CENTRE FOR INNOVATIVE FINANCE AND SOCIAL IMPACT

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IMPACT OR ILLUSION?

Current Practices and Challenges to Impact Measurement

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List of Abbreviations

CSR - Corporate Social Responsibility

FICCI - Federation of Indian Chambers of Commerce & Industry

FY - Financial Year

IFAD – International Fund for Agricultural Development

KPI - Key Performance Indicator

LFA - Log Frame Approach

LogFrame - Logical Framework

M&E - Monitoring and Evaluation

ME&I - Monitoring, Evaluation, and Impact assessment

MEL - Monitoring, Evaluation, and Learning

MIS – Management Information System

MSC – Most Significant Change

NEP - National Education Policy

NGO - Non-Governmental Organisation

NIEPA - National Institute of Educational Planning and Administration

NPO - Non-Profit Organisation

OBF – Outcome-Based Financing

OD - Organisational Development

RCT - Randomized Control Trial

SHGs – Self-Help Groups

SLDP - School Leadership Development Program

SPO – Social Purpose Organisation

TIER - Tool for Inclusive Education and Research

ToC - Theory of Change

UNDP – United Nations Development Programme

USD - United States Dollar

WASH - Water, Sanitation, and Hygiene

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Executive Summary

This study has been initiated to engage in a critical discourse on how organisations define and measure social change. Drawing on insights from practitioners, ecosystem experts, and organisational experiences, the study identifies gaps and potential solutions to strengthen impact measurement.

Defining and Driving Impact and Social Change

Development practitioners may interpret outcomes and impact variably. However, clarity on what stakeholders mean by impact and social change is crucial, as it influences what is measured, how often, and how findings are interpreted.

Given that the sample targeted organisations work in education, healthcare and livelihood, it was interesting to note that organisations also often characterised their impact within the themes of Systemic Change, Community Empowerment and Resilience, and Women Empowerment. Interestingly, **Social Purpose Organisations (SPOs) utilising a complex model emphasise on community empowerment more prominently in their definition of social impact. In contrast, there is a higher mention of systems level changes among organisations dedicated to specific sectors, such as education, indicating a strategic focus on reforming these critical areas**.

In order to drive social change, organisations are **moving beyond service delivery** and are increasingly adopting collaborative approaches to achieve long-term sustainable change, demonstrating deeper systems thinking.

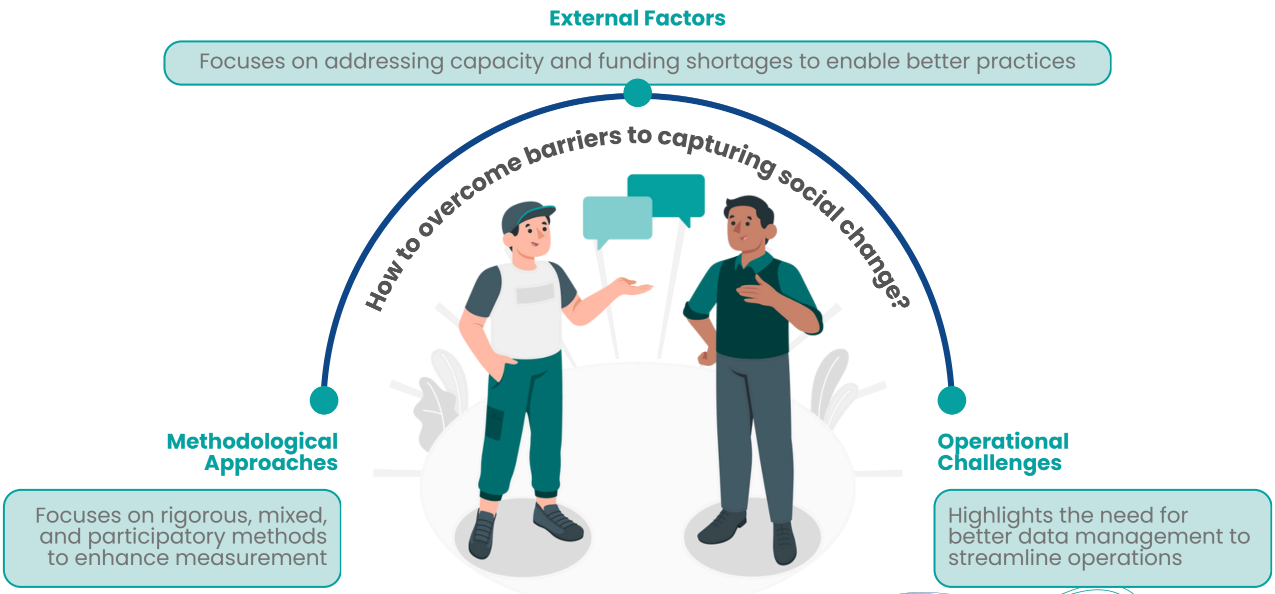
Current Approaches to Measuring Social Change

While social change is complex and ever-evolving, the need to measure it remains inevitable. The Key Performance Indicators (KPIs) currently employed offer insights into outputs and outcomes, but often **fail to capture the deeper, transformative changes SPOs aim for**. Logical Framework Approaches (LFAs) and Theory of Change (ToC) are key tools for managing social change. As per organisations in the study, **LFAs aid project planning, monitoring, and donor reporting, while ToC offers a flexible approach for long-term planning and strategy adaptation**. Some nonprofits use systems change frameworks for complex social issues. The study highlights the influence of stakeholders (funders, teams, communities) on the process of defining and measuring change and offers practical strategies to engage purposefully with them.

Barriers to Capturing Social Change and Potential Approaches

Experts and SPOs, who participated in the study identified common challenges, including capacity constraints, funding shortages, and operational barriers. **For SPOs, operational challenges were the most pressing, while experts emphasised on capacity-related issues**. Three categories of challenges have been explored in detail along with potential approaches to tackle them: **methodological** (KPIs, tools), **external** (capacity, funding), and **operational** (data).

Experts seconded the measurement challenges highlighted by organisations but argue that existing methods are sufficient if effectively applied, attributing issues to ineffective practice of available methods. The key emphasis seems to be on using rigorous, mixed, and participatory methods rather than relying solely on traditional quantitative impact evaluation approaches. However, organisations, studied as part of this report, have pointed out their inability to leverage existing methods due to various internal and external hindering factors such as lack of resources and capacity. **The responsibility of this ineffective practice lies as much on the ecosystem actors and enablers as on the SPOs**.

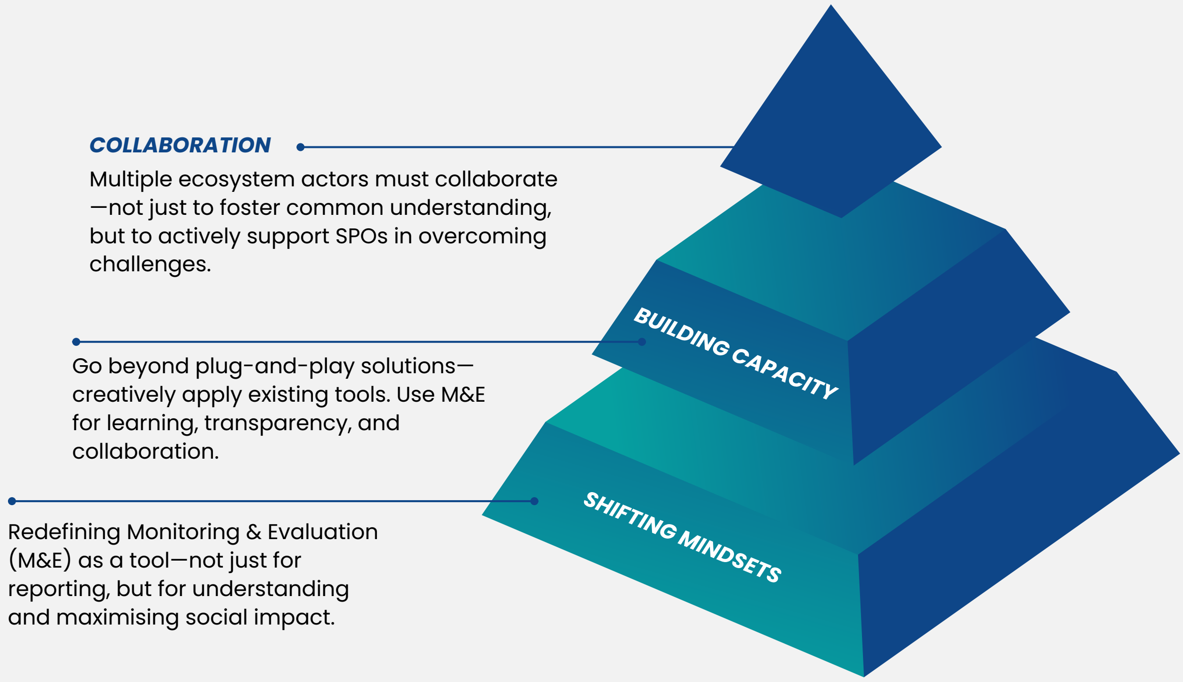


Rethinking Impact Measurement: A Way Forward

The development sector is grappling with the shift from a focus on results to an emphasis on outcomes, which can be more complex to define and measure. The theme being echoed from challenges and proposed solutions is **a shift in underlying mindsets to redefine Monitoring and Evaluation (M&E) as a tool, not just for reporting, but understanding and maximising social impact.**

These include: **building the capacity of practitioners to go beyond technical plug and play solutions, creatively applying the existing tools, and broadening the scope and purpose of M&E to maximise social impact by facilitating learning, transparency and collaboration**. To influence practice, the way **forward needs multiple ecosystem actors to come together not just to foster a common understanding** through dialogue but to also support SPOs in overcoming their current challenges that hinder effective delivery of impact on the ground.

