Impact in the Voluntary Sector

LITERATURE REVIEW

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Volunteering NEW ZEALAND

TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI VICTORIA UNIVERSITY OF WELLINGTON

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INTRODUCTION

Organisations in the voluntary sector are incredibly diverse in size, roles, and mission. As a whole, the sector claims to not only improve the well-being of the marginalised and vulnerable, but also build social capital and strengthen democracy by engaging and empowering communities to influence government (Arvidson, 2009). While these benefits are widely accepted by government and other funders, there has been increased pressure for the voluntary sector in western democracies to measure their social impact and communicate the difference they make to individuals' lives and wider society. Drawing on international academic and practitioner literature, this paper will discuss impact measurement, why it has been increasingly used, and the challenges of its application in the voluntary sector. In the context of this discussion, an overview of the current and emerging methods of impact measurement in the voluntary sector will follow. An explanation and example, as well as a discussion of the strengths and limitations for each method will be provided. A glossary of key terminology is provided at the end of the Report.

METHODOLOGY

This literature review is the result of a 10 week research project undertaken by Nataly Noguer Blue as Summer Scholar at Victoria University of Wellington in partnership with Volunteering New Zealand. The project was supervised by Drs Carolyn Cordery and Karen Smith of Victoria Business School and supported by Claire Teal of Volunteering New Zealand.

Database searches were conducted in an iterative manner between November 2012 and February 2013 to find academic articles related to impact measurement. Initially, key search terms were 'social impact measurement' and 'voluntary sector,' but later the word search included other related terms such as 'outcomes', 'performance', 'evaluation', and 'assessment.' Snowballing techniques were used to find relevant literature and uncover a wide-range of methods. Over 70 articles were retrieved from diverse fields of study including: strategic management, public management, evaluation, economics, social accounting, development studies, among others. Furthermore, practitioner and consultant literature including guides, examples and case studies were retrieved using targeted internet searches for each method. A table was used to synthesize information for each method including headings such as strengths, limitations, examples, and useful resources.

Section A: Impact Measurement

1.0 WHAT IS IMPACT MEASUREMENT?

The measurement of performance in organisations can take place at any of the following stages of the 'impact chain' shown in figure 1.

Figure 1: Impact Chain

- The resources that contribute to a programme or activity, including income, staff, volunteers and equipment.
- What an organisation does with its inputs in order to achieve its mission. This could be training, counselling advice, or material provision of some sort.
- Countable units that are the direct products of a programme or organisation's activities. They could be classes taught, training courses delivered, people attending workshops, qualifications awarded, jobs placed. In themselves they are not the ultimate objectives of the organisation.
- The benefits or changes for intended beneficiaries. They tend to be less tangible and therefore less countable than outputs. Outcomes are usually planned and are therefore set out in an organisation's objectives.
- All changes resulting from an activity, project or organisation. It includes intended as well as unintended effects, negative as well as positive, and long-term as well as short-term.

Adapted from: Arvidson (2009)

In the literature, 'impact measurement,' 'outcome measurement,' 'impact evaluation,' 'impact assessment' and 'outcome evaluation' are often used interchangeably. What these terms all have in common is that they measure or evaluate programmes beyond the traditional measurement of efficiency at the output level. While the distinction between outcome and impact measurement is often blurred, figure 2 offers a useful clarification (Fowler, 1997). As Figure 2 below shows, measuring outcomes involves evaluating the effectiveness of a programme in producing benefits for programme participants. These changes can be effects on participants' awareness, knowledge, attitudes, skills, behaviour, and level of functioning (W.K. Kellogg Foundation, 1998). Measuring impact involves assessing the broader, more long-term fundamental changes in individuals, communities, and/or society as a result of the intervention.

2.0 WHY MEASURE IMPACT?

Barman (2007) argues that this current shift toward outcome measurement in the voluntary sector is nothing new, but that it has been shaped by "specific social, political, and professional interests and context, both internal and external to the sector itself" (p. 105). The following discussion will show that outcome measurement in the voluntary sector is driven in part by external accountability requirements, but also the internal stakeholder's strategic choices and need for organisational learning.

EXTERNAL FACTORS

The trend towards outcome measurement has been influenced by the greater accountability requirements from government. The dismantling of the welfare state in the 1980's and 1990's in many western economies led to a "mixed economy of welfare" that transferred the provision of some social services to the voluntary and private sectors (Barman, 2007, p. 111). The considerable growth in public sector funding for the voluntary sector as governments partner in the provision

Figure 2: Difference between measuring outputs, outcomes and impact

Point of measurement	*Type of measurement*	*What is measured?*	*Indicators*
Outputs	Monitoring	Efficiency	Implementation of activities
Outcomes	Evaluation	Effectiveness	Use of outputs and sustained production of benefits
Impact	Impact Assessment	Change	Difference from original situation

Source: Fowler (1997) cited in Hailey, James, & Wrigley (2005, p. 7)

of public goods, has meant that professional organisational practices aimed at achieving mission are increasingly important for securing government contracts and grants (Suarez, 2010). For example, the Performance and Results Act 1993 in the United States stated that organisations funded by the federal government, including voluntary organisations, have to set programme outcome goals and report on the extent that these are met (Buckmaster, 2005). Thus, the size and relationship of the voluntary sector as a government partner has increased accountability demands for impact measurement.

The trend towards impact measurement has also been influenced by increased involvement and demands for accountability from philanthropic foundations. Philanthropic foundations are applying business practices and measurement techniques to be more strategic and maximise the impact of their investments (Moody, 2008; Suarez, 2010). This trend is also known as 'high engagement' or 'high-impact' philanthropy, as donors not only provide financial assistance, but also seek greater control over results by funding capacity building and offering consultancy advice for business planning, strategy, and performance measurement systems (John, 2006; Ostrander, 2007). In the United States, the Roberts Enterprise Development Fund (REDF) developed and popularised the social return on investment methodology for social enterprises that it funds to use, while the W.K Kellogg Foundation also encourages attention to outcomes in its evaluation handbook (Curnan, LaCava, Sharpstee, Lelle, & Reece, 1998; Gair, 2005) . This trend is has also been present in Europe, with New Philanthropy Capital emerging as a research and advisory consultancy promoting impact measurement, and a growth in philanthropic foundations referring to themselves as 'venture philanthropists' (John, 2006). Thus, the increased use of outcome measurement can in part be attributed to the changing accountability requirements of funders.

INTERNAL FACTORS

While many scholars deterministically attribute the rise of outcome measurement to the above external factors, it is important to remember that voluntary organisation managers are agents that can respond to their environment with strategic manoeuvrability. Due to the diversity of approaches and significant amount of discretion and judgement involved in outcome measurement, Lyon and Arvidson (2009) in the United Kingdom have found it to be a 'socially entrepreneurial process' through which voluntary organisations can inverse power relations, create opportunities to influence others and secure scarce funding. In the United States, MacIndoe & Barman (2012) found that while funders are the main determinants for resource allocation for impact measurement, voluntary organisations only substantively implement outcome measurement when internal stakeholders including staff and the board of directors support its use. Outcome measurement has gained the support of internal stakeholders as a strategic management tool to clarify outcomes and collect meaningful information to foster organisational learning and motivate staff to work towards a unified mission (Carman & Fredericks, 2008; Ellis, 2009).[1] Thus, the trend towards increased outcome measurement is not only driven by external pressures for accountability, but by internal stakeholders who see its great potential as a tool to improve their performance and gain confidence in an increasingly competitive and donor-controlled environment.

3.0 CHALLENGES IN IMPACT MEASUREMENT

While there has been an increase in the use of outcome measurement, it has sparked some resistance by staff who perceive it to be an inappropriate imposition from funders and donors. Many studies in the United Kingdom and United States find the leading reason for measuring outcomes is to satisfy donor requirements (Lyon & Arvidson, 2009; Ógáin, Lumley, & Pritchard, 2012; United Way of America, 2000 cited in Ebrahim, 2005). In the United Kingdom, donor-driven evaluation was found to be perceived as "meaningless and uninteresting at best, or inappropriate and damaging at worst" (Arvidson, 2009, 12). In United States, the data collection, analysis and reporting of outcomes to donors for the sole purpose of proving value to others is seen as an unnecessary, bureaucratic drain on resources and a distraction to already busy and hard-working staff and volunteers (Carman & Fredericks, 2008). Furthermore, outcome measurement has been seen as part of the trend towards increased formalisation and 'scientification' of voluntary sector organisational practices (Hwang & Powell, 2009). This has been deemed by some as incompatible with the innovative, personal and flexible approach of a mission-driven and intrinsically motivated workforce (Arvidson, 2009; Cnaan & Kang, 2010; Hwang & Powell, 2009). Thus, outcome measurement has faced resistance from staff who see it as an unnecessary and harmful practice.

Measuring impact and effectiveness in the voluntary sector is also problematic due to its distinctive characteristics. Unlike the private sector's clearly defined and measureable goal of maximising shareholder return, profitability in the voluntary sector is only a means to a more multidimensional, amorphous and intangible mission (Forbes, 1998; Rogers, 2008; Speckbacher, 2003). Since the services and benefits produced by the voluntary sector are not driven by a market logic, the value added to individuals, communities and broader society are more difficult to quantify in dollar terms (Cnaan & Kang, 2010). Furthermore, voluntary organisations have no single, clearly defined, and homogeneous primary interest group, and instead aim to please multiple stakeholders with heterogeneous interests, including government, funders, staff, volunteers, and clients (Cnaan & Kang, 2010; MacIndoe & Barman, 2012; Mistry, 2007). Thus, as a sector working towards the public good outside a market mechanism, measuring impact and assessing effectiveness is particularly challenging.

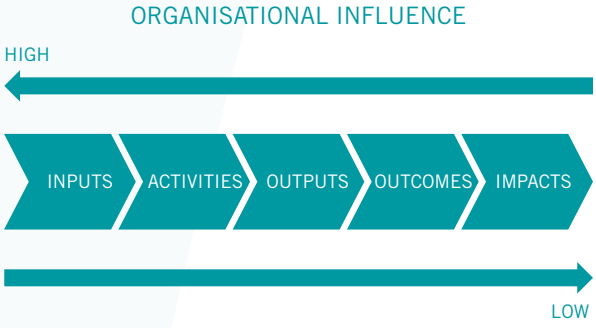
1 For example, the New Zealand Community Law Centre commissioned a report from NZIER to evaluate its social impact, using it primarily as a promotional tool to secure funding in uncertain economic times (New Zealand Institute of Economic Research., 2012)

3.1 IMPACT MEASUREMENT FOR COMPLEX INTERVENTIONS

ISSUE OF ATTRIBUTION

Measuring and attributing impact of a voluntary organisation's intervention is particularly problematic for complex interventions working in open systems. Ebrahim and Rangan (2010) argue that while attribution of outcomes to organisational outputs may be possible for simple, discrete interventions like an immunisation programme, it is less appropriate for interventions working towards more complex goals such as economic development or institutional change. In complex interventions of this nature, the success or failure of a voluntary organisation's intervention cannot be isolated from other influences beyond its control (Earl, Carden, & Smutylo, 2001). As Figure 3 shows, while an organisation has high relative influence over the inputs, processes and outputs of an intervention, successful outcomes and impacts are more dependent upon other actors and environmental factors creating enabling conditions for intended beneficiaries (Earl et al., 2001). Thus, impact measurement is particularly problematic for complex interventions due to the inherent need to isolate and measure an intervention's impact while ignoring other influences.

Figure 3: Relative Influence along Impact Chain



Adapted from: Earl et al. (2001)

RESOURCES NEEDED

One of the barriers to impact measurement is the amount of resources required to reliably collect and analyse data to provide meaningful information. Both quantitative and qualitative data collection and analysis in complex situations not only require expertise, but time and money beyond the capacity of many voluntary organisations (Cnaan & Kang, 2010; Ógáin et al., 2012). Thus, it is important that funding for outcome measurement be provided by donors if it is a requirement, or that internal stakeholders are allowed to choose methods appropriate for their skill-level and resource availability (Ebrahim, 2005; Pidd, 2005)

NEED FOR BALANCING ACCOUNTABILITY AND LEARNING

Different types of evaluation methods are more accountability-oriented while others are more conducive to learning. Power (1997) broadly categorises these methods into accountability-oriented Style A and learning-oriented Style B (see figure 4).

