

Framework of Monitoring and Evaluation of CSR projects

Dr. S K Gupta

Chief Executive Officer - ICMAI Social Auditors Organisation

The Perspective

While there may be no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. With the passage of the Companies Act, 2013 the mandate for corporate social responsibility (CSR) has been formally introduced to the dashboard of the Boards of Indian companies. The industry has responded positively to the reform measure undertaken by the government with a wide interest across the public and private sector, Indian and multinational companies.

With such large expenditures being made towards CSR, it becomes imperative that the projects are monitored and the outcomes are evaluated to ascertain whether the objective with which it was made mandatory, is achieved. “How do we make sure that the money we are spending on CSR is being well spent and that people for whom it is intended are benefitting from it” is a sentiment echoed by many companies. With such large expenditures being made towards CSR, it becomes imperative that the projects are monitored and the outcomes are evaluated to ascertain whether the objective with which it was made mandatory, is achieved. “How do we make sure that the money we are spending on CSR is being well spent and that people for whom it is intended are benefitting from it” is a sentiment echoed by many companies. There is likelihood of greater accountability that Companies will bring into the implementation of activities related to social development.

Organisations in all sectors face an increasing need to demonstrate the impact they’re having, whether it’s the social value delivered by public sector projects or the impact of a business’ corporate social responsibility (CSR) programme. For the successful implementation of any CSR project, it is desirable that the said project achieves the required objective. It is also equally important to ensure that the project makes the desired impact which was visualized at the time of selection & planning. The focus for corporates who see the law more as “compliance” has been on project “deliverables” than measuring social impact. Thus, It’s important to have strict and accurate monitoring and evaluation plan as part of any successful project implementation and CSR projects are no exception. It not only helps to be assured of implementation of policies as planned but also helps address intense public scrutiny and legal compliance. Designing Monitoring and evaluation (M&E) system is crucial for improving performance and ensuring success of the Sustainability & CSR project. M&E can help track progress and outputs systematically, measure outcomes and help you steer your social program in the right direction.

Reporting, monitoring and evaluation of companies’ CSR activities is key to setting strategic direction and delivering measurable and tangible results on the ground. A continuous monitoring framework and iterative and reflective mechanisms are essential to support successful program delivery. Such a monitoring framework must inform action at multiple levels, ranging from the local to national and international levels to track and harmonize multiple accountabilities.

Monitoring and Evaluation

Monitoring is a periodically recurring task that allows results, processes, and experiences to be documented and used as a basis to steer decision-making and learning. It is a progress checking mechanism created to see whether the project is on track and meeting the outputs set within the time limits as mentioned in the project design and implementation plan. It helps clarify project objectives, link activities & resources to the objective and translates them into performance indicator to set targets . It allows

results, processes and experiences to be documented and helps us understand the status of the project at any given time. Monitoring acts as an alert that warns us about a problem to be remedied. The data acquired through monitoring is used for comparing actual results with the target for evaluation.

Evaluation of a CSR project revolves around how well or how badly has the project been implemented, to what extent it has achieved the results (outputs & outcomes), the challenges faced during the implementation and how they have or could have been mitigated. It also provides a base to see whether the same can be scaled up and if the model is replicable. Evaluation is the systematic and objective assessment of an on-going or completed project, program or policy, its design, implementation and results. The aim of evaluation of a CSR program, is therefore to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. Such an evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. It deals with the questions of cause & effect. It looks at relevance, effectiveness, efficiency and sustainability of particular intervention.

One of the most pertinent factors to be kept in mind is that monitoring happens during project implementation while evaluation takes place after the project has been implemented. Thus, even mid-term evaluations fall in the category of monitoring as it is focused on what type of hindrances are occurring which is holding back the successful implementation of the project and what type of course corrections needs to take place in order to put the CSR project implementation back on track. It is critical to determine the 3-4 key indicators that are most important for your program, to understand if the program is working on the ground. This involves plotting The long-term impact you want to make, Mid-terms outcomes which will get you there, Short-term outputs of your program.

Benefits of Monitoring & Evaluation of CSR Projects

M&E is not merely an activity to monitor and assess the effectiveness and impact of programs; it also exhibits the implementers' commitment toward achieving desired goals. The absence of M&E strategies in the program design also raises doubts regarding the prospects of the program's sustainability. Such apprehensions become even more important when it comes to CSR, which has been mandated by the government in the form of an act. Monitoring and evaluation of CSR activities helps corporations in learning from past experiences, improving delivery system of CSR activities they undertake, systematic planning and optimizing resource allocation and measurement of results as a part of accountability to the key stakeholders.