Figure 1: Rethinking Impact Measurement



Introduction

Rationale: Social Purpose Organisations (SPOs) face significant challenges in monitoring and evaluation (M&E), particularly in defining and measuring social change and showcasing impact. Despite extensive discourse on M&E issues, **the critical struggle to capture and attribute social change remains underexplored**. This study aims to address this gap by examining how implementing organisations in India define impact, establish metrics, attribute results, and leverage M&E practices to track and measure social change. Through this exploration, it seeks to identify knowledge gaps and propose pathways to empower organisations in improving their impact measurement practices.

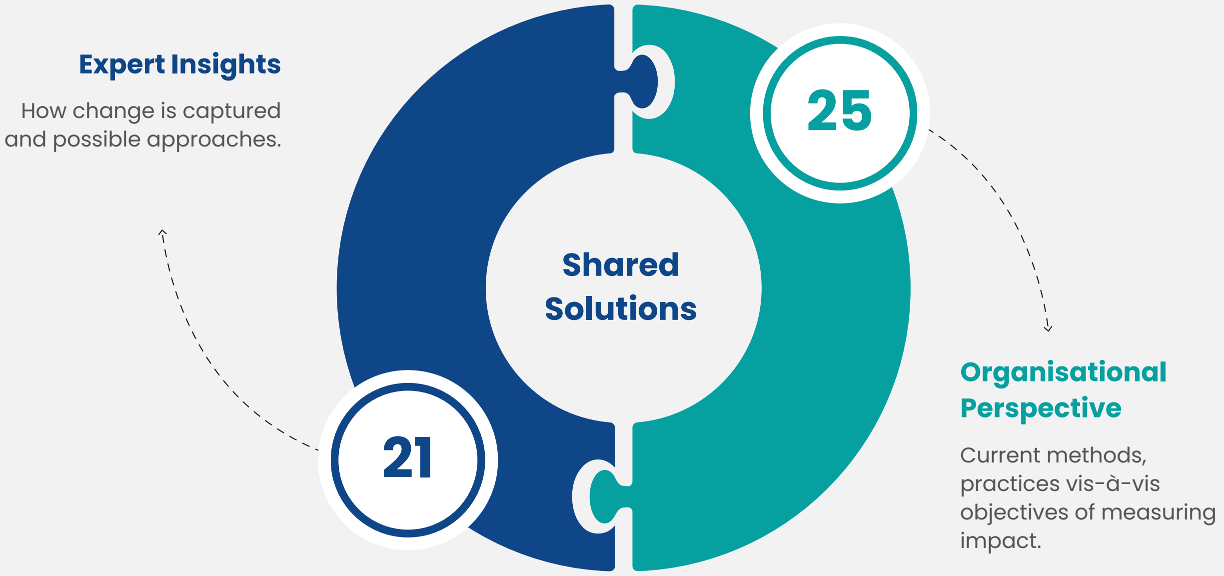
Key Definitions: This study broadly defines "**impact**", "**evaluation**", and "**monitoring**", acknowledging the diverse and sometimes conflicting ways these terms are used. While each of these terms are distinct, this study focuses on how implementing organisations are at present defining and measuring change that results from their work irrespective of its classification as monitoring or evaluation. It includes practices that assess change in behaviour, status quo, or social change resulting from interventions. The term "monitoring and evaluation (M&E)" is used in this broader sense.

This study's goal is to explore current practices without questioning their accuracy, appropriateness, or effectiveness. **This study does not approach its research area with the intention of supervision but instead with a focus on observation of what is currently going on and hence is an exploratory qualitative study**.

Approach, Methodology and Key Research Question: Following approach was employed in order to answer the key research question of "**How well do current monitoring and evaluation practices serve the objectives of SPOs for measuring change and social impact?**"

- Data was collected from two vantage points: 21 M&E experts providing insights on fundamental challenges and potential solutions, and 25 implementing organisations (235 respondents from leadership, management, and field teams) across various sectors and implementation models, offering a ground-up perspective on the effectiveness of current methods (*see detailed profiles of the participants*[1] *in Annexure 1*).
- Interviews were conducted via Zoom, transcribed, and translated. Thematic coding was used for the analysis.
- This report focuses on highlighting diverse perspectives on impact among the stakeholders (funders, practitioners and experts) and how **it leads** to different measurement practices and the challenges that emerge from it.

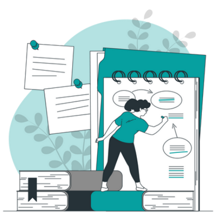
1. *Participants anonymity has been maintained to ensure unbiased responses*



Based on responses from 235 individuals across leadership, management, and field teams.

Since the study was exploratory in nature, convenience sampling was used to identify experts with varying levels of experience and backgrounds, while purposive and convenience sampling were used to select implementing organisations. While the sampling technique elicits a variety of perspectives, the findings from the report do not adequately represent a stakeholder group or a particular organisation.

Table 1: Profiles of selected sample



Expert Profiles

3	Independent Evaluators
8	Evaluators working with intermediary organisations
5	NGO leadership
2	Experts working in donor organisations
3	Founder evaluators leading intermediary organisations

Domains of SPOs

Education	6
Health	2
Water and Sanitation	2
Livelihoods	1
Multiple Themes—Integrated Approach	14

Limitations of sampling

1. In the sample of SPOs, all organisations had M&E systems or practices as a key part of their activities, at varying levels of sophistication. While many organisations in the sector do not have any impact measurement, they were not represented in this sample.
2. Respondents often described their biggest pain points but no finding is true for all organisations or funders. The M&E domain is vast in terms of its actors, who are on their own journey of adopting and using the M&E systems. Hence, no conclusion made in this study can be held true for all civil society organisations, and some exceptions will be found for each aspect.
3. Lastly, purposive sampling has helped bring in diverse perspectives and convenience sampling was helpful to gather preliminary insights, identify key themes, and refine research directions. While utmost care was taken to select the sample, the sampling strategy could have resulted in a self-selection bias. Hence, although these findings are valid for the representative sample of the study, they cannot be generalised.

Analysis and Findings

1 Defining Social Impact: What Gets Measured and How

Effective measurement is constrained by the parameters of how change is defined and driven. This chapter examines the various definitions of social impact and the strategies that drive it—the "what" of measurement—and then dives into exploring the "how" of measuring this change.

1.1 Understanding and Driving Social Change

The concept of social impact is inherently multifaceted, with definitions varying widely depending on the context, stakeholders, and the methodologies applied. The understanding of social change as captured in this report rightly reflects this.

Definitions of social impact from three vantage points.

How literature defines impact and social change

The terms 'impact' and 'social change' have diverse, often competing definitions, ranging from specific to broad. Buffardi and Hearn (2016) highlight how impact definitions vary in practice, even though formal definitions abound.[2]

In impact measurement, Reeler (2017)[3] challenges the traditional cause-and-effect approach, arguing that social change is a dynamic process unfolding within communities. This study's findings reinforce the need to recognise this perspective.

How experts define impact and social change

This is in alignment with the experts who state that social change is complex, dynamic and multiple factors influence it. Making simplistic cause-and-effect assumptions is misleading.

> ***"The problem about the multifacetedness of any social change is a global problem. Whether it's Africa, South Asia, or even in the developed countries, if you're working on improving the life of prison inmates, that impact is not only in health and individual outcomes. Over a period of time, it transforms their families and the society at large."***

How organisations define impact and social change

Organisations participating in the study have highlighted complex definitions of change. Top three such complex themes are detailed in Table 2.

These definitions cut across different thematic areas depicting the complex and interconnected nature of social change. For instance,

> ***"Our primary focus was on water and land management, but we've expanded our impact to include enhancing the income sources of tribal communities through sustainable agricultural practices." — A leading implementation organisation***

2. Impact defined as: (1) as a technical term assessing causal effects against a counterfactual, (2) broadly encompassing all effects, (3) within results chains tracking progression, (4) in the context of environmental sustainability and SDGs, and (5) as a general term for an intervention's overall effect.

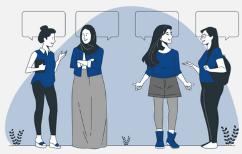
3. Reeler identifies three types of social change: (1) Emergent Change – gradual, adaptive processes within communities; (2) Transformative Change – crisis-driven shifts requiring unlearning of old practices; (3) Projectable Change – planned interventions in stable conditions

Given that the sample target organisations are working in education, healthcare and livelihood, it was interesting to note that they often characterised their impact beyond these areas, within the themes of Systemic Change, Community Empowerment and Resilience, and Women Empowerment.