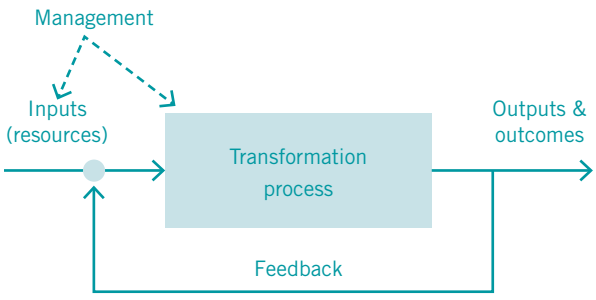
Figure 4: Types of Evaluation

Style A	*Style B*
Quantitative	Qualitative
Single Measure	Multiple Measures
External Agencies	Internal Agencies
Long Distance Methods	Local Methods
Low Trust	High Trust
Discipline	Autonomy
Ex Post Control	Real Time Control
Private Exports	Public Dialogue

Source: Power(1997) cited in Gasper (2000, p. 20)

Power (1997) argues that there has been an 'audit explosion' of Style A. However, the use of impact measurement for the narrow purpose of proving results is suitable for simple interventions, but it can obstruct learning and long-term mission achievement in complex interventions (Ebrahim, 2005; Pidd, 2005). Performance measurement systems are based on the model of single-loop learning and cybernetic control as shown in figure 5 (Pidd, 2005). Management receives feedback from the outputs and outcome performance indicators, and then if necessary, implements corrective action at the input and process level to achieve output and outcome targets (Buckmaster, 2005).

Figure 5: Cybernetic Model of Control



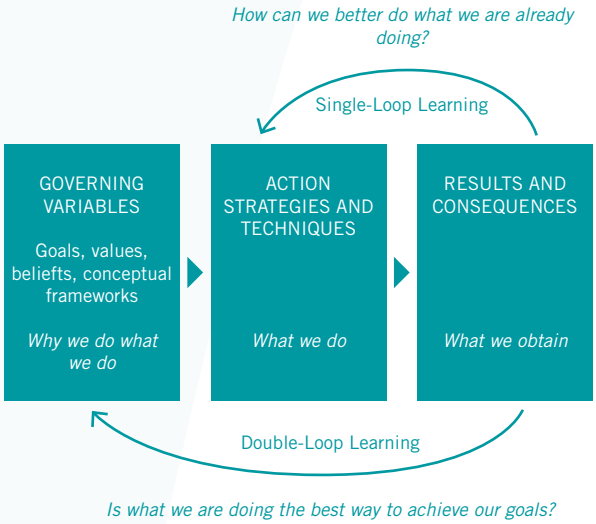
Source: Pidd (2005, p. 488)

The cybernetic model of control assumes that the end objective is unambiguous, that outputs and outputs can be usefully quantified and measured, that the effects of an interventions is fully known, and that activities are repetitive, so that single- loop learning will occur (Pidd, 2005). Applying this model of control in complex development situations where these assumptions do not hold can hinder learning and mission achievement by diverting focus towards achieving quantitative,

short-term outcome indicators, instead of the qualitative, more ambiguous long-term objectives (Pidd, 2005). Thus, outcome measurement used for upwards accountability and top-down control can have perverse unintended consequences that hinder learning when applied to complex situations in the voluntary sector.

Figure 6 shows that while single loop learning identifies and corrects errors for progress towards stated goals, double-loop learning is more comprehensive, as correcting errors involves re-evaluating an organisation's underlying assumptions and norms and sometimes a fundamental shift in strategy (Buckmaster, 2005; Roper & Pettit, 2002). When the end goal is fuzzy, standards are contested, and external factors are continually changing the context of voluntary sector work, those performance measurement practices which are based on double-loop learning are more appropriate, as they ensure programmes adapt to changing conditions.

Figure 6: Single and Double Loop Learning



Adapted from: Argyris & Schon (1978)

Impact measurement can be part of a double-loop learning process when the purpose of evaluation is to improve organisational processes in order to achieve greater impact on mission, rather than only proving results for donors (Ebrahim, 2005). While measuring outputs and outcomes for single-loop feedback is undertaken in a Style A evaluation measurements for double-loop learning are more likely to need a Style B evaluation (see figure 4).This shift away from proving to improving requires a change of culture that encourages self-assessment, reflexivity, and critical thinking that challenges current practices (Roper & Pettit, 2002). Balance between Style A and B can allow for outcome measurement to be integrated into a double-loop learning cycle, as feedback can be used by internal stakeholders to re-evaluate the goals, values and beliefs in working towards their vision and mission (Gasper, 2000).

4.0 SUMMARY OF FINDINGS

This literature review adapts a framework suggested by a 1998 Canberra workshop to categorise the wide-range of impact measurement methods found in the literature (Apthorpe and Nevile 1998, cited in Gasper, 2000). Instead of choosing a method based on level of popularity, this framework suggests that the following issues should be considered when choosing an impact measurement method:

PURPOSE OF EVALUATION

Is the primary purpose of evaluation to prove impact to donors, or to learn to improve impact? The broad approach and focus of the evaluation will determine whether Style A is used for upward accountability and control, or Style B for double-loop learning.

Prove – Methods that prove impact emphasise the use of quantitative, single measures usually performed at the end of an intervention by external experts. (Style A in figure 4)

Improve – Methods that focus on learning to improve impact emphasise qualitative, multiple measures performed by internal stakeholders with the autonomy to engage stakeholders, question assumptions and adapt an intervention. (Style B in figure 4)

NATURE OF THE INTERVENTION

Is the intervention more simple or more complex?

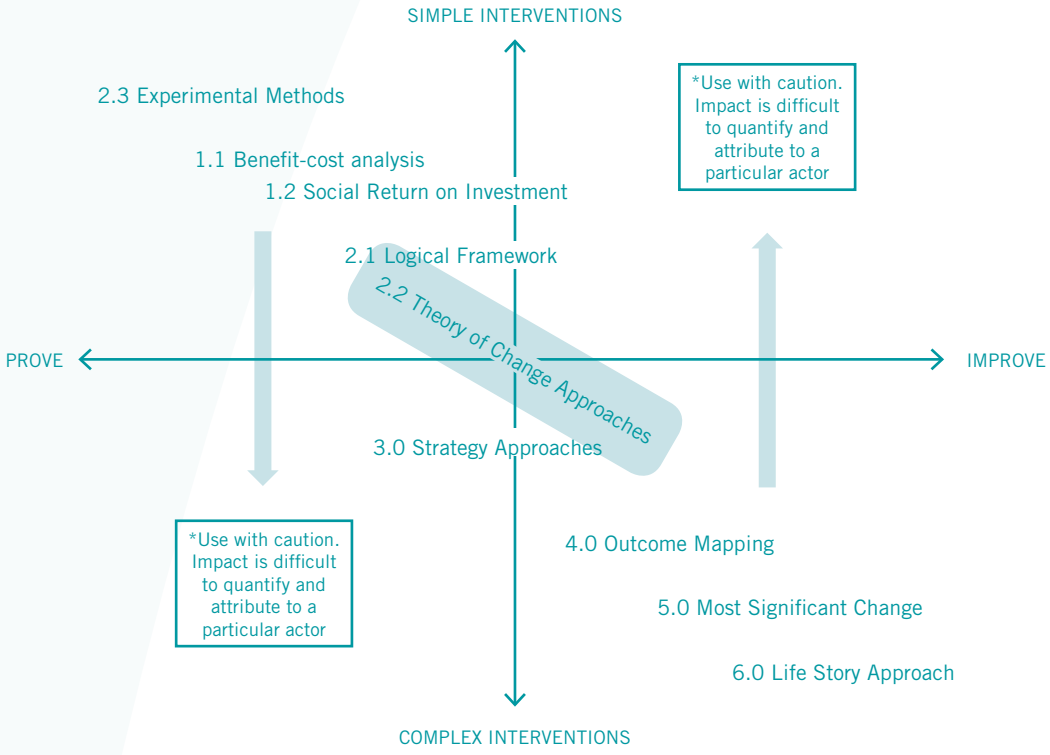
Simple intervention – Simple interventions use routine practices in a linear and uncontested path towards a clearly-defined, discrete outcome.

Complex Intervention – Complex interventions use non-routine practices in multiple, contested pathways to contribute to loosely-defined and emergent outcomes.

Figure 7 uses the above considerations to categorise the impact and outcome measurement methods discussed in this literature review. The main finding is that quantitative, single measure methods aiming to prove impact are more suited to simple interventions because the assumptions underlying the cybernetic model of control are fulfilled and single-loop learning is suitable. These methods are located in the top left-hand quadrant of figure 7 and include experimental methods, benefit-cost analysis, and social return on investment. However, these methods should be used with caution in complex interventions as issues of attribution and measurement arise when multiple actors and environmental factors contribute to end results. Instead, qualitative, methods with multiple measures that emphasise learning for improvement are more suited to complex interventions, as they facilitate a wider exploration of unintended change and the challenging of current assumptions. These methods are located in the bottom right-hand quadrant of figure 7 and include outcome mapping, most significant change, and life

story approach. These methods should be used with caution and adapted in simple interventions as the cost and level of resources may be greater than potential benefits. It is important to note the methods in figure 7 could be placed in other quadrants depending on the user's approach, but they have been classified according to their primary characteristics and orientation.

Figure 7: Impact Assessment Methods



Adapted from: Apthorpe & Nevile (1998) cited in Gasper (2000)

The next section will provide an overview of each of the impact measurement methods found in the academic and practitioner literature. The numbers in figure 7 correspond to the numbers in the headings and subheadings in the following section.

Section B: Impact Measurement Methods

1.0 EXPECTED RETURN METHODS

Expected return methods are quantitative, single measure methods that compare the impact of a voluntary organisation to the costs or investments involved in delivering that impact. Expected return methods measure impact in monetary form, and are influenced by concepts of the business world, particularly accounting, finance and economics.

1.1 BENEFIT-COST ANALYSIS

Economists and government commonly analyse costs and outcomes of alternative interventions to aid decision-making. Figure 8 below shows the main types of cost and outcome analysis from least to most comprehensive in terms of the outcome of the analysis and the information required (Karoly, 2008).

Figure 8: Types of Cost and Outcome Analysis

Type of Analysis	*Outcome of Analysis*	*Information Requirement*
Cost	Cost of Program	Comprehensive measure of program costs
Cost-effectiveness	Measure of cost per unit change in a specific outcome, value for one impact at a time	Comprehensive measure of program costs Measures of program impacts in natural units
Cost-savings	Measure of net savings to government, inclusive of all impacts[1] Measure ration of government savings to costs Measure of internal rate of return to government	Comprehensive measure of program costs, specific to government sector Measures of program impacts at each point in time in natural units "Shadow prices" to value all outcomes in dollars, specific to government sector
Benefit-cost	Measure of net benefit to society, inclusive of all impacts[1] Measure of ratio of benefits to costs Measure of rate of return to society	Comprehensive measure of program costs at each point in time, in aggregate and specific to various stakeholders Measures of program impacts at each point in time in natural units "Shadow prices" to value all outcomes in dollars, in aggregate and specific to various stakeholders

Source: Karoly (2008)

[1] When costs and/or benefits accrue over multiple time periods, the dollare streams are discounted to reflect the time value of money. Thus, the relevant outcome is net present-value savings or benefit.

The Benefit-Cost Analysis (BCA) is the most comprehensive economic technique in terms of outcome and information requirements, as it involves quantifying all the costs and benefits associated with a given intervention to determine the net benefit to society (Arvidson, Lyon, McKay, & Moro, 2010; Tuan, 2008). A BCA requires all benefits and costs to be expressed in monetary form, and uses financial proxies to estimate the value of nonmarket, intangible goods whose price is not determined by the market (Karoly, 2008; Tuan, 2008). It is usually performed to justify the existence of an intervention, or to aid decision-making by allowing comparison between alternatives (Tuan, 2008). The end result of a BCA can be the net present value (benefit minus cost) or a benefit-cost ratio (net present value of benefit/net present value of cost). For example, a $3.30:1 benefit-cost ratio means that for every $1 of costs, an organisation yields $3.30 of benefits to society. If the ratio is over 1, it means that benefits are greater than costs.