Following benefits accrue from monitoring and evaluation of CSR projects :

- Assess and demonstrates Sustainability & CSR projects effectiveness in achieving its objectives and/or impacts on people's lives
- Improves internal learning and decision making about Sustainability & CSR project design, how the group operates, and implementation i.e. about success factors, barriers, which approaches work/ don't work etc
- Assess the capabilities of implementing partners and plan future CSR projects based on their strengths
- Ensures accountability to key stakeholders (e.g. community, Community members/supporters, the wider movement, funders, supporters)
- Can influence the government policy & help share learning with other communities and the wider movement.
- Track, assess and report the progress of the sponsored project and undertake course corrections. Helps CSR team to understand how each stakeholder has met assigned responsibilities.

Considerations when developing a Monitoring and Evaluation framework

A tailor-made Monitoring and Evaluation framework forms one of the foremost components leading to the successful implementation of any project activity. Prior to suggesting tips for the implementation of Monitoring and evaluation in CSR

activities, understanding the meaning of both monitoring and evaluation in the context of project framework is important. A clear framework is essential to guide monitoring and evaluation. A framework should explain how the program is supposed to work by laying out the components of the initiative and the order the steps needed to achieve the desired results. A framework increases understanding of the program's goals and objectives, defines the relationships between factors key to implementation, and articulates the internal and external elements that could affect the programs success. Asking following questions would provide the basis for developing a monitoring and evaluation framework

- What are the objectives of the monitoring activities?
- What are the specific questions that need to be asked to gauge the progress of the intervention?
- What information is needed to see if activities are being implemented in the way that was planned, and who can provide that information?
- What are the objectives of the evaluation?
- What are the specific questions that need to be answered to gauge the impact and success of the intervention?
- What information is needed to determine if the expected objectives and outcomes were accomplished and who can provide that information?
- Determining whether the questions being asked are appropriate ones for understanding how “successful” the intervention has been with respect to its expected objectives and outcomes?

For an effective monitoring and evaluation following criteria can be set up:

Effectiveness of CSR activities : Is the project achieving its pre-set goals?

Project relevance : Are CSR activities well-directed towards stakeholders?

Coherence / Complementarity : Are CSR activities well-coordinated?

Efficient use of resources : Are the resources allocated for CSR activities utilized efficiently?

Development-policy effects : Are CSR project efforts contributing to pre-determined goals?

Sustainability : Will CSR initiatives keep continuing for long duration?

The most cited questions from investors and participatory stakeholders regarding Social/Community Development and Investment projects is:“ How are the social impact/outcome/change of the development program measured?”. Companies track their investment initiatives to varying degrees. The five levels of measurement outlined below describe progressive degrees of measurement and can be used to measure the short-term or long-term and quantitative or qualitative, results of interventions.

- **Inputs :** all resources(human, financial and other) that are allocated to specific activities (e.g. staff time, infrastructure, vehicles, funding and supplies)
- **Activities :** Purposefully designated actions that transform the various inputs into specific outputs (e.g. distributing supplies, training people, donating equipment, building infrastructure, counselling patients, feeding learners)
- **Outputs :** Direct result of activities. These are short-term result that are immediate, visible, concrete (e.g. number of people trained, supplies distributed or community members treated). Outputs for the business include the value of Public Relations that is generated, number of business stakeholders involved, and the number of staff volunteers engaged
- **Outcomes :** specific changes in the behaviors , new knowledge, skills or wellbeing. These are medium-term developmental results that are a consequence of achieving a specified combination of short-term outputs (e.g. behavior, knowledge or skills, improved grades improved access to health services, improved self-esteem). Outcomes could include improved staff morale, increased customer awareness or enhanced corporate reputation.
- **Impact :** Broader long-term consequences of the project. These include community, society or system-level changes that are the logical consequence of a series of medium-and short-term results (e.g. improved effectiveness of education system, reduction in HIV prevalence, more educated or healthier population, increased capacity)

Companies can select indicators measuring a combination of these levels of measurement to track the outcomes of their CSR initiatives and are advised to adopt an approach commensurate with each projects level of invest mentor strategic value.