Table 2: Definitions of Social Impact and Strategies to Drive It

Systemic Change

Systemic change is perceived by organisations as achieving sustainable, long-term improvements by transforming ecosystem-level structures and practices.



Women Empowerment

Social impact through women's empowerment focuses on economic independence, leadership development, community engagement, and addressing gender-based violence. It is viewed not merely as individual progress but as a cascading transformation—impacting families, social structures, and entire communities.

Community Empowerment and Resilience

NGOs conceptualise social impact through the prism of "community empowerment", viewing it as a process that enables communities to take charge of their own development.

Driving Social Change/ Implementation Strategies

- **Government collaboration** manifests in various ways and at varying depths, including enhancing capabilities through direct interventions, working alongside government departments to build convergence, advocacy efforts to promote adoption of specific models, and keeping the government informed of ongoing interventions and developments. Non-governmental Organisations (NGOs) are increasingly integrating their work into public systems to ensure continuity and recognise it as a key to fostering long-term sustainability.
- Apart from government collaborations, **empowering other stakeholders through capacity building** such as community members (especially women), other SPOs, and local institutions to take on active roles in development, ultimately allowing SPOs to exit, while ensuring lasting change was seen as a pivotal strategy. By transferring knowledge, building resources, and fostering local governance structures, these organisations equip communities with the skills to manage resources, advocate for their needs, and sustain development independently.
- **Context driven approach,** particularly in newer and emerging organisations, to define social impact based on local contexts is central to creating meaningful and sustainable change. This approach emphasises the importance of culturally relevant interventions that respond to the specific socio-economic conditions of the communities they serve, ensuring programs that are both effective and deeply embedded in the community's social fabric, thereby enhancing their relevance and resilience.

When comparing NGOs focused on multidisciplinary programs to those that target specific sectors, it is evident that NGOs focused on multidisciplinary programs in their definitions of social impact lay stress on community empowerment more prominently. In contrast, there is a higher mention of systems level changes among organisations dedicated to the education sector, indicating a strategic focus on reforming critical areas.

Evolution of Social Impact Strategies

Organisations in the study also highlighted that the strategies to drive impact evolve in response to community needs, organisational growth, and a blend of practical experience, research, and founder insights. They typically begin with focused initiatives, refining their approaches over time, based on challenges and feedback. Research and collaborations also shape their evolution, as seen in the partnership of an organisation in healthcare with University College London, which led to the creation of new maternal health indicators. Additionally, founder experiences play a key role in shaping missions. For example, the focus of a multisectoral organisation on livelihoods, driven by its founder's firsthand understanding of economic hardship.

Key Trends Observed from Organisations Articulating Social Change and Strategies to Drive it

- **Organisations adopt a multidisciplinary approach to conceptualise impact and drive** it, addressing multiple layers of community vulnerability simultaneously. This is evident in two NGOs using multi-layered strategies: one in education, working across direct influence (teachers, administrators), system strengthening, and policy integration; and another in girls' empowerment, focusing on individual empowerment, community attitudes, and systemic change through laws and programs. *(See Appendix/Used case 1)*
- **Organisations are moving beyond direct service delivery to collaborative strategies** that engage stakeholders, address interdependencies, and influence policy and institutions. This shift signals a growing recognition of complex problems requiring long-term, interconnected solutions and a holistic approach to social impact. Systemic change and community empowerment emerge as key impact themes, driven by collaboration with government and ecosystem actors. This is well-captured by the leadership of an emerging implementation organisation, which notes,

> ***"Historically, SPOs prided themselves on being distinct from government organisations, often leading to conflict and mutual disregard. However, we have realised that to truly manage and improve the environment and uplift communities out of poverty, we cannot operate in isolation. We must engage with the entire ecosystem, with [the] government and politics as key players."***

- **Organisations are focusing increasingly on systems change**, with newer (<10 years) and emerging (<20 years) NGOs prioritising this approach more than the established ones. NGOs define "Systemic change" in various ways, which includes stakeholder collaboration, capacity building, government system strengthening, and ensuring long-term impact.

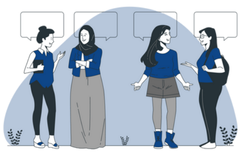
The diversity in interpretations of Social Change underscores the need for clarity and alignment among stakeholders when defining and measuring social impact, as differing interpretations can significantly influence what is prioritised, how outcomes are assessed, and how findings are communicated.

1.2 Measuring Social Change (Key Performance Indicators, Tools, Methods, Stakeholders)

Among the SPOs studied, current KPIs provide valuable insights into intervention outcomes and outputs but often **fail to capture the deeper, transformative changes** envisioned in their impact strategies. Systemic change, women's empowerment, and community resilience are particularly challenging to measure, especially in terms of broader implications, whereas education, health, and livelihood indicators tend to reflect more immediate results *(See Table 3)*.

Experts note that "impact" is often misunderstood—some equate it with outputs, while others see it as outcomes. This limited understanding, along with intervention design constraints, has led to narrowly defined[4] impact metrics.

Table 3: Key Performance Indicators (KPIs) for Measuring Social Impact

	What is measured *Key Performance Indicators*	What is not measured
 **Systemic Change**	Extent of embedding practices within state systems, Leadership engagement across multiple tiers, Regularity and effectiveness of review meetings, Government buy in and budget allocations to sustain interventions	While most organisations in the sample define their social impact in terms of systemic change, only a few use KPIs to measure these outcomes.
 **Women Empowerment**	Income generation and employment, Decision-making capacity and economic agency, Leadership roles in local governance, Participation in community meetings, Shifts in gender norms and socio-emotional skills	The focus remains on individual-level outcomes, such as income or leadership roles, without adequately addressing the cultural or societal shifts required for deeper systemic change in gender dynamics.
 **Community Empowerment and Resilience**	Access to government entitlements (job cards, health benefits), Community leadership and participation in governance, Behavioural changes (e.g., mobilisation for resources), Capacity-building in community organisations (CBOs), Collective action and resilience to external shocks	These KPIs emphasise agency, collective action, and participation—key indicators of short-term resilience and empowerment. However, they fall short on capturing long-term resilience and socio-economic independence, which require more nuanced indicators that assess community self-reliance, systemic vulnerability management, and influence on governance structures.

4. For example: Neonatal/infant mortality which is often viewed solely through malnourishment lens. Overlooked factors include vaccine failure and postpartum complications. Recent focus on the 10-day post-birth concept, expanding understanding of under-5 and neonatal mortality, which are now being discussed in interventions concerning reduction in infant mortality. In another instance, For instance, a project faced challenges due to COVID-19 dropouts, language barriers, and exam mismatch, but focused on educational outcomes and revisiting theory of change.

	What is measured *Key Performance Indicators*	What is not measured
 **Education**	Student participation and retention rates, Academic performance and completion rates, Progression to higher education, Improvement in cognitive and socio-emotional skills, Attendance and engagement in educational activities	These KPIs primarily focus on student participation, retention rates, and academic achievement, useful for measuring immediate educational program success. However, fewer organisations track broader metrics like holistic child development or systems-level impact within educational structures.
 **Livelihoods, Employment, and Income**	Income growth and financial resilience, Employment retention rates and job satisfaction, Skills development and employment stability, Savings and financial behaviour improvements, Agricultural productivity and market access	KPIs in this area primarily track income growth, employment stability, and financial resilience, which are key for measuring short-term economic improvements. However, these indicators overlook broader systemic shifts in market access, job creation, and economic policy, which are necessary to assess long-term economic transformation.
 **Health and WASH**	Access to healthcare services (consultations, treatments), Maternal and child health indicators (e.g., maternal anemia, child malnutrition), Disease prevention and immunisation rates, Access to clean water and sanitation facilities, Hygiene practices at household and community levels	While these metrics are vital for understanding the immediate impact of health and sanitation programs, they do not capture the long-term health system strengthening or community-led health governance that many SPOs envision for sustainable change.

Irrespective of how organisations define social impact, we find that there is increased recognition of the complexity of social change amongst them. The indicators or KPIs of measurement however have not evolved to reflect this understanding and capture nuances of social change.

While long-term qualitative social change remains a north star for most organisations, many are incorporating qualitative indicators to better capture impact beyond traditional metrics. In education, this includes tracking socio-emotional learning, classroom environment, parental engagement, and educational continuity of girls, along with broader social shifts like reduced child marriage. Sector-agnostic indicators focus on leadership, empowerment, community capacity building, and behavioural shifts in individuals and systems, often using socio-ecological models. However, gathering data on these indicators through qualitative methods that organisations currently use such as Focus Group Discussions (FGDs) or observations remains an intensive process which hinders meaningful utilisation of this data.

1.2.1 Determining KPIs

While organisational KPIs do not reflect on more complex areas of measurement, many organisations develop their KPIs through a variety of processes to maintain a balance between external requirements (donors, clients) and internal insights (community perspectives, organisational priorities). SPOs reported using research based frameworks, literature reviews and third-party assessments to shape what they measure. Although the community and the context on the ground are considered during implementation, KPIs are very often donor driven, as these indicators serve as the basis for reporting to external agencies and not to capture real impact on the ground.