EXAMPLE: COST-BENEFIT ANALYSIS FOR THE NEW ZEALAND COMMUNITY LAW CENTRES O AOTEAROA

The New Zealand Community Law Centres o Aotearoa (NZCLC) commissioned a report from The New Zealand Institute of Economic Research (NZIER) to measure its social impact in economic terms, using the report primarily as a promotional tool to secure funding in uncertain economic times (New Zealand Institute of Economic Research, 2012). Figure 9 shows the benefits and costs that were considered, and how they were analysed. Due to the difficulties involved in quantifying the benefits of information, education and law reform services provided by community law centres, the report only monetised the benefits of the casework function and the costs of total public funding.

Figure 9: NZIER Cost-Benefit Framework

Cost/Benefit	*Analysis Type*
Benefits	
Casework	Quantitative
Information	Qualitative
Education	Qualitative
Law reform	Qualitative
Costs	
Total public funding	Quantitative

Source: New Zealand Institute of Economic Research (2012)

NZIER valued the benefits of the casework based on the cost avoided to government to supply a comparable low cost service for community law centres clients, which they deemed to be 75% of the average cost of a PCI criminal case[1] using the Public Defender Service (legal aid). Using the calculation below, they conservatively estimated that for every $1 of public funding, community law centres delivered $3.30 of benefits.

The calculations were as follows:

$$\frac{\text{Benefits}}{\text{Costs}}$$

$$= \frac{\text{Avoided cost = 49,243 clients x 75\% of PDS PCI criminal case average cost (\$736)}}{\text{Government Funding (\$6.57m) + Special Fund (\$4.4m)}}$$

$$= \frac{\$36.23\text{m}}{\$10.97\text{m}} = \$3.3$$

While a BCA is meant to be comprehensive in its analysis of benefits and costs, the complexity of valuing intangible outcomes limits is potential in voluntary sector valuation. Due to the fact that NZIER only valued the casework function of community law centres in terms of the avoided cost to government, the end ratio reflects more a cost-savings analysis than a benefits-cost analysis.

1.2 SOCIAL RETURN ON INVESTMENT

Social Return on Investment (SROI) is a methodology that draws from social accounting and benefit-cost analysis to measure social impact. It was originally invented by the Roberts Enterprise Development Foundation (REDF) to assess the return on its social enterprise investments (Gair, 2005). It received a lot of attention and sparked much debate for its quite complex six-step methodology that systematically blends both the economic and social values of an organisation (Arvidson et al., 2010; Gair, 2005; Polonsky & Grau, 2011).

The REDF Social Return on Investment methodology consists of six steps.

1. ***Enterprise Value:*** Discounted cash flow analysis to derive the economic value
2. ***Social Purpose Value:*** Discounted cash flow analysis of socio economic results. Savings to the taxpayer + new tax revenues – social costs = social value
3. ***Blended Value:*** Enterprise Value + Social Purpose Value - long-term debt
4. ***Enterprise Index of Return:*** Enterprise Value ÷financial investment in the organisation to date.
5. ***Social Purpose Index of Return:*** Social Purpose Value ÷ financial investment in the organisation to date.
6. ***Blended Index of Return:*** Blended Value ÷ financial investment to date. (Mook, Quarter, & Richmond, 2007)

1 PCI Criminal case is the least costly criminal case involving a District or High Court proceeding (other than a jury trial or preliminary hearing of an offence). It is less costly than a PCII Criminal case that involve jury trials, and a maximum penalty of more than 10 years imprisonment.

The REDF methodology has been modified by the SROI Network and it has gained momentum in the UK. The SROI Network has made impact measurement more accessible for voluntary organisations because it developed a complete, step-by-step guide that includes stakeholder and programme theory analysis as part of the SROI process (see see theory-based evaluation in section 2). They advocate the below 6 stages for the implementation of SROI.

1. ***Establishing scope and identifying key stakeholders.*** It is important to have clear boundaries about what your SROI analysis will cover, who will be involved in the process and how.
2. ***Mapping outcomes.*** Through engaging with your stakeholders you will develop an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes.
3. ***Evidencing outcomes and giving them a value.*** This stage involves finding data to show whether outcomes have happened and then valuing them.
4. ***Establishing impact.*** Having collected evidence on outcomes and monetised them, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration. These include deadweight, displacement, attribution and drop-off.
5. ***Calculating the SROI.*** This stage involves dividing the net present value of the impact divided by total investment. This is also where the sensitivity of the results can be tested by changing assumptions.
6. ***Reporting, using and embedding.*** Easily forgotten, this vital last step involves sharing findings with stakeholders and responding to them, embedding good outcomes processes and verification of the report.

(Nicholls, Lawlor, Neitzert, & Goodspeed, 2012).

EXAMPLE: THE CRAFT CAFE: CREATIVE SOLUTIONS TO ISOLATION AND LONELINESS

The Craft Cafe in Scotland is a programme that aims to provide aging seniors the opportunity to learn new skills, renew social networks and reconnect with communities through artistic expression. Their SROI report is comprehensive, including narrative about the programme's purpose and how they aim to achieve it, as well as a fully worked through Impact Map that results in an overall £8.27: £1 benefit-cost ratio. The Social Value Lab[2], evaluated the Craft Cafe's impact, reflecting how the SROI methodology is often used by contracted third-parties with social science expertise. The full SROI Report can be found in following url: www.socialimpactscotland.org.uk/media/3215/Craft%20Cafe%20SROI%20FINAL%20REVISED%20v2.pdf

2 The Social Value Lab is UK independant 'think-do' tank that provides social research services, social enterprise strategy, social sector evaluation and social impact assessment.

COMPARING BCA AND SROI

According to Arvidson et al. (2010), BCA and SROI differ more in style than in true substance. They both involve monetising and comparing all costs and benefits to deliver a simple, easy to understand ratio. The differences in approach are due to the fact that BCA is well-established tool often used by economists and government for decision-making, which SROI is more recent approach that focuses on voluntary organisations (Arvidson et al., 2010). Given the focus on the voluntary sector, SROI emphasises the integration of stakeholders into the analysis, and the use of results for learning (Arvidson et al., 2010). While BCAs are traditionally made by external agents for comparison and aiding decision-making, an SROI's results are not comparable and should be used for internal organisational learning (Arvidson et al., 2010). However, Arvidson et al. (2010) explain that these differences are not inherent in the methods and thus, the following strengths and limitations apply to both.

STRENGTHS

- The end ratio expressed in dollars is **simple to understand** and communicate to a wide range of audiences, with great potential to influence policy or further funding from government or donors (Arvidson et al., 2010).
- **Multiple stakeholders are integrated** into the assessment of social impact in order to account for the full picture of impact across the most significant stakeholders (Polonsky, Michael, and Grau, 2011)
- Involves a **full sophisticated economic analysis** that **considers many of the issues** involved with crediting impact to a complex intervention, including deadweight, attribution and drop-off.
- There are many established valuation techniques that can be used for creating financial proxies (Arvidson et al., 2010)
- Goes **beyond a short-term evaluation of efficiency** and looks at the more long-term picture of impact (Polonsky & Grau, 2011).

LIMITATIONS:

- **Focus on proving impact at the expense of understanding process for learning.** Much of the emphasis and effort in the SROI process is finding an overall SROI ratio (Arvidson et al., 2010). The ratio prioritises quantifiable results over useful qualitative information for learning such as what worked, what didn't, what to replicate or what to do better (Ellis, n.d.). It has the potential to divert attention away from less quantifiable goal and overall mission. (Ellis, n.d.).
- **SROI underestimates the social impact** of organisations because it values the benefits not by their intrinsic value to society, but by the cost savings to the public sector (Arvidson et al., 2010; Gair, 2005; Polonsky & Grau, 2011). Assessing the monetary value of intangible of outcomes such as increased life expectancy, or increased self-confidence engenders the "most difficulty and controversy" (Arvidson et al., 2010a, p. 5). Karoly (2008) notes from the literature that even if valuation techniques are well-established, application is inconsistent and the more intangible outcomes are usually not monetised.

- **The high level of resources,** staff time, technical ability, and sophistication of data collection and analysis information systems that are required for a full-fledged BCA or SROI for complex interventions is often beyond the reach of smaller NGOS (Arvidson et al., 2010; Gair, 2005). While the process can be simplified and adapted for use by internal staff members, it can lead to questionable results and it is unclear how it is better than methods that do not attempt to monetise (Ellis, n.d.-a, p. 3).
- **The quantitative nature of the method can potentially mask the high amount of judgement and discretion involved in calculating the end ratio.** A BCA or SROI ratio including intangible outcomes must be interpreted as a potentially biased, socially constructed figure with very limited comparability (Arvidson et al., 2010). While stakeholder engagement in SROI tries to eliminate this risk, what is included/excluded in the analysis is shaped by asymmetries of power, different assumptions and preferences, as well as resource and data availability (Arvidson et al., 2010).

1.3 MONETISING BENEFITS – VALUATION TECHNIQUES

Valuation as an economic field of study has a wide range of techniques that have been used to assess the monetary value of nonmarket cultural and environmental goods and their externalities (Birol, Karousakis, & Koundouri, 2006; Throsby, 2003). While price is often used as a proxy for value in markets, social services and their outcomes are also beyond the reach of the market (Cnaan & Kang, 2010). Cnaan and Kang (2010) argue that these valuation techniques could potentially be used to assess the monetary value of social services and their outcomes for their inclusion in a SROI or benefit-cost analysis. These valuation techniques can be categorised into stated preference and revealed preference methods, which find the value of nonmarket goods by either creating a hypothetical market for the nonmarket good, or using a proxy market in which the nonmarket good is implicitly traded.

STATED PREFERENCE METHODS

Stated preference methods find the value of nonmarket goods by surveying individual preferences and creating a hypothetical market for the good (Birol et al., 2006; Cnaan & Kang, 2010). A strength of this type of method is that it can measure the total economic value of a good, meaning it includes the value people place it on its use, as well as the value people place on its existence for future use (bequest value), or the use of others (altruistic value) (Venkatachalam, 2004). Furthermore, unlike revealed preference methods, they allow for measurement of value without the need for observable behaviour or data (CGER, 1997). However, stated preference methods are considered less reliable than revealed preference methods as there are many methodological issues that can skew results, including characteristics and size of sample used, wording of questions, information provided, and how the survey is conducted, among other sources of errors (Cnaan & Kang, 2010; Venkatachalam, 2004). Furthermore, the expertise and resources needed for rigorous survey development and testing to ensure reliable results is beyond the capacity of most voluntary organisations (Cnaan & Kang, 2010; Venkatachalam, 2004; Navrud, 2000).

CONTINGENT VALUATION METHOD

The Contingent Valuation Method (CVM) is a survey-based, stated preference valuation technique that aims to determine the total value of a nonmarket good by asking individuals for their valuations in monetary terms (Klose, 1999). A contingent valuation typically describes a policy or programme and its likely outcomes, and then asks respondents how much they would be willing to accept funds for a negative outcome, or their willingness to pay for a positive outcome (Karoly, 2008, p. 10). The collected responses effectively create a hypothetical market, and the average results can be used to determine the value of the nonmarket good (Cnaan & Kang, 2010). Socioeconomic characteristics of the respondents (age, race, sex, income, education, marital status) as well as information about their attitudes toward the nonmarket good in question are also collected to find possibly explanatory variables (Cowling, 2006). Cnaan and Kang (2010) found that contingent valuations have been used to value mental health services as well as preschool education for handicapped children. They argue that organisations could poll clients to find the value they place on their services and outcomes.

The contingent valuation method is subject to the strengths and limitations of stated preference methods. For further discussion of the methodological issues specific to contingent valuation and recent developments that address these issues please see Carson (2000) and Venkatachalam (2004).

CHOICE EXPERIMENT METHOD

The Choice Experiment Method (CEM) is based on Lancaster's characteristics theory of value, which states that a good's value reflects its characteristics and their respective levels (Birol et al., 2006). Like CVM, the Choice Experiment Method is a valuation technique based on stated preferences and hypothetical scenarios. However, CEM is a structured data generation method where respondents are asked in multiple questions to choose between alternative sets of characteristics (one of which is price), allowing for the value of characteristics to be inferred from the tradeoffs made throughout the survey (Cnaan & Kang, 2010; Hanley, Wright, & Adamowicz, 1998). CEM is used frequently in marketing to ascertain consumers' preferences for certain goods over others and the prices they are prepared to pay for those goods. While Cnaan and Kang (2010) did not find an example of its application in social services, they argue that its feasibility is clear. For example, national voluntary associations could commission choice experiments that study the value people place on outcomes such as social inclusion and gender equality, among others (Cnaan & Kang, 2010). Furthermore, Cnaan and Kang (2010) argue that social service organisations could carry out smaller experiments to find the value that clients place on different sets of service options.

