

# Proving the benefits of socio-economic initiatives

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‘Evidence-based policy’ is widely recognised as important and Tech4i2 has worked with the European Commission and UK government to develop impact evaluation methods and policies.

The importance of evaluation is highlighted by the fact that over the last six years the European Commission has spent approximately 50 billion euros on activities concerning cohesion and growth for employment. Most of this expenditure has been guided by little more than macroeconomic theories, anecdotal evidence and good intentions. Few studies have been undertaken to robustly examine the benefits or impacts of the €50 billion spent.

A lack of knowledge about ‘what works’ is preventing the development and up-scaling of successful projects and initiatives. A key problem is the difficulty in clearly expressing the benefits of projects and understanding their contribution to wider socio-economic impact.

Tech4i2 have developed a set of evaluation tools that permit customisation to enable a focus on locally important goals and objectives. Central to the approach is a lengthy **question bank** that investigates the key outputs from projects supporting socio-economic development (questions examine numeracy and literacy, skills for employability and employment, skills for self-employment and business development, community building, equality and inclusion, ICT access, ICT skills and information access). Importantly, the approach uses counterfactual methods to enable a better understanding of the real impacts of projects and initiatives.

## Previous studies

Information about projects and initiatives concerned with socio-economic and social inclusion is generally disparate, isolated, often small-scale, and highly contextualized, making it difficult to identify valid or reliable trends. Some impact assessment methods are being developed, but the data gathered is generally not sufficiently robust to evaluate outcomes and validate



impacts. There is no established ‘evaluation culture’ and the evaluation that is carried out reflects differing, sometimes oppositional, approaches and methods; different classification systems, a scarcity of data, and scattered initiatives characterized by under-developed evaluation skills and capacities.

## Methodology and tools

The Tech4i2 approach breaks down the monitoring and evaluation process into the constituent elements of - inputs, outputs, outcomes and impacts. The approach considers both tangible and intangible benefits and it considers the organisational and institutional context for intervention. The underlying methodology builds on European Commission and UK Treasury evaluation guidelines – the core components and tools that underpin the approach can be seen in the graphic over page.

**Context analysis** is required to provide a clear understanding of local circumstances, policies, intermediary objectives, goals, initiatives and activities. This is needed to understand why some objectives and/or indicators may be valid and acceptable for one intermediary but not for another. Contextual analysis is also important in standardising the impact of projects to examine how local conditions and intermediary characteristics affect the ‘success’ of projects and initiatives, some of which may ostensibly appear to operate in the same way but have different levels of ‘success’.

## The impact measurement framework

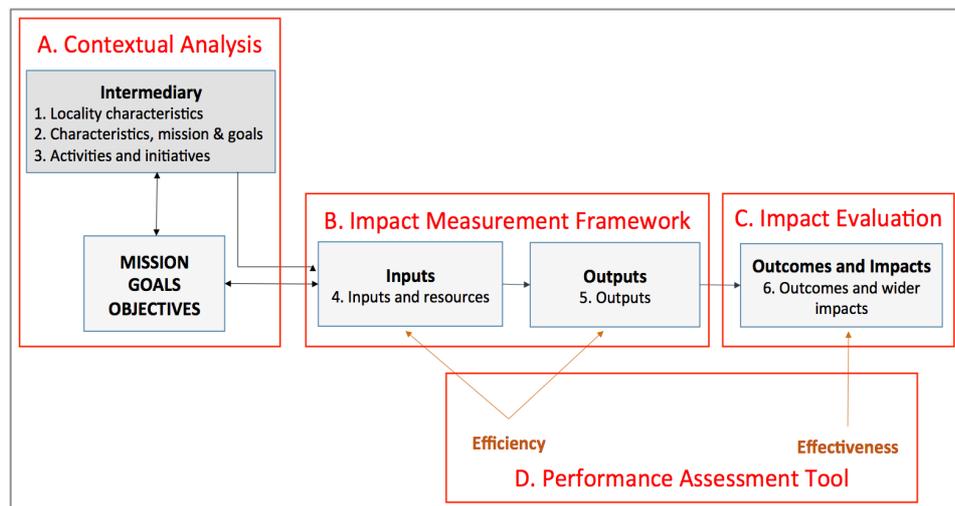
concerns the relatively simple measurement or counting of particular inputs or outputs. To enable comparison between projects and initiatives a common set of instruments have been developed. The first instrument examines inputs (financial and staff etc.). The second instrument is the question bank containing robust questions to examine more than 75 key indicators/outputs used by most socio-economic development initiatives. Intermediaries select from the question bank locally relevant outputs and impacts relevant to their project.

**Impact evaluation** focuses on the outcomes and impacts from intermediary activities. Outputs are generally under the control of intermediaries. Outcomes and impacts usually depend on uncontrolled intervening variables. To examine these longer term outcomes and impacts it is necessary to interview previous cohorts or participants that have been assisted. To enable a better understanding of the real impact of an initiative it is also necessary to use counterfactual methods and interview people who have not been assisted by the initiative. The question bank provides questions for previous cohorts and counterfactual respondents that mirror the questions asked of course participants. A variety of different counterfactual methods to find respondents who have not received assistance have been utilised in previous studies. Methods have included randomised control trials and matching methodologies.

**The performance assessment tool** uses data about input, output, outcome and impacts to robustly examine the efficiency and effectiveness of initiatives.

## A case study example of proven savings and benefits

The Tech4i2 methodology has been used to evaluate the impact of a number of initiatives throughout Europe. Most notable was an initiative in Ireland that provides one year of training to enhance ICT and employability skills amongst about 2,800 younger people in Dublin. The cost per person assisted by the Irish initiative was approximately 870 euros. The study used counterfactual methods to robustly examine the impact of the initiative.



The study interviewed a cohort that had completed training one year ago (i.e. they started training two years ago) and a counterfactual group. Analysis showed that two years ago 75 per cent of both groups were unemployed. When interviewed only 25 per cent of those that completed training were unemployed and 25 per cent were in paid-employment (the majority of the remainder were in training or education). Amongst the counterfactual group 38 per cent were unemployed and only 15 per cent were in paid employment. On average those that had been assisted had an income ten per cent higher than the counterfactual group.

The study was able to robustly prove, through counterfactual comparison, that the initiative had led to a reduction in benefits payments (to the unemployed) of 3.4m euros and tax income to the Exchequer by those in employment of 430,000 euros per annum. Since the course cost 2.43m euros a year the project was able to robustly demonstrate a net saving to the Irish Exchequer of 1.1m euros per annum. This analysis helped to provide a water-tight case to secure future funding.

## Conclusions

As well as a robust understanding of the impact of their initiative one of the key benefits respondents identified was the opportunity to stop ‘fire-fighting’ and sit back and consider from a ‘ready-made’ toolkit how to better address their evaluation and monitoring activities.

The opportunity to benchmark initiatives using a robust methodology to compare differences between projects in terms of efficiency and effectiveness was also found to be highly beneficial. The methodology also enables initiatives to examine the impact on outputs and outcomes of different methods of course delivery and assistance.