Also, the context determines short term and long term impact of organisations. Impact and its indicators are defined based on baseline conditions and can vary across different contexts. For example, an emerging organisation working with differently abled children particularly focuses on tracking academic improvements. While academics for children is moving towards holistic education through policies such as the National Education Policy (NEP) 2020, one of the key indicators for this organisation is the increase in literacy and numeracy skills. In their programs, they track specific milestones such as the ability to write basic alphabet and perform simple mathematical tasks.

The determination of KPIs in Non-profit Organisations (NPOs) is ultimately shaped by a dynamic interplay of stakeholder priorities, contextual needs, and organisational capacities. For example, research-based and donor-driven KPIs offer greater comparability across programs or organisations. In contrast, community-driven KPIs excel in relevance but lack the uniformity needed for broader application. Research-based KPIs often target broader systemic issues and hence are more complex and resource-intensive, whereas donor driven and internally developed KPIs aim to align with organisational strategy and focus on feasibility and practicality.

1.2.2 Tools/Methods being Employed

Beyond defining social impact and its key performance indicators, the application of various tools and methods to measure these KPIs presents a distinct area of inquiry in itself. Log Frames (LFAs) and Theory of Change (ToC) are the most prevalent tools used by organisations to measure and manage the process of social change.

- **LFA vs ToC:** NPOs use LFAs for structured planning, goal alignment, and accountability but are often donor driven and output focused. Theory of Change,

Understanding the differences in KPIs based on their origin highlights the importance of blending approaches. For effective measurement, NPOs need to balance the accountability of donor-driven KPIs, the contextual relevance of community-driven metrics, the rigour of research-based indicators, and the strategic alignment of internally developed measures.

on the other hand, provides a flexible framework for tracing systemic impact, enabling long-term strategic planning and adaptation based on insights from ongoing implementation. **The Theory of Change is especially valuable for organisations working in complex or evolving contexts, where flexibility is key to success.** An organisation which works on improving school systems, explains,

> ***"A theory of change was, at that point, not donor-driven, but more around how we wanted the program to shape up... bridging the gap between what the NEP has as the vision for a good school and the ground reality, in places which are remote, in places where the resources are limited. And all of this has to happen not by introducing a new element into the system, but by strengthening systemic governance."***

- **Systems change frameworks:** Some NPOs use systems change frameworks to address complex social issues, focusing on interconnected factors influencing communities, governance, and development. Examples include Adaptive Learning Methodology and Donella Meadows' 12 Levers for Systemic Change, utilised by an emerging multisectoral organisation, while another established entity focused on WASH uses the Systems Dynamic Approach for holistic solutions. In education, tools like the Shala Siddhi Framework assess schools across infrastructure and student outcomes, a DICOT Tool evaluates teacher performance and classroom practices, while the SLDP tool tracks leadership development, and the TIER Tool assesses holistic child development. Outside education, tools like Village Selection Framework used by a healthcare organisation and Poverty Assessment Tool by livelihood focused initiatives identify vulnerable communities, ensuring more targeted and effective interventions.
- **No formal framework:** Some smaller, newer, and underfunded SPOs in the sample do not use formal impact frameworks due to capacity constraints, lack of awareness, and rapidly changing program contexts. These organisations often adapt their methods to meet donor expectations, with frameworks being less of a priority compared to flexibility in implementation.

The tools and frameworks are not just integrated in program designs but also influence what data is collected (quantitative or qualitative). Hence, the choice of framework eventually dictates how this data is analysed and used for decision-making, program refinement, and reporting to stakeholders.

While these examples illustrate how organisations incorporate frameworks into program design, it is equally critical to understand how these frameworks shape data collection and utilisation practices. LFAs emphasise quantitative data aligned with predefined indicators, such as participation rates, to meet donor requirements. ToC, on the other hand, integrates both quantitative and qualitative data to trace systemic changes and long-term impacts, like shifts in behaviour or resilience. Tools such as Systems Dynamic Approach focus on causal loops, while DICOT collects granular classroom-level data. Similarly, Adaptive Learning Methodology emphasises data that highlights governance and policy shifts.

1.2.3 How NPOs Engage Different Stakeholders in the Process of Defining and Measuring Change

Donor

Positive Influence

Funders drive innovation, sustainability, and strategic growth, enhancing NPO impact. Their demand for accountability fosters a results-driven culture: ***"Funders now seek impact, not just charity."***

Negative Influence

NPOs face challenges when donor KPIs don't align with grassroots needs. Standardised frameworks and short-term metrics may dilute missions. Managing varied donor demands adds an administrative burden.

Strategies to Balance

Some NPOs align funding with their mission, balancing short-term goals with systemic change. They mix local grants with long-term funding, using participatory M&E to ensure mission integrity.

(See Used case 2 for examples).

Positive Influence

Program teams ensure interventions meet community needs through field insights. A healthcare NPO's male engagement strategy arose from identifying gaps in family planning efforts.

Negative Influence

Lack of structured training and feedback limits program teams' strategic impact. Without formal channels, valuable insights may go unused, affecting adaptive planning.

Strategies to Balance

NPOs investing in training and feedback empower teams to shape strategy. Regular feedback loops and participatory planning ensure both operational efficiency and long-term sustainability.

Program Teams

Community

Positive Influence

Communities co-create programs, driving innovation and relevance. A healthcare NPO set up condom depots based on local input. Community-led monitoring keeps programs effective.

Negative Influence

Lack of structured feedback and training can limit community leadership. Poor communication and weak capacity-building hinder their ability to sustain initiatives.

Strategies to Balance

Strong NPOs empower communities through co-creation and feedback loops. They adjust strategies based on local needs, build capacity, and ensure sustainable, community-driven impact.

Impact measurement is shaped by the interplay between funders, program teams, and communities, with each stakeholder influencing different aspects of the process. Multi-theme organisations are often more adaptable to funder priorities, shaping their strategies based on donor requirements, while single-theme organisations maintain a clearer focus, resisting external influence. Organisational size and funding scale also determine the level of program team involvement—smaller and emerging organisations prioritise participatory design and feedback, whereas larger, more structured organisations may have less flexibility. Despite these variations, nearly all organisations recognise the importance of community engagement, though the depth and structure of these interactions vary, ranging from formal co-design processes to informal consultations.

2 Barriers to Capturing Social Change

This section explores why organisations struggle to capture social change using current KPIs, tools, and methods. There are numerous barriers to accurately capturing social change, many of which reflect the aspirations of SPOs, such as team training and capacity building, expanding the M&E team, and integrating technology for improved management information systems (MIS). While these aspirations offer immediate solutions to operational challenges that are closer to the lived realities of these organisations, experts suggest that addressing the current challenges requires a shift in underlying mindsets and practices.

Both experts and SPOs identified common challenges/barriers in measuring impact, with recurring themes around capacity, funding/resource shortages, and operational difficulties. These barriers can be categorised into three areas[5]:

1. Methodological barriers: Challenges related to KPIs, tools, and methods
2. External/Ecosystem level barriers: Issues concerning capacity, funding, and resource shortages
3. Operational and logistical barriers: Challenges related to data collection and management

It is worth noting that the most pressing challenges for SPOs were operational while for experts, they were capacity related. Experts stressed on the need for practitioners to develop core competencies like deep knowledge and sensitivity towards how change works and to keep learning at the center of all impact related practices.

2.1 Methodological Barriers: Challenges Related To KPIs, Tools, and Methods

2.1.1 Why KPIs and Methods are Falling Short

The dynamic nature of social change presents methodological challenges in defining change and its indicators. As established in the previous chapter, while organisations now acknowledge the complexity of change, current KPIs fall short in capturing these deeper aspects. Some of the reasons for this are discussed below.

5. These categories have only been defined for ease of capturing various nuances in data. The challenges across categories are interlinked and even have causal linkages.

"How do we define social impact? It [has] really been a burning question... we know it's happening, but how do you monitor it? That is the question."

Perspectives of Organisations

Measuring systemic change is tough as traditional metrics miss long-term impact. SPOs struggle with attribution, external factors, and defining social change beyond numbers.

Measuring systemic change

Perspectives of Experts

Funders prioritise economic measures, but impact goes beyond income. SPOs need context-specific indicators for behaviour shifts, trust, and empowerment, yet struggle to define them.

"We often say that we are bringing shifts in the lives and livelihoods of tribal communities. When you ask any of the program teams what is this change that one is bringing about, their go-to measures are around income, which is easy to document. But if you ask them in terms of impact or outcome indicators, they will talk about agency, empowerment, trust, collaborative initiatives that build synergies on top of each other. But it's very difficult for them to identify what indicators can actually be used to evidence this [as] a result or an outcome." — Funder

"This exercise we did to identify an extensive list of indicators... but we could only answer 50% of them at that time."

Perspectives of Organisations

Some indicators are rigorous but resource-heavy, limiting smaller SPOs. A healthcare NPO found selecting indicators overwhelming, completing only 50% of an extensive list.