The CEM method is subject to all the strengths and limitations of stated-preference methods (figure 10). Compared to CVM, CEM allows for greater understanding of the values respondents place on different attributes and the trade-offs people are willing to make using a smaller sample size (Hanley et al., 1998; Navrud, 2000). However, given that the design, implementation and statistical analysis of CEM is more complex, it may be even more beyond the capacity of voluntary organisations than CVM (Cnaan & Kang, 2010; Hanley et al., 1998).

Figure 10: Summary of Stated Preference Methods

	Strengths	*Limitations*
CONTINGENT VALUATION	▪ Can be used to measure non-use values ▪ Measurement does not required observable behaviour and data ▪ Generally not difficult to understand	▪ Considered less reliable due to hypothetical nature – various possible sources of errors ▪ Requires large sample size ▪ Expensive due to need for survey development and pre-testing ▪ Controversial when used for nonuse value applications
CONTINGENT VALUATION	▪ Can be used to measure non-use values ▪ Measurement does not required observable behaviour and data ▪ More rigorous analysis and better understanding of trade offs and relative values of attributes ▪ Reduced sample size	▪ Considered less reliable due to hypothetical nature – various possible sources of errors ▪ Expensive due to need for survey development and pre-testing ▪ Design, implementation and analysis technically complex ▪ Controversial when used for nonuse value applications

Adapted from CGER (1997)

REVEALED PREFERENCES

While stated preference methods use surveys to create a hypothetical market to value a nonmarket good, revealed preference methods find the value of a nonmarket good by looking at actual spending behaviour in proxy markets that are related to the nonmarket good in question (Navrud, 2000). Since revealed preference methods are based on observable behaviour and data rather than hypothetical scenarios, they are considered more reliable then survey-based, stated preference methods (CGER, 1997). However, these methods can be limited by their need for observable behaviour and data, and they can be technically complex (CGER, 1997). Furthermore, they are limited to capturing use values related to consumption, and thus are not able to find the total economic value of a nonmarket good.

REPLACEMENT VALUE

Replacement Value is a revealed preference valuation method that measures the value of a nonmarket good by finding the cost of replacing it using a market good (Navrud, 2000). Cnaan and Kang (2010) found this method has been used to value volunteer work. For example, in the New Zealand Community Law Centres NZIER report (see section 1.1), the hours community law centre volunteers worked were valued using the wage that would be required to replace a volunteer with a paid staff member of the same skill and experience (New Zealand Institute of Economic Research, 2012). Figure 11 shows that a public or private organisation that could not rely on volunteers would have to pay $3,752,111 in staff wages to provide the services provided by New Zealand Community Law Centres o Aotearoa.

Figure 11: Value of Volunteer Contribution

Volunteer	*Hours*	*Value ($)*
Lawyers	10,382	955,129
Law students	10,180	732,982
Non-legal volunteers	32,400*	972,000
Board of governors members	7,808*	1,092,000
CLCA board members	1,107*	
Value of CLC volunteers	**61,877**	**3,752,111**
Indirect contribution of pro-bono lawyers	*1,024**	*108,544*

*estimates

Source: New Zealand Institute of Economic Research (2012)

This is a relatively simple and inexpensive valuation method that can help communicate the value-added by voluntary organisations by showing how the services they provide are cost-effective(Cnaan & Kang, 2010). However, this method assumes that the cost to replace is both measureable and that value of the nonmarket good is equal (no less or greater) than the replacement cost (Birol et al., 2006).
Navrud (2000) argues that it is an arbitrary value that has little relationship to true social value, as society's willingness to pay for this service could be more, equal or less than the cost of actually replacing it.

HEDONIC PRICING METHOD

The hedonic pricing method is a stated preference valuation method that is based on Lancaster's characteristics theory of value, which states that a good's value reflects its characteristics and their respective levels (Birol et al., 2006). This method compares market transactions for market goods or services where a nonmarket good is implicitly traded as one of its attributes (Navrud, 2000). By observing the tradeoffs in price and the levels of the nonmarket good in the market transactions, economist can infer the value of the nonmarket good (Ready, Berger, & Blomquist, 1997). This technique has been used to find the value of environmental nonmarket goods using the differences in the value of house prices in areas with differing levels of environmental quality (Navrud, 2000). However, this technique could potentially be applied to value outcomes and impact in the voluntary sector (Cnaan & Kang, 2010a). For example, the value of the outcome of a reduction in crime could be calculated by comparing the price difference of similar houses in neighbourhoods with different crime rates.

While Hedonic Pricing often uses readily available housing market data, it assumes that the crime rate, or any other characteristic in question, is factored into the decision-making processes of those buying and selling the market good (Tyrvbinen, 1997). Proponents of the Efficient Market Hypothesis would suggest that market prices do include all such characteristics, nevertheless behavioural economists would argue that information overload and consumers' non-monetary preferences contribute to less than efficient markets. Another limitation is that there is potential for bias and error because deriving a function that estimates the portion of price attributable to a characteristic is technically complex when there are so many potential influencing variables (CGER, 1997).

TRAVEL COST

Travel cost method derives the value of a nonmarket programme or service by equalling the time and travel costs that people incur as the minimum amount they are willing to pay (Birol et al., 2006). This has been most used to value outdoor recreational activities where significant travel and time are necessary to receive the benefits. Complex models include information such as visitor attributes and information about substitute sites to derive a measure for the use value of the recreational activity (Navrud, 2000, p. 19). Cnaan and Kang (2010) note that while they found no example of use of this method in the voluntary sector, the feasibility is clear for services that require travel.

Compared to other revealed preference methods, this method is relatively inexpensive (Navrud, 2000). However, it is only a lower bound estimate of value, and potential misestimating can occur due to biased sample selection (CGER, 1997).

AVERTING COST METHOD

The averting cost method measures the value of a public good by finding the expenses and opportunity costs people incur to avoid the consequences of not having access to the public good (Cnaan & Kang, 2010a; Navrud, 2000). These avertive costs can be incurred from buying durable goods, non-durable goods or changing behaviours to prevent a loss in utility (Birol et al., 2006). For example, if water was polluted, the value of clean water could be derived by finding the costs consumers incur in boiling water, filtering water, or buying bottled water (Cnaan & Kang, 2010). This method could be used to value the impact of a social programme that is dealing with a social problem by finding the avertive costs it saves households, individuals, and society (Cnaan & Kang, 2010). Cnaan and Kang (2010) cite a study that measured the avertive costs that people incurred in caring for disabled family members, which could potentially be used to value a service that saves these costs by providing formal care.

Relative to other revealed preference methods, the averting cost method is relatively inexpensive. However, the value of averting costs only represents a lower bound estimate of true cost, as it does not capture the direct costs incurred from the consequences or losses in utility (Birol et al., 2006). Furthermore, averting costs can be difficult to measure, as people react in diverse ways, and these may be difficult to observe (Birol et al., 2006). Another potential issue with using averting costs for valuation is that sample selection can skew results as costs incurred are limited by the consumer's income and circumstances (Cnaan & Kang, 2010). It can also be inaccurate as costs incurred to buy avertive inputs may have other benefits, potentially causing one to overestimate costs (CGER, 1997).

COST OF ILLNESS

In the health sector, this method is used to value the direct costs resulting from an illness (Birol et al., 2006; Cnaan & Kang, 2010). This can be done by either looking at national data and statistics, or looking at the consumption of resources for a sample of patients and projecting the average cost on a national scale (Cnaan & Kang, 2010). This method can be used to define the magnitude of an illness, assist in planning and justifying interventions, and providing an economic framework for programme evaluation (Rice, 2000). Cnaan and Kang (2010) argue that this method could be used in the voluntary sector to find the direct costs of a social problem and use the potential savings as a way to value the outcomes of a service aimed at reducing the social problem. For example, the outcomes of an organisation that supports people who want to quit smoking could be valued by finding the average cost of smoking-related health problems, and thus, the potential savings.

The reliability of this method heavily depends on the scope and recency of the study, the methodology used, and the sources of the data (Rice, 2000). Furthermore, this method underestimates costs, as it overlooks the averting costs incurred by households in minimising the negative

consequences of the illness, as well as the inherent disutility of those who are ill (Birol et al., 2006).

Thus, all stated preference methods are based on actual behaviour, and are considered more reliable than stated preference methods. However, they are limited by their need for observable behaviour, and can only measure the use value of a nonmarket good. Figure 12 summarises the strengths and limitations of the revealed preference methods covered in this literature review.

Figure 12: Summary of Revealed Preference Methods

Method	*Strengths*	*Limitations*
Replacement Value	▪ Based on observable data from actual behaviour and choices ▪ Simple and inexpensive	▪ Need for data on replacement costs – may be problematic ▪ Link to value placed on by society is questionable ▪ Does not measure non-use values
Hedonic Pricing (HP)	▪ Based on readily available data from actual behaviour and choices	▪ Difficulty in detecting small effects ▪ Link between implicit prices and value measures is technically complex and sometimes empirically unobtainable. ▪ Does not measure non-use values ▪ Ex post valuation – can only be conducted after the change has occurred/ limited to assessment of current situation
Travel Cost Method (TCM)	▪ Based on observable data from actual behaviour and choices ▪ Relatively inexpensive	▪ Need for easily observable behaviour ▪ Limited to resource use situations that require travel ▪ Possible sample selection problems ▪ Does not measure non-use values ▪ Ex post valuation – can only be conducted after the change has occurred/ limited to assessment of current situation
Averting Cost Method	▪ Based on observable data from actual behaviour and choices ▪ Relatively inexpensive	▪ Need for easily observable averting behaviour on averting behaviour ▪ Does not capture full costs of social problems ▪ Avertive inputs may have other uses and benefits ▪ Ex post valuation – can only be conducted after the change has occurred/limited to assessment of current situation
Cost of illness	▪ Based on observable data from actual behaviour and choices ▪ Relatively inexpensive	▪ Overlooks personal costs of disutility associated with illness ▪ Understates WTP as it overlooks averting expenditures ▪ Ex post valuation – can only be conducted after the change has occurred/ limited to assessment of current situation

Adapted from CGER (1997)

2.0 THEORY-BASED EVALUATION

Theory-based evaluation involves the development of a programme theory model to guide evaluation (Weiss, 1997). A programme theory is a summary of how an intervention works, causally linking programme inputs and activities to a chain of outputs, outcomes and impacts. Programme theory is also referred to as intervention logic, programme logic, theory of change, and theory of action, among other terms.

2.1 THE LOGICAL FRAMEWORK

The logical framework (also called logframe) is a planning and evaluation tool that has become widely used by bilateral and multilateral aid agencies and international development voluntary organisations (Bakewell & Garbutt, 2005). A standard logframe is in the form of a matrix and has the following main components (see figure 13):

- A description of a programme's logic – identifying the logical links between each level including inputs, outputs, outcomes and the overall goal.
- A description of how progress at each level will be assessed – identifying performance measurement indicators linked to

Figure 13: Standard Logframe Matrix

Narrative summary	*Objectively verifiable indicators*	*Means of verification*	*Assumptions*
Goal – the overall aim to which the project is expected to contribute	Measures (direct or indirect) to show the project's contribution to the goal	Sources of information and methods used to show fulfillment of the goal	Important events, conditions or decisions beyond the project's control necessary for maintaining progress towards the goal
Outcomes (or objectives) – the new situation which the project is aiming to bring about	Measures (direct or indirect) to show what progress is being made towards reaching the objectives	Sources of information and methods used to show progess against objectives	Important events, conditions or decisions beyond the project's control, which are necessary if achieving the objectives is going to contribute towards the overall goal
Outputs – the results which should be within the control of the project management	Measures (direct or indirect) to show if project outputs are being delivered	Sources of information and methods used to show delivery of outputs	Important events, conditions or decisions beyond the project's control, which are necessary if producing the outputs is going to help achieve the objectives
Activities – the things which have to be done by the project to produce the outputs	Measures (direct or indirect) to show if project outputs are being delivered	Sources of information and methods used to show that activities have been completed	Important events, conditions or decisions beyond the project's control, which are necessary if completeing activities will produce the required outputs
Inputs	Resources – type and level of resources needed for the project Finance – overall budget Time – planned start and end date		

Source: Bakewell & Garbutt (2005)

objectives, as well as the methods and information used to measure them.
- A description of the assumptions, or external conditions that need to be fulfilled for programme objectives to occur as planned.