Monitoring and Evaluation framework for CSR projects : Suggested approach

- Develop a monitoring and evaluation plan that acts as a monitoring tool by defining how information from the program will be tracked.
- Different indicators demand different frequencies of measurement. Typically, skill outcomes, awareness building results, etc. can be measured in the short term (monthly, quarterly, etc.); action-based outcomes like policy change, behavior changes need to be evaluated in the long-term window. Impact indicators necessarily have a long measuring cycle. For example, an eventual change in environmental landscape or socioeconomic conditions can only be confirmed over a long period of time.
- To ensure we are making a real step change around sustainability and continuing to move the program on to the next level, the M&E approach should go beyond measuring reach and adoption to focus on the outcomes achieved on the ground
- The implementation partners have to be involved completely in the M&E process since it has a bearing on the program design and also how they allocate resources and plan activities. They have the best understanding of grassroots realities and should be primarily responsible for data collection.
- Use Logical frameworks or logic models which provide a linear, “logical” interpretation of the relationship between inputs, activities, outputs, outcomes and impacts with respect to objectives and goals. They show the causal relationship between inputs, activities, outputs, outcomes and impact vis-à-vis the goals and objectives. Logical frameworks outline the specific inputs needed to carry out the activities/processes to produce specific outputs which will result in specific outcomes and impacts.
- Once the M&E framework, including performance indicators, are signed off with the implementation partners, they should ideally support the monitoring and evaluation process by creating simple tools and processes for data collection and analysis and set up a process for two-way feedback.
- Measuring returns from CSR projects • Social impact index= Net improvement in quality of life, and number of lives affected due to the nature of the CSR activity and based on the needs of the Targeted Beneficiary (in terms of increase in awareness in social, economic, health, environment, education, political, and other areas of life etc) • Economic impact index= Net improvement in incomes, wealth, savings, and assets, and number of lives affected, due to the nature of the CSR activity, and based on the needs of the Targeted Beneficiary(in terms of economic value created, income-generating assets created etc). • ROI = (Net Social Value created for TB +Net Economic Value created for TB)/Financial Investment of the firm. ROI be calculated by external auditing firms every 6 months after the beginning of the project, until at least after 5 years of the completion of the activities to ensure that the impact is sustainable,
- Effectiveness of a CSR program can be assessed through a two-tier monitoring mechanism involving external as well as internal agencies for thorough evaluation
- There can be regular monitoring at Units, Regions & Corporate Centers with monthly & quarterly reporting about CSR activities
- Transparent Assessment / Evaluation can be taken up through reputed agencies for gauging impact of our CSR initiatives
- People’s informed participation in the Impact Assessment, Monitoring and Evaluation is a critical aspect in defining the success and accountability of CSR initiatives. Hence it is essential that the Monitoring and Evaluation is participatory in its approach involving all the relevant stakeholders, including rights holders and communities.

The key factors that need to be kept in mind while formulating a monitoring and evaluation framework for a CSR project are as follows:

- **Track necessary Information only** : M&E tools often end up capturing a lot of information that is not required or has no potential use for the program. The idea behind it is to collect only necessary information that is required to ascertain whether the project is on track in case of monitoring and whether it has achieved the results to address the issues successfully in case

of evaluation. This would result in optimization of resources in terms of cost, effort and time deployed for M&E studies.

- **Selection of Appropriate Data Collection Tools :** Selection of appropriate tools commensurate with the requirement and the nature of the project is a vital component in any monitoring and evaluation framework. It is well known fact that one size does not fit all, in the same way, the tools selected have to be as per the nature of the project, budgetary constraints and available time line.
- **Identifying M&E roles and responsibilities :** It is imperative for any good monitoring and evaluation framework to assign specific roles & responsibilities within the CSR project team personnel. Further, the assessment is to be done on the basis of specific indicators which are to be achieved within specified time lines. It is important to decide from the early planning stage who is responsible for collecting the data for each indicator. Data management roles should be decided with input from all team members so that everyone has the same understanding and knows the indicators they are assigned while are supposed to track. .
- **Indicators should be SMART :** The indicators to be adopted for any monitoring and evaluation plan should be SMART (Specific, Measurable, Accurate, Realistic & Time Bound). This implies that it should be specific in terms of what it wants to measure/assess, measurable quantitatively/qualitatively, able to accurately capture data, based on realistic parameters as per the on-ground situation and should have a specific time line.
- **Use of Logical Framework Matrix (LFM) :** It is one of the most critical tools to ensure that the entire CSR project implementation plan along with the results and the performance indicators are drawn up in a matrix so as to make it easier for any project implementation team to see if the project is going as per the plan. It aids in effective monitoring of the entire implementation phase by checking if the project results (outputs and outcomes) are being met. Further, it also aids in assessing the risks and assumptions and creating a mitigation plan for the same. Moreover, it helps in analyzing the roles and responsibilities of various stakeholders. At the end of a project, it also helps in assessing whether the project has been successful in meeting the outcomes and objectives that the project had set out to achieve.
- **Create a Comprehensive Analysis Plan :** The accurate analysis of data is a key component for the success of any monitoring and evaluation plan. It is very important for the data to be analyzed by data analysis experts. The inferences drawn from the analysis should be substantiated with data comprising of facts and figures (quantitative data) or/and views, opinions, perceptions of the relevant stakeholders (qualitative data).
- **Checking validity of data :** One of the most important factors to be kept in mind while designing of the monitoring and evaluation framework is that the data collected needs to be verified from multiple sources both through primary and secondary research. This is imperative in order to increase the authenticity and accuracy of the data.
- **Sharing of Data with Relevant Stakeholders :** The data collected and the resulting analysis should be shared with all the relevant stakeholders. This will ensure that the data collected and analyzed leads to real time change/course correction on the ground or leads to better planning and design of future similar projects. The M&E plan should plan for internal dissemination among the program team, as well as wider dissemination among stakeholders and donors.