Complex indicators

Perspectives of Experts

Complex indicators don't guarantee success. Breaking down outcomes into simple, measurable steps ensures impact tracking. Indicators should guide, not solely define, change.

"Operationalising a MEL framework should not be that complex, because at the end of the day, we're not measuring the phenomenon of change. We're measuring indications that tell us something is occurring in the way we are expecting it to. So, is every indicator perfect? I don't think so. But if you believe that it is, in fact, an indicator of change, then it gives you at least some evidence that you're moving in that right direction." An Evaluator

Perspectives of Organisations

Participatory methods align KPIs with local needs, yet some miss key concerns. A rural development organisation found a gap in rice intensification, focusing on yield while communities prioritised labour costs and food security.

Community level impact

Perspectives of Experts

Tracking long-term community impact is tough due to beneficiary turnover. As one evaluator noted, measuring individual progress is feasible, but capturing broader community change remains a challenge.

"So for the organisation, in terms of community impact, I'm in fact always dealing with this churn of new people coming because the ones we impacted moved on. If I had to put a measure in place, could I look at how many new people? Absolutely. Could I look at over the next one year, two years, three years at a program level, what I did for each family? Absolutely. But as soon as I start to think of that community change, it becomes far more difficult for me, especially if people have now gone to other places." — Evaluator

Perspectives of Organisations

LFAs and ToCs are widely used but often too rigid for local needs. Global indicators offer benchmarks but lack adaptability, as seen in a WASH NPO struggling to localise them.

Contextualising tools and methods

Perspectives of Experts

Experts argue ToCs and LFAs help set clear goals but are donor-driven. Their linear approach misses negative or multiple impacts, limiting a true three-dimensional view of change.

"In terms of our current frameworks or tools of measurement, [they] are mostly linear tools of measurement. The go-to is the LFA for a lot of people... It's difficult for people to see the three-dimensionality of it." — Funder

One of the top challenges for many SPOs is establishing effective organisational-level KPIs, especially those with multiple programs and diverse goals. The complexity of measuring outcomes across various initiatives often leads organisations to prioritise program specific KPIs over broader organisational metrics, hindering the tracking of overall impact. However, some organisations successfully align project activities with their objectives by blending program specific and organisation-level indicators. A few organisations also track operational data—tracking human resources, logistics, and financial health—at organisation level to plan their resources well.

These challenges are compounded by a **lack of standardised indicators** across the sector, making it difficult for organisations to aggregate or compare data consistently. While there is a recognised need for some unification, many NGOs in the sector remain resistant to standardised approaches that limit them from adapting to their context. It is worth noting that **almost all experts felt that their sector was not capturing impact well** and other sectors were more standardised in comparison. This indicates that experts in their own fields are dissatisfied with the progress towards standardisation.

Experts also pointed out that many measurement frameworks **stem from pure science**, limiting their ability to capture anthropological or socio-cultural aspects of impact. Semi-structured research and survey-based methods are often "extractive" and "colonial [6]," reinforcing power imbalances and introducing "performance bias," which distorts reality. These methods overemphasise quantitative metrics while neglecting qualitative and process-driven aspects of change. Additionally, measurement tools are often shaped by Global North frameworks that may not align with local contexts.

The influence of international organisations can create "headwinds" that derail development goals, reinforcing a funding-driven sector. A key challenge is the unclear rationale behind method selection, with **tools being force-fitted** rather than designed to align with specific program needs.

While the top concerns of organisations involve lack of technical knowledge and tools, experts have stressed more upon softer skills such as understanding change processes and asking right questions. There is a need to redefine M&E skillsets moving beyond technical knowledge to holistic understanding of social change.

6. Here, "extractive" and "colonial" refer to methods that contrast with participatory, transparent, and empowering approaches to data collection. A more inclusive practice would involve gathering data from communities while ensuring they actively interpret the findings and participate in decision-making, rather than being excluded from the process. This aligns with a broader global debate in social sciences and evaluation, emphasising the need to shift away from traditionally colonial methodologies toward "decolonising" research and impact measurement. See more details here.

2.2 External/Ecosystem Level Barriers: Issues Concerning Capacity, Funding, and Resource Shortages

2.2.1 Influence of Limited Capacities and Expertise

Perspectives of Organisations

The lack of capacity is majorly highlighted by organisations in the areas of data collection, analysis and documentation. A lack of skilled staff, especially in M&E roles, absence of training in data analysis and measurement methodologies significantly hinder the ability to track and assess the outcomes. Top reasons for this limitation include lack of understanding of change indicators and data collection tools, limited manpower that strains operations especially in the field, retention of skilled M&E staff to ensure continuity in data collection and analysis. Interestingly, **this challenge was most highlighted by the leadership and management than the implementing teams.** Apart from lack of capacity, there is also an issue of **staff being overstretched** which hampers the ability of teams to engage with data. M&E data collection and analysis is a cumbersome process. While it makes sense for program teams to take ownership and use M&E as a tool to understand change on ground and also inform their actions, it creates additional pressure on them, diluting both tasks. Usually **program targets take precedence over M&E tasks.**

Perspectives of Experts

Lack of capacity is also a top challenge emerging from expert interviews. Experts have highlighted similar concerns such as lean program teams overburdened with M&E tasks, lack of understanding of change processes and methods. However, more than these operational constraints, experts stated that it is the **lack of technical expertise in the application** of methods and even program design that compromise the effectiveness of measurement. No method is foolproof and sufficient if it is not accompanied with rigorous, evidence-based practice.

> ***"If you take that as a given, then to me, a lot of what exists today is more than adequate. What perhaps is lacking is that approach of the way I am able to engage with information to think about action." — Evaluator***

The key challenge lies not in the methods themselves but in the approach to measurement and practice—**it is not the case of ineffective methods but ineffective practice.**

2.2.2 Influence of Funders and Resource Shortages

Building on the discussion in the previous chapter on donor influence, this section outlines ecosystem-level funding challenges. There is a chicken-and-egg situation between funding and the importance of evaluations. Organisations need to conduct evaluations to secure more funding, but it is often an afterthought; with them not budgeting for it upfront, and instead trying to fit it in with the limited remaining resources. Funders typically focus on programmatic aspects and view learning and M&E activities as overhead costs.

> ***"I want data, but I'm not willing to foot the bill for it." — A NGO leadership***

Perspectives of Organisations

SPOs often rely on project specific funding, which leaves little room for core organisational activities, including M&E. Many donors do not allocate funds for M&E, making it difficult for organisations to develop robust, long-term impact measurement systems to capture the full depth of Social Change. **Not surprisingly, this challenge concerns the management and leadership the most.** Organisations with limited budgets are hesitant to invest in experimental or innovative solutions, preferring to focus on proven, low-cost approaches and easily measurable outcomes.

Perspectives of Experts

There is a **skewed relationship** where organisations view M&E mainly as a donor requirement rather than a tool for internal learning and improvement. Impact measurement is typically constrained by donor-imposed definitions and measurement criteria.

The **demands on data might have increased, but the budgets have not.** Unrealistic budgets and lack of appreciation for human resource costs involved in evaluation are common issues. The small budgets allocated for evaluation often result in lean designs, **compromising the ability to generate strong evidence** that can be used to inform decision-making and policy. Funder priorities and preferences also influence the type of evaluation that can be undertaken.

Experts have pointed out that there is a lack of emphasis on planning, reflection, and learning and a difficulty in prioritising monitoring and evaluation. Due to funder pressures, organisations often rush to create products or fixes, leading to an **action-oriented culture** with a strong bias towards immediate action and implementation.

2.3 Operational and Logistical Barriers: Challenges Related to Data Collection and Management

2.3.1 Barriers to Effective Data Collection and Management

Perspectives of Organisations

SPOs stated that they struggle with gathering accurate data, especially in resource-poor regions, and face challenges in analysing and managing data for continuous learning. Manual methods and inconsistent data further complicate the process, and many lack the expertise and infrastructure to handle qualitative data and advanced software tools effectively. As a result, data collection often lacks alignment with organisational learning, limiting meaningful insights and program improvement.

Some organisations adopt various data-driven learning approaches to enhance program effectiveness.Regular team meetings

Perspectives of Experts

Experts highlighted that poor data management and limited use of collected data hinder integration from different sources. Organisations tend to collect vast amounts of data without a clear plan for how to use it, rather than taking a more systematic approach of testing and iterating.

"The other one is the problem that I have plenty. On the one hand, I'm not collecting the right data, but even when I am, there's just so much that I'm collecting because I'm not sure what really is relevant, what isn't. Then I'm lost in a sea of information, and then I feel like, oh, it's not being used well." — Evaluator

help identify gaps, address challenges, and maintain momentum, enabling timely course corrections and alignment with community needs. Monthly reflection sessions facilitate in-depth data reviews, ensuring continuous learning and strategic refinement. Many organisations adjust program design based on real-time insights, tracking engagement levels and assessing knowledge gaps to improve training and intervention strategies. Data also informs major decisions, helping organisations refine, scale, or exit programs based on effectiveness while responding swiftly to beneficiary feedback. Additionally, data is integrated into strategic discussions and reporting to drive evidence-based decision-making. Some organisations further align their data with government systems, enhancing policy alignment and program tracking for improved outcomes *(See Appendix/Used case 3 for examples)*.