STRENGTHS

A logframe is ideally created at the start of an intervention to clarify design, and can then be used to guide evaluation (Gasper, 2000). While it may be a time-intensive process, a logframe provides a simple, logical, easy to understand framework for stakeholders to build consensus on what programme success looks like and how it will be assessed (Julian, Jones, & Deyo, 1995; McLaughlin & Jordan, 1999). Logframes can focus the efforts of impact evaluation by more closely linking evaluation tools to the goals of the programme, allowing for baseline data to be collected at the start, and improving the usefulness of data collected throughout implementation (McLaughlin & Jordan, 1999)[3]. It can also be used for programme improvement by allowing the hypothesised causal links between objectives to be tested and revised (McLaughlin & Jordan, 1999). This can be done by either comparing ex post evaluation data to baseline data of participants, or by comparing them to control or comparison groups with similar characteristics (McLaughlin & Jordan, 1999). (See Experimental Methods, section 2.3)

LIMITATIONS

While the logframe is a tool with much potential, Gasper (2000) has noted that it is inherently easy to misuse. He argues that the logical framework is an accountability-oriented evaluation tool suited to evaluate simple interventions at the project level, but that it is often misused for the evaluation of complex interventions that require more learning-oriented evaluations. One limitation is its fixed matrix format that has become a mandatory requirement for results-based contracts.

3 Helitzer et al. (2010) integrated logic model with factor analysis to develop and revise a survey as part of an effective evaluation of abstinence education programmes in the United States.

This has led to the development of logic-less, over-simplified, and rigid logframes that emphasise the horizontal logic over the vertical logic of the matrix (Gasper, 2000; Vogel, 2012). The linear and cause-and-effect thinking underlying a logframe matrix assumes order and control is possible in dynamic, emergent and transformative processes of social change (Eguren, 2011; Miller, 2010). Furthermore, a logframe's narrow focus on testing whether pre-determined objectives have occurred does not allow for a wider exploration of impact required for adaptive learning and creative thinking in complex situations (Gasper, 2000). However, Gasper (2000) argues many of the pitfalls can be avoided if its limitations are acknowledged and it is used as one tool amongst many to aid analysis.

2.2 THEORY OF CHANGE APPROACHES

As the logframe has become perceived as a mandatory, bureaucratic requirement for funding in the international development industry, a more flexible approach that allows for critical thinking and exploration of how change happens has emerged under the banner of 'Theory of Change' (TOC). As an emergent field beginning in the 1990's, TOC has been used to describe widely differing approaches, ranging from exploring high-level change process to explaining the internal logic of an intervention through cause-and-effect links between outcomes (Vogel, 2012). The reason for such different approaches is because 'Theory of Change' is the culmination of two different strands of theory, one from theory-based evaluation and the other from social change theory. Figure 14 shows the characteristics of each approach.

EVALUATION-INFORMED TOC APPROACH 1: HOW PROGRAMMES BRING CHANGE

When used at a programme or project level, a theory of change approach becomes a more flexible, and 'enlightened' version of a logical framework (James, 2011). ActKnowledge is the key driver of this approach, creating and maintaining the theoryofchange.org website. The website describes theory of

Figure 14: Range of terms and approaches in TOC thinking

More evaluation-informed	*Complexity-informed*	*More social change-informed*
Programme theory/logic	Pathways mapping	Models of Change
Outcomes chain	"What would it take…?" approaches	Dimensions of Change
Intervention theory		How history happens
Casual pathway	Learning/evaluation	Change hypotheses
Impact pathway	Explore/explain	Open enquiry and dialogue
Logic model	Linear/complex	Reflective theory of change practice
Casual model		Rich picture
Single programme logic	Multiple outcome pathways	Future timeline
Macro/sector theory of change	"Tipping points"	Feedback loops
Assumptions about change	Emergent, non-linear, recursive	Road-map
	Systems thinking about change	Beliefs about change

Source: Vogel (2012)

change as an "outcomes-based, participatory method that has evolved from its early days into a rigorous tool for planning, evaluation, and organisational capacity-building."

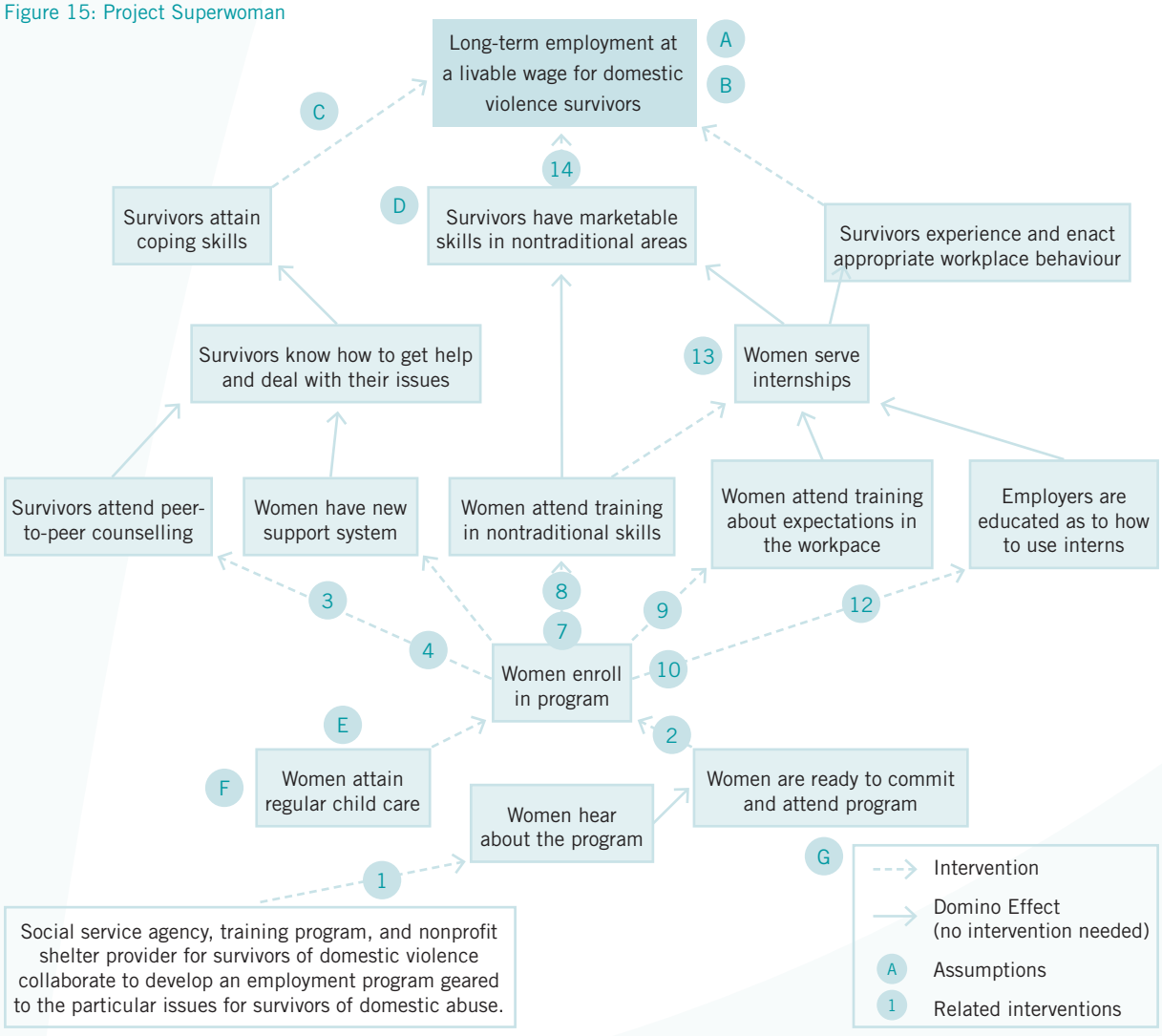
The process they advocate involves the following:

- Identifying goals and assumptions
- Backwards mapping and connecting outcomes (pre-conditions) at a minimum of three levels
- Developing indicators – who or what needs to change, how much and over how long
- Identifying interventions that are linked to outcomes
- Writing a narrative to support the diagram

ActKnowledge (2003) released a guided example of Project Superwoman, a programme that aims to help create long-term, liveable wage employment opportunities for women who had been victims of domestic violence. Figure 15 shows a worked example of an outcome map that links a chain of short, medium and long term outcomes that need to occur at each level for the main aim to be achieved. It also plots assumptions and interventions on to the map. See ActKnowledge (2003) for the full example. More worked examples of this kind can be found in Ellis, Parkinson, & Wadia (2011) and Reisman & Gienapp (2004).

Given that both a logframe and evaluation-informed theories of change describe an organisation's theory at programme or project level, many find it hard to see substantive difference between the approaches. The difference is mostly in focus and approach. The focus on mapping and making explicit connections between the pre-conditions or intermediate outcomes necessary for impact allows a theory of change approach to more thoroughly question assumptions and explore alternative pathways for achieving impact (Reisman & Gienapp, 2004). While the logframe should do the same in theory, its input-to-impact chain running vertically in the matrix can be too easily completed by simply listing and describing programme components without really exploring how the programme achieves change (Vogel, 2012). Vogel (2012) found that many practitioners think that a "theory of change" approach at a programme or project level should be used as a voluntary tool to explore, question, and adjust how a programme can achieve change, and then use the results to develop a more complete, relevant, and robust logframe for accountability purposes.

Figure 15: Project Superwoman



Source: ActKnowledge (2003) cited in James (2011)

SOCIAL CHANGE INFORMED APPROACH 2: EXPLORING HOW CHANGE HAPPENS

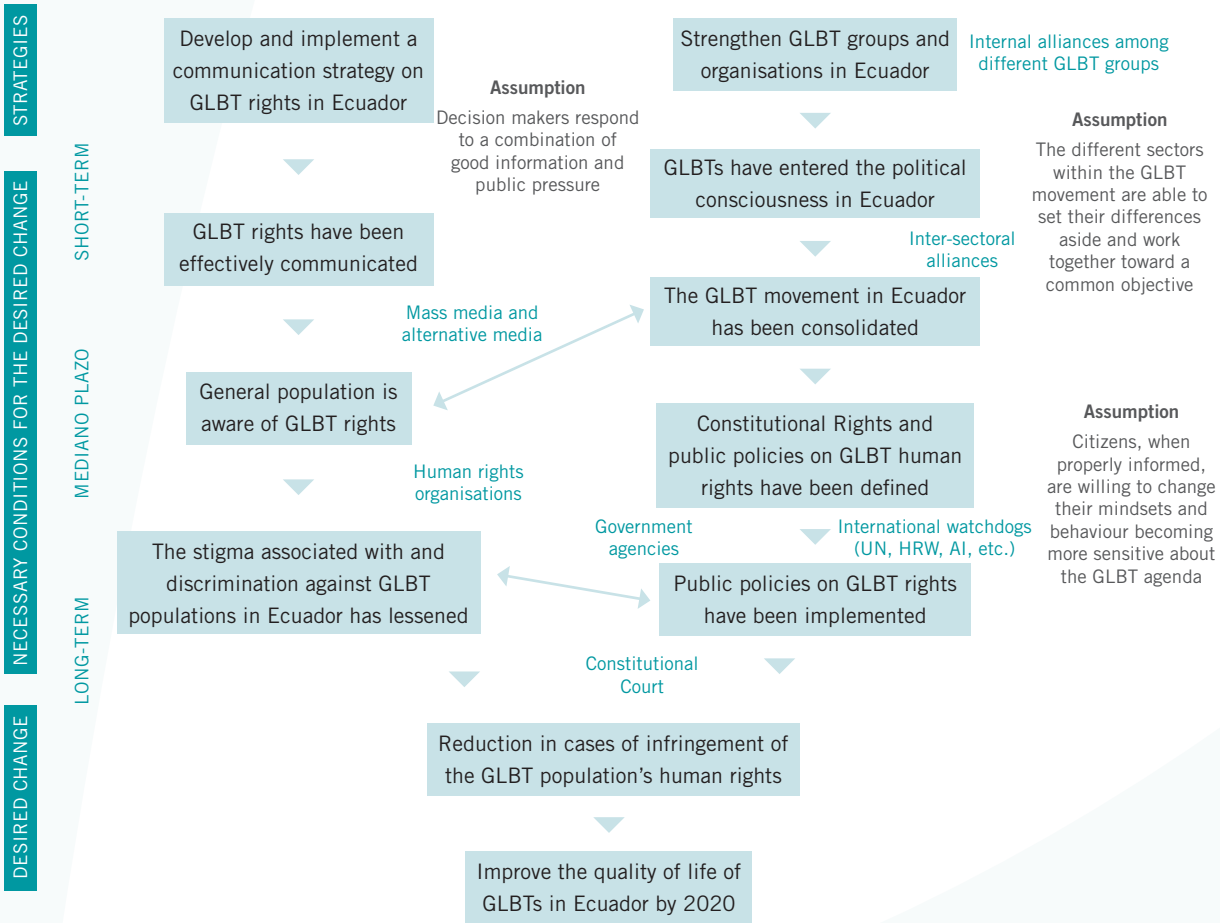
Social-change informed approaches explore more broadly how change happens in a particular context, to then enable organisations to identify opportunities to contribute to change (James, 2011). These approaches emphasise TOC as an ongoing process that integrates evaluative thinking through experiential learning and reflection (Eguren, 2011; Vogel, 2012). The TOC product, or diagram, should be seen as a living document that is constantly reviewed and contested, which can serve as an organising framework for the evaluation of an organisation's contribution to impact in complex social change process (Vogel, 2012).

