper 3475, World Bank.
 13. OECD/DAC (2001) The DAC Guidelines on Poverty Reduction, OECD.