Data quality and ethics are key challenges in impact measurement. Inconsistent data weakens reliability, while ethical concerns around consent, confidentiality, and responsible use add complexity. Ensuring high-quality data requires robust validation, clear ethical guidelines, and sufficient resources. The evaluation market for NGOs is poorly structured, with high costs and limited affordable options.

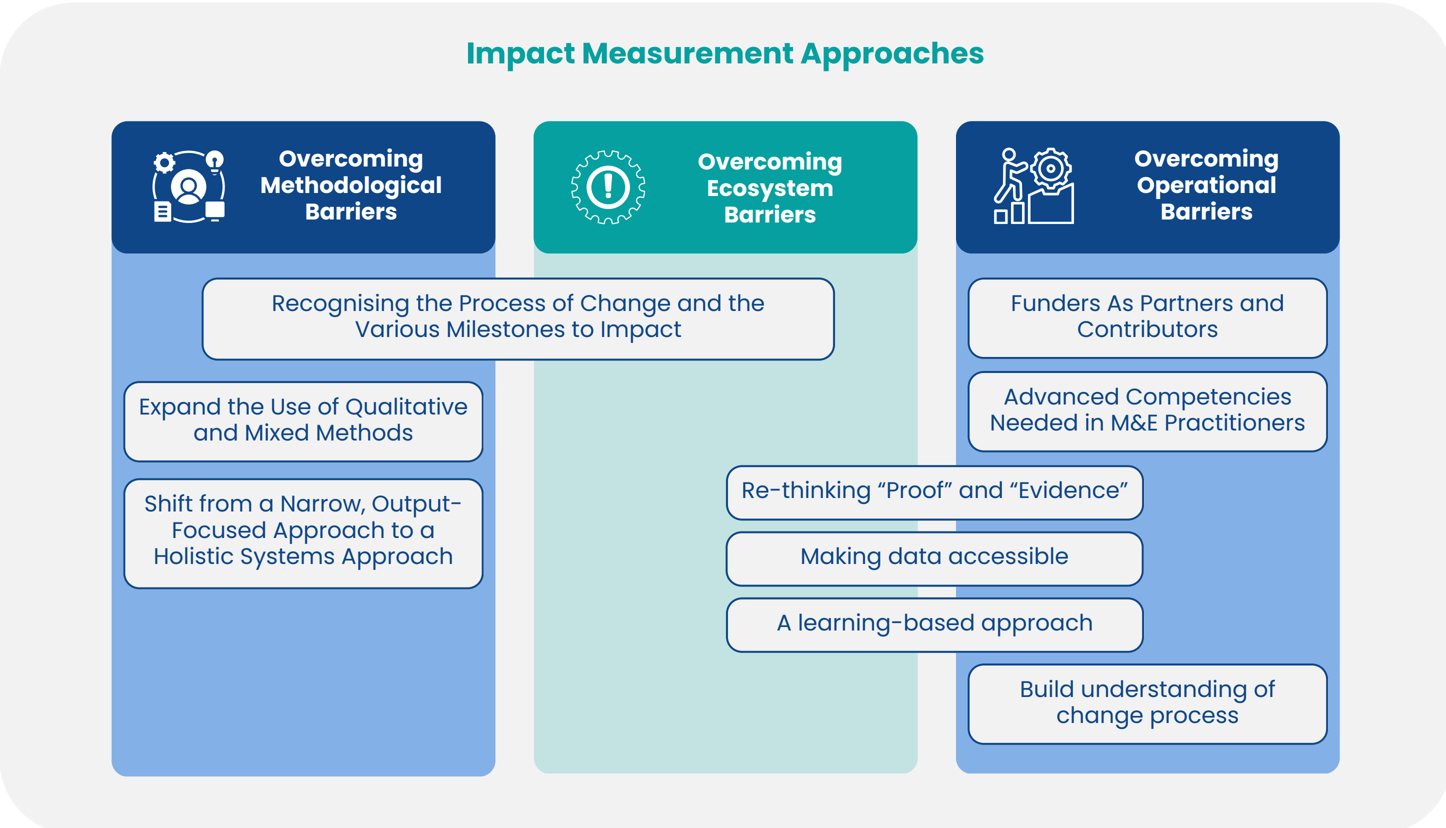
> ***"It's an industry which is developing dangerously, where unethical practices are exploiting the community. And if we call ourselves a knowledge society and a data society, we call it data-driven policy making, then whose data are you talking about? Those difficult questions need to be highlighted, both in terms of what are the principles that would guide the impact assessment and measurement, the definition part of it, and the methodology part of it." — NGO leadership***

The scale of funding impacts data application, with smaller organisations focusing on immediate adjustments and larger ones leveraging it for strategic shifts or donor strategies. Leadership uses data for high-level strategies and stakeholder alignment, management for monitoring and operationalising plans, and implementation teams for addressing community needs and challenges. Interestingly, most recurring use of data was for progress checks and problem identification/prioritisation of community needs. Many of the themes discussed by respondents aligned with their impact strategies and program design, however depth varied from the use of data to prioritise needs, to the decision to discontinue programs etc.

3 Potential Approaches by Practitioners in the Field

Having examined the key challenges in impact measurement, this chapter explores potential approaches suggested by experts and practitioners to tackle them.

However, it is imperative to shed light on the context under which these approaches should be interpreted. The social sector is evolving in its understanding of social change, and each approach has been recommended with a particular context in mind, influencing its applicability and replicability. Recognising that context and the shifting understanding in the sector is crucial.



3.1 Flux and Shifts in Understanding

> ***"I don't think people are talking about measurement as such. Years ago, when I started in 2009–2010, I don't think anybody was talking about measurement. They were only talking about reporting. So they were all impact reporting, which used to be either a letter or a report. We used to do audits. I also trained social auditors, so we've done social audits. But audits were more programmatic, not necessarily outcome-based. They were more... Were programs being run effectively? Were there more efficiency parameters than outcome parameters? And that's what people wanted. Donors wanted that. I think that spectrum has changed strongly."***
>
> ***— Evaluator***

The sector is grappling with a shift from a focus on results to an emphasis on outcomes, which can be more complex to define and measure, leading to a sense of uncertainty about the appropriate approaches. For instance, the more recent focus on **OBF**, results, and measurement of behaviours. However, it is not only the focus on newer approaches to measurement and tools, but also our understanding of change processes that have been constantly evolving and is in a state of flux. A case in point is the development discourse itself that has shifted focus from the "growing" fifties with a focus on economic development to "participatory" seventies, that focused on people's rights and inclusion, to "green" eighties and so on (Jaitli, 1997). These larger shifts in discourse have a major influence on implementation and development interventions. For instance, the understanding of child mortality and infant mortality has evolved from a narrow focus on malnutrition to a more holistic perspective, considering factors like vaccine failure, postpartum complications, and the concept of the *"first 10 days" after birth.*

> ***"So the sector is trying to catch pace with what is changing. And there's enough chaos for people not to know what is to be done." — Evaluator***

In the context of sectoral development, where interest in M&E is considered relatively more recent, It is worthwhile noting that many of the methods or tools that are generating interest are still being developed by practitioners. For example, tools to measure systems change theory, or use of adaptive management and evaluation. This was also recognised by one of our experts:

> ***"It's an ever-evolving dynamic space. So you need to be in tune with how things are changing, how spaces are changing." — Funder***

Also, **mindsets and culture** in the organisation influence the strategic approach that they adopt towards program design as well as their internal M&E systems. The underlying objective of interventions determines the level at which change is measured. For instance, impact can be seen at systemic level on larger sections of society or in policy recommendations. However, not all organisations and the context they operate in, might allow them to aspire for that kind of change. Some interview respondents stated that change at this level may only be measured by organisations embedded in a community for a long period of time. Organisations have flexibility to define impact based on their context and aspirations but it is important for all stakeholders to be aligned on a common definition of the desired impact they are trying to achieve.

Having acknowledged these aspects, below sections detail the approaches. For better readability, these approaches are structured around the same three categories of challenges identified earlier, and it is not necessarily the same categorisation proposed by the experts.

3.2 Overcoming Methodological Barriers: Approaches Related to KPIs, Tools, and Methods

As per experts who participated in this study, the key emphasis seems to be on using rigorous, mixed, and participatory methods that can capture nuanced, contextual, and systemic understanding of change, rather than relying solely on traditional quantitative impact evaluation approaches.

3.2.1 Expand the Use of Qualitative and Mixed Methods

Qualitative data is looked at sporadically, as an afterthought with the focus being on quantitative data and large numbers to demonstrate impact. **Misconceptions about qualitative data being subjective or unverifiable must be challenged**—rigorous qualitative methods can be just as reliable as quantitative approaches. As one expert explained, when collecting data, insights from one person should not be dismissed as untrue simply due to a lack of immediate corroboration. Instead of relying solely on consensus (e.g., requiring five others to confirm a claim), researchers should seek supporting evidence directly from the individual. Labelling unique perspectives as "outliers" risks overlooking critical nuances and limiting understanding of complex contexts. A balanced approach can be applied, using individual accounts as a foundation for deeper inquiry rather than discounting them based on the absence of broader validation. This fosters richer, more inclusive research.