The Dutch NGO HIVOs encourages this approach with its partners in developing countries (Eguren, 2011). Their Theory of Change approach encourages the use of the following processes in an iterative way for planning and evaluating impact.

- **Developing a rich picture of the desired change.** This process includes a full exploratory analysis of the context of change, the dimensions and levels of change, and the institutions that need changing to achieve the vision.
- **Analysing the Agents of Change** involved in achieving or blocking the desired change, considering their points of view, interests and the nature and extent of their influence.
- **Considering and re-considering the assumptions** underlying all the TOC elements.
- **Developing a Pathway of Change** that illustrates the strategies, and the necessary conditions of the desired change to occur. It shows the relationships between outcomes, while also connecting them to actions and interventions.
- **Developing change indicators** that help understand the extent and way that change is occurring as well as our contribution to the change.
- **Develop learning, monitoring and accountability systems** that allow for experiential learning and reflection, as well as meeting stakeholder accountability needs.

The Pathway of Change in figure 16 illustrates the difference between this TOC approach and the programme or project level approach. Instead of seeking to explain how an organisation achieves change, it undergoes a system analysis of how change happens and the actors involved in order to show how an organisation seeks to contribute to the desired change. This approach is better suited for complex interventions

Figure 16: Pathway of Change



Source: Eguren (2011)

such as advocacy and network organisations, where impact is not easily measured and isolated from other influences. It facilitates improvement through a process of adaptive learning and challenging of assumptions. By exploring how an organisation seeks to contribute to change, and it can serve as a guide for developing systems for accountability. However, these methods are emerging, flexible and it is difficult to pin point how they measure organisational performance.

2.3 TESTING YOUR PROGRAMME THEORY – EXPERIMENTAL METHODS

Experimental methods

Experimental methods involve applying principles of the scientific method and the medical community to impact evaluation. Experimental methods can be used to test the hypothesised links between outputs, outcomes and impact of a programme's theory (Weiss, 1997)They measure the impact of a programme by finding the counterfactual, meaning they find what would have happened to beneficiaries if they had not participated in the intervention (Baker, 2000). They find the counterfactual by comparing baseline and outcome data of those who received treatment and the control group who didn't. The control and treatment groups are selected randomly at the beginning of the project from the same population of eligible beneficiaries, and thus it is appropriate to compare them given as they are statistically equivalent to each other and there is no selection bias (Baker, 2000).

Baker (2000) has found many examples of the use of experimental design in international development interventions. For example, the Uganda Nutrition and Early Childhood Development Project is a project that seeks to enhance the ability of parents and communities to care for children by enhancing their knowledge on better childcare practices as well as opportunities to increase income. They randomly selected a control group that would not receive 'treatment' at the start, and generated baseline and follow up survey data for both the control and treatment group. This allowed for the programme to compare data and rigorously measure their impact.

Quasi-experimental methods

Quasi-experimental methods can be used when randomisation cannot be or was not built into programme from the beginning. The counterfactual is instead measured by comparing the treatment group with a comparison group that resembles the treatment group as closely as possible. This group is generated using available data and econometric methodologies (Baker, 2000). The only observable characteristic that should be different between a good comparison group and treatment group should be programme participation (Baker, 2000).

An example of quasi-experimental design is TRABAJAR, a programme providing employment at low wages in small social and economic infrastructure subprojects in Argentina (Baker, 2000). They engaged in a quasi-experimental evaluation to find out whether participant wages were greater than they would be without the programme. As no control group or baseline survey was conducted, they instead used readily available household data to construct a comparison group (Baker, 2000, 71). They matched programme participants to nonparticipants over a set of variables such as schooling, gender, housing, etc. They used wage data from this household survey to compare against the results of a survey conducted on participants.

STRENGTHS

Experimental methods are considered the "gold standard" for impact measurement, as it is the most rigorous methodology that investigates the difference a programme makes in a scientifically robust way (Baker, 2000; Ebrahim & Rangan, 2010; Rogers, 2008). By randomly selecting a control group from potential participants at the beginning of the intervention, these designs allow for programmes to prove their impact by comparing the data from two groups that are equal to each other in every way other than programme participation (Baker, 2000). Proponents of this approach argue that this rigorous and scientific approach is necessary to better understand what works and what doesn't in the voluntary sector (Ebrahim & Rangan, 2010).

LIMITATIONS

Rogers (2009) argues that using experimental methods to test pre-determined objectives as the 'gold standard' for impact evaluation can undermine innovation and self-reflection as it does not allow for the exploration of unintended consequences. Furthermore, while experimental designs are considered reliable and rigorous, they are best suited and limited to simple interventions delivering discrete and homogenous outputs, so that it is straightforward to isolate the impact (Rogers, 2008). Ebrahim and Rangan (2010) note that experimental designs may be appropriate for programmes involving immunisation, conditional cash transfers and distribution of new seeds to farmers, rather than policy reform and advocacy, as it difficult to isolate those who received benefits and those who didn't.

Quasi-experimental designs are considered less reliable than experimental methods as there may be unobserved variables that cause the differences between comparison and treatment groups, other than programme participation (Baker, 2000). However, compared to experimental designs, quasi-experimental methods are quicker and cheaper given that they draw on readily available existing data sources (Baker, 2000).

3.0 STRATEGY APPROACHES

Strategy approaches link key performance measurement and management control to strategy. A widely used private sector tool to measure strategy achievement is the Balanced Scorecard. However, Moore (2003) has sought to adapt this idea to a strategic concept more relevant to the voluntary sector.

3.1 BALANCED SCORECARD

The Balanced Scorecard is a private sector performance measurement system developed by Kaplan and Norton (1992) that aims to more explicitly link performance measurement to strategy. Instead of only measuring financial efficiency, the Balanced Scorecard measures performance in four financial and non-financial areas that are linked to the creation of value and long-term performance (Kaplan & Norton, 1992). Figure 17 explains the four perspectives of a Balanced Scorecard that has been adapted for the voluntary sector.

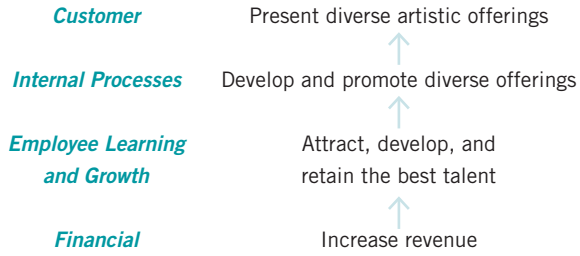
The Balanced Scorecard is a tool that can help track progress for the performance indicators, targets and initiatives for the objectives from each perspective (Kaplan & Norton, 1992). It has been adapted for the public and voluntary sector by privileging customers and placing mission at the top, while the private sector Balanced Scorecard places the financial perspective as the end goal.

Figure 17: Voluntary Sector Balanced Scorecard

Adapted from: Kaplan and Norton (1993) and Niven (2008)

Kaplan and Norton (2004) advocate developing strategy maps to identify how objectives and indicators are linked to the organisation's overall strategy. Creating a visual framework that depicts the logical, causal relationships between different objectives for each perspective can help identify any measures that are not quite aligned with the overall strategy (Quezada, Cordova, Palominos, Godoy, & Ross, 2009). Furthermore, mapping these objectives and showing how these measures are linked allows for these hypothesised links to be monitored and tested for improvement (Niven, 2008). Figure 18 shows an example of a strategy map for a performing arts organisation, showing the causal links between the objectives of the four perspectives to be then monitored using a Balanced Scorecard.

Figure 18: Strategy Map for a Performing Arts Organisation



Source: Niven (2008)

STRENGTHS

Kaplan and Norton (2001) argue that the Balanced Scorecard provides a multidimensional framework for measuring and managing a voluntary organisation's effectiveness. The strength of the Balanced Scorecard is that it is a tool that can be used to meet the short-term financial accountability needs of donors, while also allowing for a broader exploration of multiple perspectives critical for long-term impact and performance. By creating a strategy map and linking objectives to the financial and nonfinancial measures monitored on a Balanced Scorecard, voluntary organisations can systematically plan, implement and monitor strategy for improving performance towards mission (Kaplan & Norton, 1992). By focusing only on the most critical measures, a Balanced Scorecard can improve the coherence of performance measurement and prevent information overload (Kaplan & Norton, 1992).

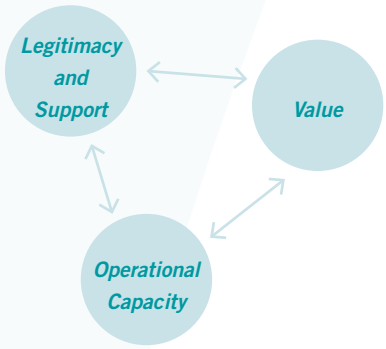
LIMITATIONS

While the private sector Balanced Scorecard has been adapted for the voluntary sector by privileging mission and customers over the financial perspective, Moore (2003) argues that this model is still problematic for the voluntary sector. First of all, this model is not compatible with the understanding that financial goals in the voluntary sector are a means to an end, rather than an end in itself (Moore, 2003). Furthermore, it does not adequately modify the model to fit the multiple 'customers' voluntary organisations receive funding from and are accountable to, including government, donors, clients, and wider communities (Moore, 2003). Moore (2003) also argues that this model is not compatible with the voluntary sector's need for partnerships and collaboration to achieve greater impact, as it instead provides incentives for organisations to plan strategically for comparative advantage and to maximise market share.

3.2 PUBLIC VALUE SCORECARD:

As an alternative to the Balanced Scorecard, Moore (2003) suggests the idea of a Public Value Scorecard. Like a Balanced Scorecard, it emphasises alignment of measurement with strategy, uses financial and non-financial measures, and includes both process and outcome measures (Moore, 2003). However, Moore (2003) offers a strategic triangle of public value creation that a performance measurement system in the voluntary sector should focus on (see figure 19).

Figure 19: Public Value Strategy Triangle



Source: Moore (2000)

The three areas of the strategic triangle include:

- **Value –** Identifying and evaluating how an organisation achieves its social mission and creates value for the public.
- **Legitimacy and support –** Evaluating the process through which an organisation expands support and authorization from key stakeholders to operate and achieve goals. The process itself also creates value by facilitating networks that build the 'stock of civic and social capital in society' (Moore, 2000).
- **Operational capacity –** Identifying and evaluating the ability of an organisation to reach its goals. Operational capacity not only includes not the ability to leverage internal resources, but also partnerships for impact (Moore, 2003). The 'impact chain' can be seen as a blown up version of the link between operational capacity and social mission.

Figure 20 shows the types of indicators that would be included in a Public Value Scorecard in order to capture the full array of value being created by a voluntary organisation.