Thus, in a nutshell monitoring forms the lifeline of any project as it makes sure that the right decisions are taken at the right time in order to mitigate the risks and challenges facing the project in real time while evaluation shows to what extent the overall targets and outcomes set at the time of the project designing phase has been met post implementation of the CSR activities.

Impact Assessment

Impacts of the development projects typically take a while to manifest. For instance, a girl child education program can show an increased enrolment and retention of girls and on a monthly basis, but further impacts such as improved learning levels will take at least a year. So, impact measurement studies have different objectives from project monitoring and typically have to be undertaken after providing sufficient time for them to manifest.

- **Identifying methods for conducting the impact assessment and outcome measurement suited to the context and the size of the project and budgets available.**

- Identifying the skills set required for the impact measurement team and accordingly identifying, selecting and appointing the team.
- Assisting the team to prepare the methodology for selecting a sample, conducting surveys, focus group discussions collecting information on the identified indicators.
- Making the provisions for the site visits by the team, involvement of the agency involved during the baseline and needs assessment.
- Undertaking the impact measurement exercise and preparing the report.
- Identifying the lessons for future interventions.

Reporting of CSR projects performance

As mandated by SEBI, CSR performance is disclosed & reported in the Annual Business Responsibility Report. The reporting should revolve around the following :

- **Effectiveness of CSR activities** : Is the project achieving its pre-set goals?
- **Project relevance** : Are CSR activities well-directed towards stakeholders?
- **Coherence/Complimentarily** : Are CSR activities well-coordinated?
- **Efficient use of resources** : Are the resources allocated for CSR activities utilized efficiently
- **Development-policy effects** : Are CSR project efforts contributing to pre-determined goals
- **Sustainability** : Will CSR initiatives keep continuing for long duration?

Conclusion

While investment by companies incorporate social responsibility programs is increasing, the way in which return is delivered and the success of these programs is also being increasingly observed. Monitoring and Evaluation can also help in enhancing the ability to consult, coordinate and engage with various stakeholders. The well-structured monitoring and evaluation process leads to identification of relevant issues in a time-bound manner which in turn can enhance the ability to address the issues through proper performance indicators of CSR activities. Ideally, a monitoring and evaluation process needs to be developed right at the beginning and incorporated in the overall implementation plan as per the following framework :

- 1 Develop a monitoring framework to capture the progress and outcomes, based on the agreed indicators
 - Develop monitoring and evaluation (M&E) framework to measure performances.
 - Develop project governance structure.
 - Output tracking through well-defined indicators.
 - Progress report (narrative and financial).
- 2 Midterm reviews
- 3 Consolidate and analyze learning from the field
- 4 Mid - term, annual and evaluation at the end of project

There is a capacity gap among CSR functionaries, as they do not clearly understand how to effectively monitor and measure outcomes. Since CSR functionaries do not have relevant knowledge about these aspects, they are often not able to effectively use evaluation findings, even when they have access to the evaluation reports of their programs. The lack of appreciation for evaluation findings affects program effectiveness, because findings do not take the forms of learning and remedial actions.

A stringent monitoring mechanism not only helps to gauge and review the progress, it also helps to identify gaps, if. Evaluating the projects can help assess whether the desired outcome and impact has been achieved and the benefit is indeed reaching the intended beneficiaries. With a robust monitoring mechanism in place, the companies would be better equipped to plan their programs and also engage with multiple stakeholders who have interest in their CSR activities. Unless companies bring in the rigor of monitoring and evaluation into their CSR programs, they can neither ensure sustainability of their programs nor can they draw linkages between their program and any real social change on ground.