There are various approaches to capturing slow and complex changes. These include community-led monitoring and evaluation, and co-designing programs with the community. Evaluators should design more **participatory evaluations**, recognising that communities have their own aspirations and knowledge. This approach requires patience, reflection, and methods like outcomes mapping and Most Significant Change (MSC). Another approach is **Adaptive evaluation** which is a theory-based method and is more suitable for complex situations involving multiple stakeholders, power dynamics, and interdependencies.

3.2.2. Shift from a Narrow, Output-Focused Approach to a Holistic Systems Approach

The expert interviews highlight how program outcomes may not always align with the initial objectives of development interventions, as there are often complex, mediating factors that influence the final impact. Overly **rigid expectations about direct causality between interventions and outcomes** often result in ineffective program design and impact measurement systems. Donors often push organisations to become more specialised and measurable, leading to a focus on outputs and outcomes rather than true impact. This fails to account for the complex, multidimensional nature of social problems and the role of various actors in the change process.

A few NPOs in our sample with mature M&E practices adopt a threefold approach, addressing individual, community, and systemic levels. At the individual level, they focus on personal empowerment and improving quality of life. At the community level, they work on enhancing local capacities and fostering inclusive development. At the systemic level, they aim to strengthen and integrate institutional frameworks to ensure long-term, sustainable impact.

3.2.3. Recognising the Process of Change and the Various Milestones to Impact

Measurement of longer term goals can begin by understanding that change and **impact are not binary**. They exist on a spectrum, and even small steps in the right direction should be recognised as progress. Practitioners need to check for markers before the big milestone and for signs of improvement or mapping behaviour linked to outcome tracking and recognising the spectrum of change. Hence, not **measuring the phenomenon of change but measuring indications** that tell us something is occurring the way we are expecting it to.

However, there is an **absence of a robust results chain**, without which organisations may not be able to estimate their intermediary goals against a longer term goal and plan M&E activities and evaluations well. Some experts have stated that many NGOs lack a results based thinking leading to poorly designed programs and almost no usable M&E data.

> ***"So a lot of time you'll find NGOs, they loosely design a program, they'll have outcome indicators. But when you go in depth on the detailed pathways of change or theories of change, you'll find out that a lot of those assumptions and those theories of change do not hold true. It also makes things difficult for the NGO because a couple of years later, when donors asked them that, what happened? They realised that the program was designed poorly in the first place." — Evaluator***

As a result, organisations often only assess outcomes after the program cycle ends, missing the opportunity to evaluate its effectiveness during the interim. This approach also overlooks any social harm the program may have caused, which is critical for refining future iterations or scaling efforts. It is important to also evaluate whether the program provided value for money and minimised social harm, documenting the latter to guide future implementations.

3.3 Overcoming Ecosystem Barriers: Approaches Concerning Capacity, Funding and Resource Shortages

3.3.1 Advanced Competencies Needed in M&E Practitioners

Existing tools and frameworks may not fully capture the complexity of social change, but an evidence-based, critical approach to monitoring and evaluation can be just as valuable, if not more so, than rigid methodologies. Experts emphasise the importance of understanding the purpose of M&E and using it as a basis for method selection.

There is a need for professionals with both in-depth vertical knowledge of programs and horizontal understanding of the sector to integrate different components and ensure holistic impact. It is felt that there is a serious shortage of M&E experts who have been exposed to diverse disciplines, can employ multi-methods, and conduct robust studies, and those available are often too expensive for organisations to afford. Academic training alone is insufficient to develop the necessary skills and experience, and the sector needs to recognise the need for a dedicated talent pool. Experts have highlighted following competencies that professionals need to build in order to measure impact:

1. Build an Understanding of How Change Processes Work

M&E professionals are required to develop a **deep understanding and sensitivity to how change processes occur.** Researchers and evaluators often lack the self-reflective capacity and grounded understanding of development programs that come from immersive field experience.

> ***"Basically, it's not technical skill sets, but also willingness to be creative in your thinking. Because this requires you to learn. It's a process." — Evaluator***

For instance, evaluators and program designers must understand nuances like:

- Simplistic metrics and one-size-fits-all approaches fail to capture the complex, gradual, and community-driven nature of change. For example, linear assumptions like income or education directly leading to empowerment overlook the socio-economic and cultural dynamics within families and communities that truly shape it.
- A combination of demand and supply side factors influence how well interventions work.

> **"If you just supply books, it may not work. But if it works with intervention at the village level or if there are role models, pure education, that is when the change starts happening in combination with the supply factors." — Evaluator**

- Change works in slow cycles and social change is a gradual process, where interventions need to run in multiple cycles, requiring patience and flexibility in program timelines.

2. Re-thinking "Proof" and "Evidence"

Practitioners must rethink data beyond numbers, focusing on depth, nuance, and meaning-making. How you interpret and define data shapes what becomes evidence. Evidence is simply data that has been organised to support an argument or make a case for something. Experts suggested that the emphasis must be on understanding the "why" behind the monitoring or evaluation work rather than just the method used. For instance:

- Experts highlight the need to differentiate between proof of scale and proof of impact, as each requires different measurement approaches. Proof of impact can take various forms—such as community testimonials, films, or qualitative narratives—and need not rely solely on large-scale surveys.
- The choice between traditional and non-traditional methods should depend on project complexity. If a project has straightforward pathways with limited outcomes, traditional methods may suffice. However, when multiple stakeholders influence the outcomes, traditional approaches may be inadequate, requiring more adaptive and participatory evaluation methods.

Additionally, clarity on sampling objectives is crucial.

> ***"Why do you need a sample for? If you're trying to say your program is working, I would just do a stratified convenience or random and pick up and say it is moved. But if I need evidence to give someone that, then there is a control treatment. So do your treatment vertical and control and tell me the difference. But why is that needed? Is that needed because you're going to replicate [the] project, but then is the context the same?"*** ***— Evaluator***

3. Make Data Accessible, Relevant to Organisations and Empower Its Stakeholders

Practitioners must recognise that M&E should constantly look towards tweaking the intervention in the context in which it operates, for which it should check M&E data periodically from different vantage points and learn from it rather than only reporting the data for compliance purposes.

- **Empowering Organisation Leadership:** A culture of using the monitoring and evaluation systems for learning needs to be fostered at the leadership level, not just among M&E practitioners. This enables the leadership to advocate for shifting from a compliance-driven approach to a more learning-oriented mindset across the organisation and in the field. However, this requires a willingness to adapt programs based on evidence, rather than arbitrary decision-making. Funders must also support organisational development and learning cultures, rather than focusing solely on output-based measurement. This approach enhances both the scalability and quality of interventions.
- **Empowering Field or Program Teams:** People grounded in context can apply result-oriented thinking in their daily lives if the information is made relevant to their work. The focus should be on making data accessible, encouraging more questions and deeper understanding.

> ***"Data is indeed a lifestyle choice. It's really choosing at every point in time to make data-informed decisions."*** ***— NGO leadership***

- **Empowering Communities:** M&E data can also empower communities organisations work with and share data or use data internally to help teams strengthen their performance.

> ***"We must pause to ask, really, whose data and is that really benefiting the client, or am I just using it because I need to showcase my impact to somebody? And can I create better data sharing systems in a way that organisations can, in fact, help people who supply this information to us, not just supply it, but feel like they own it as well?"*** ***— Evaluator***

- **Empowering Funders:** Experts have pointed out that even funders struggle to understand the context of social programs and choose appropriate methods. This gap needs to be bridged by bringing in the context from the field. **There is a shift in the way donors perceive social change. They are not seeing it as a charity anymore but are looking for meaningful impact on the ground. Hence, there is a need to bridge the capacity gap for funders as well.** This can only happen when SPOs leverage M&E to learn and drive clarity.