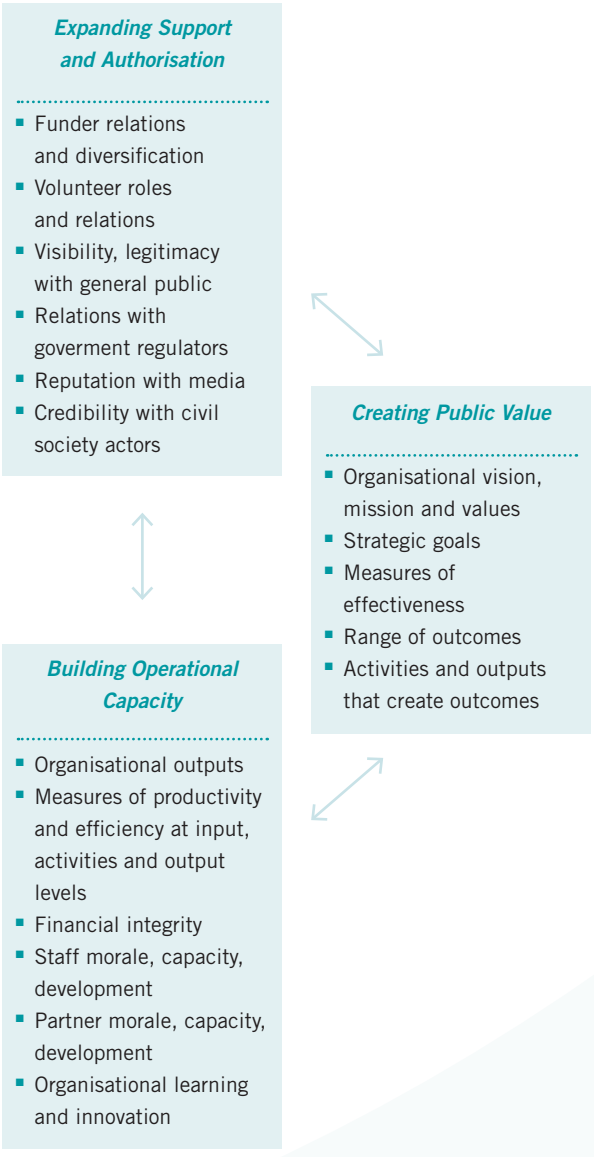
STRENGTHS

Moore (2003) argues that a Public Value Scorecard is more appropriate for the voluntary sector than an adapted Balanced Scorecard. One reason is because it includes the financial perspective within a wider context of operational capacity, rather than an end in itself (Moore, 2003). It is also more aligned with the idea of collaborating to achieve greater impact on mission, rather than a competitive strategy that aims to capture value for itself (Moore, 2003). Furthermore, it better captures the value created by voluntary organisations, as it looks at other ways it creates value other than delivering services and achieving mission (Moore, 2003). For example, people who donate voluntary contributions of time, money or materials are not only seen as sources of fund or support to enable mission, but their satisfaction is an end in itself, and their experience is part of their value added (Moore, 2000).

LIMITATIONS

Moore (2003) argues for comprehensive measurement across all levels of the impact chain and strategic triangle, rather than tracking a few key outcome indicators. While he argues this is necessary to capture the multidimensional value created by voluntary organisations, it could become too cumbersome and time-consuming for small voluntary organisations

Figure 20: Public Value Framework for Performance Management

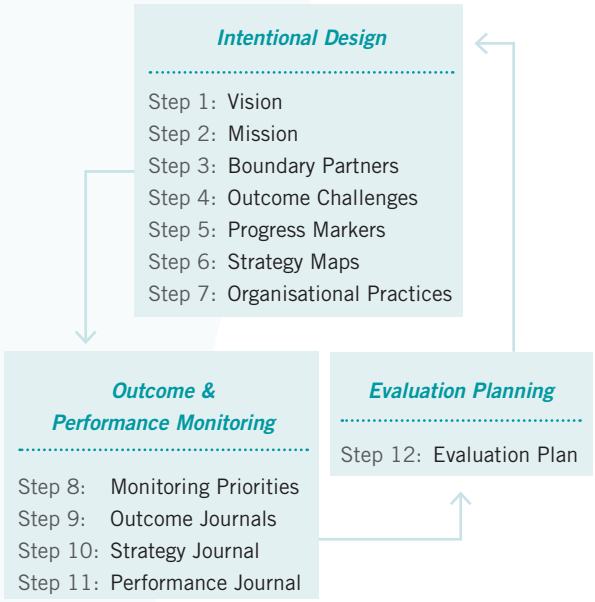


Adapted from: Moore (2003)

4.0 OUTCOME MAPPING

Outcome Mapping is an integrated planning, monitoring, and evaluation approach developed by International Development Research Centre (IDRC) in Canada (Earl et al., 2001). This method is less useful for service delivery organisations, but particularly useful for advocacy and network organisations that work with messy partnerships towards more intangible goals such as human rights. It provides a planning, monitoring and evaluation approach to keep track of and monitor the behavioural changes of partners that an organisation works with and influences directly (called boundary partners) (Earl et al., 2001). It differs from logic models because it does not seek to prove a causal chain for impact, but instead limits its planning and evaluation to outcomes that an organisation can directly influence (Earl et al., 2001). Figure 21 summarises the three stages of outcome mapping.

Figure 21: Three Stages of Outcome Mapping



Source: Earl et al. (2001)

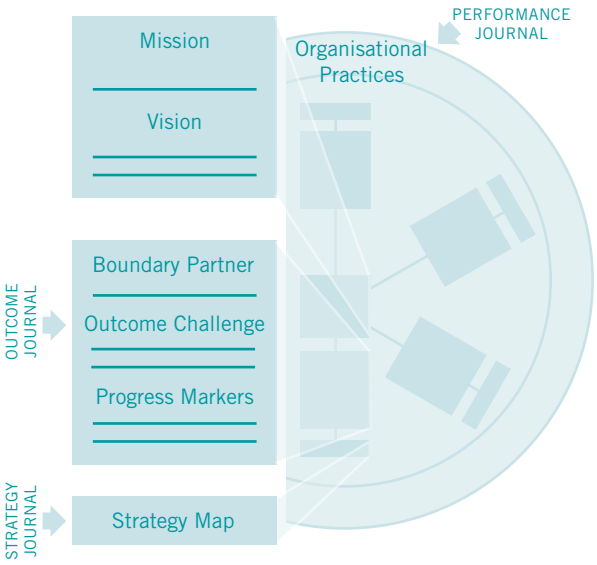
- ***Intentional Design*** – This stage involves designing a framework that will later be used for outcome and performance monitoring and evaluation planning. The process starts with stating a **vision**, mission, and identifying the **boundary partners** an organisation needs to influence to achieve them. For each boundary partner, an organisation identifies an **outcome challenge**, or ideal change in behaviour required to achieve mission. A **strategy map** is developed for each boundary partner, in order to employ a mix of strategies to influence behavioural change. **Organisational practices** that will support the achievement of vision are also set out.

- ***Outcome and Performance Monitoring Systems*** – This stage involves a systematic gathering of data about operations and outcomes achieved by boundary partners. This collection is done through **outcome, strategy and performance journals** which include a mix of qualitative examples and quantitative progress markers.

- ***Evaluation*** – Framework and data is used to set evaluation priorities. This stage involves in interpreting and giving meaning to information collected.

Figure 22 is a graphic representation of how the elements of outcome mapping method fit in.

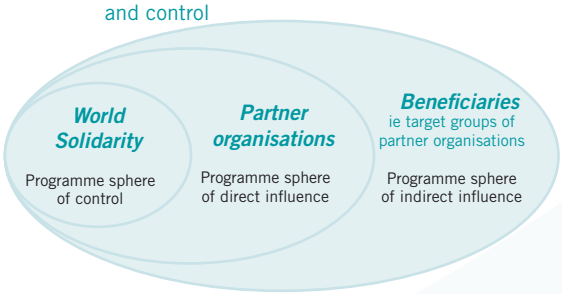
Figure 22: Outcome Mapping



EXAMPLE: WORLD SOLIDARITY

The Belgian NGO World Solidarity piloted elements of Outcome Mapping for monitoring its Social Movements Programme. Their rationale for using Outcome Mapping is that the focus of their work is to strengthen partner organisations so that they can better support sustainable development in their local communities. The Outcome Mapping focus on their direct sphere of influence was compatible with the programme rationale (figure 23).

Figure 23: World Solidarity's spheres of influence and control



Source: World Solidarity (2012)

World Solidarity did not follow the full Outcome Mapping process as set out by IDRC, but customised elements of

Outcome Mapping to develop an actor-focused monitoring system that promotes learning and builds relationships among programme partners. They found that the Outcome Journal for each boundary partner was the most helpful tool (see figure 24). They noted that the while a logframe plans and monitors activities and pre-determined objectives, Outcome Mapping brings partners to the centre of the analysis to ensure the sustainability of the programme results. They found it more useful to track these changes in boundary partners, than to seek attribution of impact on end beneficiaries.

STRENGTHS

The strength of this method is its actor-centred understanding of social change, and its emphasis on participatory and continuous learning and nonlinear thinking (Jones & Hearn, 2009). Given its focus on outcomes involving behavioural change, it is most suited to complex programmes engaging in social change processes such as influencing policy or building capacity for sustainable development (Jones & Hearn, 2009). Furthermore, it is a flexible tool that can be used to complement other methods, as all elements in the Outcome Mapping process can be used independently (Earl et al., 2001).

LIMITATIONS

While this method can help guide planning and evaluation for impact, it does not replace the traditional accountability methods required by donors (Earl et al., 2001). Given that this method involves significant staff time and effort in setting up systems, regular meetings, and completing data collection journals, it may be too complex and time-consuming as an add-on to existing accountability systems. Furthermore, outcome mapping does not explain how and why change comes about – but it can effectively be combined with theory of change analysis at the intentional design stage (James, 2011).

Figure 24: Outcome Journal

Progress markers monitoring tool

- Date:
- Name of the partner:
- Domain of capacity development:
- Our dream:

Progress markers	Observed changes	Points of attention/ followup	Low/Medium/High
1.			
2.			
3.			
4.			

- Unanticipated changes:
- Which support strategies from WSM were particularly helpful or which ones need revision?
- Contributing or limiting factors and actors towards achievement of progress markets:
- Summary of lesson learned/recommendations/action points?

Source: World Solidarity (2012)

5.0 MOST SIGNIFICANT CHANGE TECHNIQUE

The Most Significant Change (MSC) technique is a participatory, relationship-based technique that can be used primarily for programme improvement, but also to complement ex post evaluation. This technique involves collecting stories about the most significant changes from the field and categorising them into broad domains of change (Dart & Davies, 2003). Contextual information about the story is also collected, as well as why the story-teller believes it is significant (Dart & Davies, 2003). The collection of change stories deemed 'most significant' by the participants themselves allows them to play an influential role in the evaluation of the programme's impact, while also creating feedback loops for unexpected outcomes (Dart & Davies, 2003). Figure 25 shows an example of a questionnaire used when piloting the MSC to evaluate an Australian agricultural extension programme.

Figure 25: Types of information requested in the story collection form

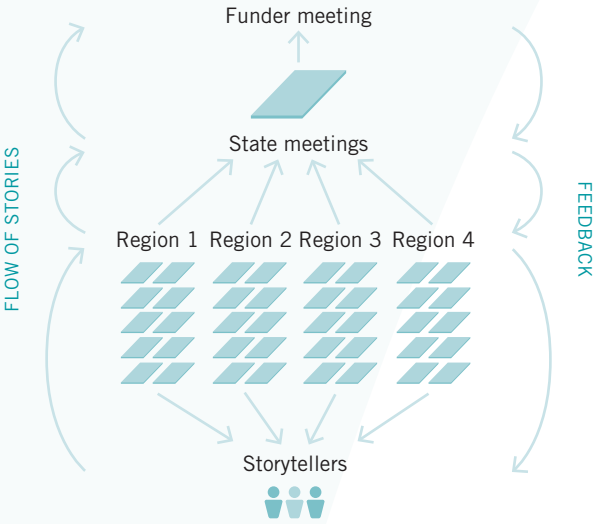
- Story title:
- Domain – changes in decision-making skills
  – changes in on-farm practice
  – changes in profitability/productivity
  – other significant changes
- Name of person recording story:
- Region:
- Date of narration:
- Where did this happen?
- When did it happen?

- What happened?
- Why do you think this is a significant change?
- What difference has it made already/will it make in the future?

Source: Dart & Davies (2003)

Once stories are collected, the most significant changes are systematically filtered up through the organisational hierarchy through a process of values inquiry (Dart & Davies, 2003). At each level, selection committees must document their discussions and include the selection criteria and the reasons why stories were chosen as the most significant (Dart & Davies, 2003). When the most significant stories have been selected at the highest levels, a document containing the most significant stories from each of the domains of change is sent to funders. They are then asked to select the stories that best represent the outcomes they wish to fund and why (Dart & Davies, 2003, p. 140). The selection process reveals values placed by stakeholders on certain outcomes and can contribute to programme improvement by "facilitating an ongoing, organisation-wide conversation that guides the direction of work towards explicitly valued directions" (Dart & Davies, 2003). Figure 26 shows the how the stories and feedback flow through the organisation using MSC.

Figure 26: Flow of stories and feedback in MSC



Source: Dart & Davies (2003)

This method has the potential to complement and inform other more traditional, quantitative evaluation techniques such as the logical framework by capturing significant unplanned change (Willetts & Crawford, 2007). Instead of looking at only pre-determined objectives, this method can allow an organisation to gain insights through negative stories about real or potential problems. For example, at the time of piloting MSC in Target 10, an Australian collaborative dairy extension programme, they used MSC to complement their theory-based evaluation approach (Dart & Davies, 2003).

STRENGTHS

Given the exploratory and qualitative nature of this technique, MSC is particularly suited for complex interventions with a participatory nature and emergent and diverse outcomes (Davies & Dart, 2005). Collecting information of significant unexpected outcomes facilitates reflection and learning in order to better understand and improve programme performance (Willetts & Crawford, 2007). Furthermore, the dynamic dialogue that emerges through the selection of stories allows the values of different stakeholders to be revealed in order to improve the programme and guide evaluation (Davies & Dart, 2005; Willetts & Crawford, 2007). The documentation of the criteria, discussion, and context for the collection and selection of stories allows for a more transparent process than many other evaluation techniques (Davies & Dart, 2005).

LIMITATIONS

While MSC can be a very powerful tool, this technique is limited in judging overall programme performance as it looks at the most exceptional circumstances rather than the average results (Dart & Davies, 2003). However, Dart & Davies (2003) argue that one can learn much from extreme positive or negative stories, as they can help an organisation build an evidence base for best and worst practices. While Dart and Davies (2003) acknowledge that the method is biased towards eliciting positive outcomes rather bad news, they argue that this can be minimised by asking other questions such as most significant 'lessons learned'.

Willetts & Crawford (2007) found from research in Laos that many methodological issues can affect validity and authenticity of responses, including data collection methods, level of interviewer training, who chooses to participate, translation issues, the use of leading questions, the lack of trust between interviewer and respondent, among many others. Furthermore, conducting story collection for MSC can be time and resource intensive depending on the circumstances, sometimes requiring one-on-one interviews, focus groups, survey development, translators, transcribers, as well as filming/recording equipment (Davies & Dart, 2005). While the method is suited for large organisations with the resources to invest in such data collection, Davies & Dart (2005) argue that smaller organisations can extract elements of this method and adapt it to fit their resource constraints.

6.0 LIFE STORY APPROACH

A life-story approach evaluates impact by collecting stories from volunteers, staff members, or clients about their experience with the programme, and situating these stories in the context of detailed and nuanced accounts of personal life stories (Miller, 2010). This approach attempts to turn the conventional relationship between the programme and individual in traditional evaluations upside down. Instead of 'reading' the lives of individuals in the context of a programme's story and objectives, a life story approach uses personal life stories to read the significance and meaning of a programme (Kushner, 2000). This approach problematises the "simplistic causal explanations and linear accounts of personal change" found in objectives-based impact assessment methods like the logical framework, and can be used to uncover the multidimensional, dynamic and contextual nature of personal change over time (Miller, 2010, p. 6).

EXAMPLE: PATHWAYS THROUGH PARTICIPATION

Pathways through Participation was a 2.5 year project in the United Kingdom led by the National Council for Voluntary Organisations in partnership with the Institute for Volunteering Research and Involve. This project involved more than 100 in-depth interviews based on a life-story approach in order to better understand what creates and sustains active citizenship and participation (Miller, 2010). They used timelines and interviews to create a picture of what is happening around people's experiences of participation (Miller, 2010). They have found that the life stories approach has enabled them to better understand the quality and nature of the impact of participation than the static accounts elicited from cross-sectional, quantitative surveys would have allowed (Miller, 2010).

STRENGTHS

A life story approach is best suited for evaluating the multidimensional impact across stakeholders in complex interventions with diverse and loosely-defined outcomes. As an open-ended and participant-focused approach, a life-story approach allows for a fuller understanding as interpreted by participants themselves rather than the pre-determined causal theories and objectives. The narrative explanations are more comprehensive, flexible and can create a more diverse and nuanced understanding of impact than causal explanations derived from quantitative survey analysis (Miller, 2010). The nuanced and comprehensive nature of findings can allow a life story approach to improve a programme's understanding of how it affects participants, and it can trigger double loop learning by challenging a programme's assumptions of how change happens.

LIMITATIONS

The data collection can be resource and time intensive, as interviewers need to gain a full understanding a person's life story, and depending on circumstances multiple interviews, focus groups, translators, transcribers, filming/recording equipment may be required. Furthermore, the analysis of narrative requires social science expertise, and findings are difficult to generalise as they are so dependent on context (Miller, 2010). However, using this narrative-driven qualitative research can strengthen and complement other more traditional, quantitative methods for impact measurement (Elliot, 2009).

CONCLUSION

Measurement of impact in the voluntary sector is problematic given the distinctive characteristics of the sector. However, this does not mean that it is impossible, nor that it is not a worthy exercise. Measuring impact has many potential benefits for organisations, including proving their impact to donors, securing additional funding, as well as facilitating organisational learning for improvement. However, caution should be exercised when using methods to prove impact in complex interventions, or to improve in organisations in simple interventions. Thus, voluntary organisations should consider the purpose of impact measurement as well as the nature of their interventions to determine which method to use, or to mix and match elements of different methods to strike a balance that meets their overall accountability and learning needs.

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GLOSSARY

Activities – What an organisation does with its inputs in order to achieve its mission. It could be training, counselling advice, or material provision of some sort.

Attribution – An assessment of how much of an outcome was caused by an organisation.

Averting Cost Method – A revealed preference valuation technique that measures the value of a nonmarket good by looking at preventative expenditures incurred to mitigate the negative effects of a decrease in its quality or the lack of access to it.

Balanced Scorecard – A private sector performance management tool that tracks measures from four financial and nonfinancial perspectives that are linked to an organisation's strategy. The four perspectives are financial, customer, internal process and learning and growth perspectives.

Benefit-Cost Analysis – An economic framework that involves quantifying all the costs and benefits associated with a given intervention to determine its net benefit to society. A benefit-cost ratio is equal to the net present value of benefit/net present value of cost.

Boundary Partner – An individual, group or organisations with whom a programme interacts directly and with whom the programme can anticipate opportunities for influence. This concept is specific to Outcome Mapping, which specifically tracks behavioural changes of boundary partners.

Choice Experiments – A survey-based nonmarket valuation technique where respondents sequentially choose between alternative sets of choices. The value of a nonmarket good is inferred by observing the tradeoffs made between the levels of the attributes in the different alternatives.

Contingent Valuation – A survey-based valuation technique that find the value of a nonmarket good or service by directly asking respondents to estimate their personal willingness to pay for nonmarket goods or service.

Cost of Illness – A revealed preference valuation technique usually used in the health sector to measure the direct costs of a health problem. This cost can be used to justify interventions or value outcomes of programmes working toward preventing or treating the illness.

Deadweight – A measure of the amount of outcome that would have happened even if the activity had not taken place.

Displacement – An assessment of how much of the outcome has displaced other outcomes.

Drop-off – The deterioration of an outcome over time.

Experimental Methods – Measures the impact of a programme by finding the difference in outcomes between a randomly selected control group and programme participants. It is considered the gold standard' of impact measurement, as it finds the counterfactual.

Financial Proxy – An approximation of value where an exact measure is impossible to obtain.

Hedonic Pricing – Arevealed preference valuation method compares market transactions for goods or services whose price differs primarily because of the influence of the nonmarket good or service that is of interest. It is mostly used to estimate value of environmental goods using housing prices.

Impact – All changes resulting from an activity, project or organisation. It includes intended as well as unintended effects, negative as well as positive, and long-term as well as short-term.

Impact Map – A table that captures how an activity makes a difference: that is, how it uses its resources to provide activities that then lead to particular outcomes for different stakeholders.

Inputs – The resources that contribute to a programme or activity, including income, staff, volunteers and equipment.

Life Story Approach – A qualitative research method that explores the impact of a programme by privileging participant's personal narratives and life stories in order to better understand the multidimensional and dynamic nature of personal change.

Logical Framework – A planning and evaluation tool using in international development usually presenting in matrix format. It contains a description of a programme's logic, how progress at each level will be assess, and the external conditions that need to be fulfilled for objectives to be achieved as planned.

Market good – A good that is bought and sold directly in a market situation, and thus their value can be directly observed.

Mission – Defines the fundamental purpose of an organisation, succinctly describing why it exists and what it does to achieve its vision.

Most Significant Change – A qualitative, participatory evaluation technique that involves collecting stories about most significant change from the field, and then using the organisational hierarchy to filter and select the most successful stories.

Nonmarket good – A good that does not have an observable monetary value as it is not bought and sold directly in a market situation.

Non-use value – Refers to the value people assign to a good even if they do not intend to use it directly. Value may be placed on having others use it, maintaining it for the use of future generations, or simply the value placed on its existence.

Outcomes – The benefits or changes for intended beneficiaries. They tend to be less tangible and therefore less countable than outputs. Outcomes are usually planned and are therefore set out in an organisation's objectives.

Outcome Mapping – Outcome Mapping is an integrated planning, monitoring, and evaluation approach developed by the IDRC that focuses on tracking and monitoring the behavioural changes of partners that an organisation works with and influences directly. However, an outcome map is also simple a map that demonstrates links between outcomes.

Outputs – The countable units that are the direct products of a programme or organisation's activities. They could be classes taught, training courses delivered or people attending workshops, qualifications awarded, jobs placed. In themselves they are not the ultimate objectives of the organisation.

Payback period – Time in months or years for the value of the impact to exceed the investment.

Public Value Scorecard – A performance management tool inspired by the Balanced Scorecard, but embodying Mark Moore's concept of public value strategy. It tracks measures related to a 'strategic triangle' of public value creation including mission, building operational capacity and expanding authorisation and support for mission.

Quasi-Experimental Methods – Measures the impact of a programme by finding the difference in outcomes between a comparison group and programme participants. It is considered less reliable than experimental methods because here may be selection bias in the construction of a comparison group.

Replacement Value – A revealed preference valuation technique that measures the value of a nonmarket good by finding the cost of replacing it using a market good.

Social Return on Investment – A framework for measuring the financial value of an organisation's impact relative to the resources invested.

Scope – The activities, timescale, boundaries and type of an analysis.

Sensitivity Analysis – Process by which the sensitivity of an SROI model to changes in different variables is assessed.

Stakeholders – Individuals, organisations or entities that experience change,whether positive or negative, as a result of the activity that is being analysed.

Strategy Map – A visual framework depicting the logical, causal relationships between different objectives for each perspective of a Balanced Scorecard. This tool can be use to help identify any measures that are not quite aligned with the overall strategy.

Theory of Change – A wide range of outcome-based, participatory approaches for impact planning, evaluation, and organisational capacity-building influenced by theory-based evaluation and social change fields of study. It is a flexible tool that explores and assesses how an organisation or project achieves change, or how change happens more broadly to identify how an organisation can contribute to change. These approaches usually assess impact by mapping outcomes, developing indicators, identifying interventions, and identifying assumptions of how change happens.

Travel Cost Method – Travel cost method derives the value of a nonmarket programme or service by finding the time and travel costs that people incur to use it. It is mostly used to value outdoor recreational activities.

Total economic value – The sum of use and non- use value of a good

Use value – Value people derive from direct use of a good.

Valuation – The process of determining the economic value of a good.

Venture philanthropy – The application of concepts and techniques from venture capital finance for the achievement of philanthropic goals.

Vision – Outlines what the organisation wants to be, or how it wants the world in which it operates to be. It is a long-term view and concentrates on the future.