4. A Learning-Based Approach to Impact Measurement Should Translate into Practice

A learning-oriented M&E practice requires the implementing team to continuously reflect on data to enhance program understanding. Measurement and data collection should be purposeful and linked to program improvement. This mindset can be applied at all stages of a program, such as:

Landscape Study

For an intervention about skilling young women, ***"before deciding on this program, before enrollment of the girls into the program, did you check whether they had aspirations to get into economic work? Or is it even socially desirable?"***
- 3rd party M&E expert

Program Design

For an intervention about women's empowerment, ***"there were family barriers. Then, what am I doing in my program to address those? But you have to be willing to keep looking at it and saying, Oh, what is this telling me? Am I changing my process? Am I changing my program design? How can I best achieve this outcome?"***
— Evaluator Founder

Setting Up M&E Systems

"While designing your program, do you define short-term and long-term? Do you take into account the criticality of contribution, attribution of your program towards these goals. Now, for example, I, as an organisation, install hand pumps in [the] desert and arid regions in the country. What do I measure for? How many hand pumps have I put in? How many people are drinking water from those hand pumps? How many people are not drinking water but using it for domestic chores. What do I measure myself for?"
— Evaluator Founder

Checking on M&E Systems:

"Can our data, one, give us a sense of achievement, but also point us in the right direction? We often do so much across so many different things. Are we making the best use of our resources? Am I looking at the right data? Am I then able to access it in a way that makes sense to me? Then am I planning actions and really checking back whether I did those actions, did they have the desired result, and getting organisations to work with this data to action orientation?"
- Evaluator

Program Implementation and Adaptive Monitoring

"What do you intend to get through this training? Your registers were properly maintained. Your services were given without any inclusion/exclusion errors. How many people are even counting inclusion/exclusion errors? ... which is an implementation error, part of operational research. But because you're not doing process documentation, you're not catching those errors."
— Evaluator

Evaluation

"It's making a lot of judgement rather than being aware about the external factors that may have influenced those situations. Then lack of experience in linking the finding(s) from one particular geography to the other geography, and then giving a rationale to whatever you have found. I think those things, I at least, miss in a lot of reports that are being generated as of now."
— Evaluator

Interpretation of Evaluation Data

"We have a lot of data which says fancy things because we ran all these tests, but we don't deal with that anymore. You run techniques and tests which are supposedly verifiable. But then the question is, what do we do with it now? ... What's the evidence it is giving me? What is the story it's telling me?"
— Evaluator

Scale, Replication and Context

"One is to not just document the innovative practices that are taking place, which can also help in scale up, but also understand why that impact is happening. Because what we've realised a lot of times from our research is that even if it's the same intervention in the same state, in adjoining districts, the outcome can be very different. And that is completely related to the contextual factors that are. If we want to get into that at once, there needs to be a mixed method study."
- Evaluator.

3.3.2 Funders As Partners and Contributors

Funders bring resources, while NGOs have deep contextual knowledge and expertise. Collaborating to leverage these respective strengths can lead to more effective and impactful programs.

> ***"I think the most important part is the conversation and in our case that has really really helped us a lot. Because we don't treat the funder like they are a funder so they will change the whole world. We are practitioners, you are giving us the money, we are putting in the hard work. The lay person who is contributing is giving things, so everyone is contributing. We are also one of the contributors. Let's sit together. "***
> ***—NGO leadership***

> ***"The job of the funder is really to support the work that organisations are very well capable of doing. So we are no experts. We go to the organisation and ask, What will help you do better? "***
> ***—Funder***

Funders and NGOs often have competing priorities which are shaped by the varying motivations of different types of funders.

> ***"While we secure smaller grants from CSR donors for localised projects or infrastructure needs, we rely on multi-year grants from foundations for more comprehensive programs aimed at systemic reform"***
> ***— NGO leadership***

Some funders may adopt a "saviour" mentality, while others are open to learning. Recognising these biases and motivations is key to fostering collaboration. Some strategies to enable this collaboration include:

- **Funders Should Invest More Time and Effort From the Early Stages of a Program And Co-Create Solutions:** Experts suggested that some funders do not rigorously quiz the initial proposals or invest enough time when the program is being designed. This can lead to issues later on that could have been avoided if the funder had been more involved upfront. Regular, open communication between NGOs and funders beyond scheduled reporting allows for more qualitative discussions about progress and challenges, and helps build trust.

  Donors can also support organisations by understanding their unique context andgoals rather than forcing them into rigid frameworks.

> ***"I think the pain point is that a lot of organisations, [and] donors, don't really try and understand the context of the program in-depth, and try to force them to fit predefined frameworks. And the role that a donor can play is probably what these organisations are doing, what is the context that they exist in, what their program is actually meant to do, and whether that is something that is being achieved rather than looking at a very templatized way of understanding impact."***
> ***— Funder***

- **NGOs have Bargaining Powers and Should Push Back:** NGOs often lack the bargaining power to push back against funder demands, as they are dependent on the funding for survival. Experts in this study have stated that NGOs need to advocate for their needs and push back against funder requirements that may not align with their priorities. Transparent communication and building a rapport with funders can help NGOs negotiate and influence the design of projects and research. There are instances, where some NGOs have been able to exercise their agency and successfully push back on funder frameworks, but this is not common practice.

- **NGOs Need to Highlight Failed Programs and Centre M&E Around Learning:** Funders often prioritise implementation and scaling up over learning and evaluation, leading organisations to focus on positive results rather than openly discussing failures and lessons learned. However, some progressive funders are shifting towards a more learning-oriented approach, encouraging organisations to be transparent about challenges and setbacks, and focusing on understanding the problem rather than just the outcomes. Ultimately, program failures should not fall solely on NGOs; all stakeholders must work together to address challenges.

- **Need More Funds to Flow in for M&E Activities:** Current funding sizes are insufficient to tackle complex developmental challenges effectively. Large investors and philanthropists must increase funding to attract top talent and build interdisciplinary teams. Additionally, donors should allocate specific resources for monitoring, evaluation, and learning (MEL) as part of program costs. A better understanding of the actual investment needed for data collection, research, and evaluation is essential to bridge the gap between funder expectations and NGO capacity to deliver measurable impact. Funding for organisational capacity building and evaluation should be prioritised alongside program funding, as it strengthens long-term effectiveness and sustainability of NGOs.

- **Need for Collaborative and Strategic Use of CSR Funds:** CSR funds are often spent in silos, with little coordination or pooling of resources. Developing consortiums and shared frameworks for impact measurement could optimise the use of these funds and enable more robust assessments. This can lead to more measurable and meaningful social returns on investment. For instance, Alive and Thrive brought together all stakeholders in the nutrition space globally, allowing them to coordinate programming, budgets, and resources, optimising their collective impact.

3.4 Overcoming Operational Barriers: Approaches Related to Data Collection and Management

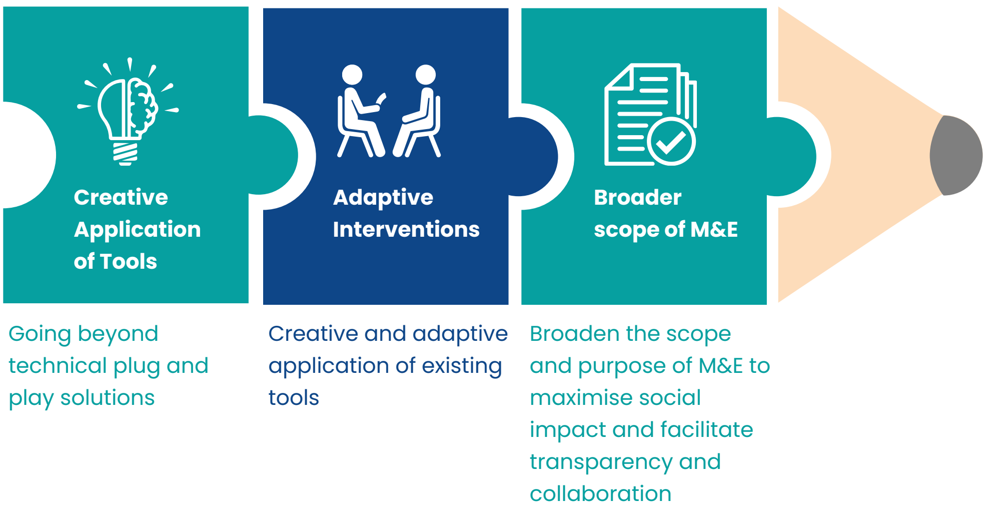
The four approaches discussed in previous sections—"Recognising the process of change and the various milestones to impact," "Rethinking proof vs. evidence,", "Making data accessible" and "A learning-based approach"—are valuable strategies for organisations to manage their data more effectively.

“Recognising the process of change and the various milestones to impact,” highlights the importance of breaking down outcomes which will help organisations manage their data better. As organisations increasingly focus on data analysis, the need for more complex analysis will grow. Given resource constraints, targeting each outcome individually while ensuring strong causality can be an effective approach. One expert highlighted Acumen's "lean data" approach as a good starting point, as it emphasises establishing clear connections between data points for quick learning and action. Effective data interpretation does not always require adding more layers; sometimes, it involves simplifying and decluttering to avoid confusion. The three approaches of “Rethinking proof vs. evidence,” “Making data accessible” and “A learning-based approach” give perspectives on how to look at data to meaningfully analyse and use it. **M&E data should be used by organisations to empower people to demand the services** they provide. Entities contributing towards development should be held accountable by the communities they serve and not solely by the funders.

4 Rethinking Impact Measurement Practices: A Way Forward

This report has explored the value systems, frameworks, and conceptual structures that shape how impact and social change are defined and measured. Measuring social impact remains a complex and nuanced challenge for non profit organisations. As Ebrahim and Rangan (2010) highlight, traditional measurement frameworks often fail to capture the holistic nature of social impact, which extends beyond quantifiable outcomes to include systemic shifts that are harder to measure. While organisations are increasingly adopting a long-term, systems-thinking approach that acknowledges the complexity and dynamism of social change, existing measurement tools still fall short in fully capturing these intricacies.

Enhancing Social Impact Measurement



The key challenges in current impact measurement practices, along with potential solutions, echo a shift in the mental models that influence how social change is defined and assessed. Experts emphasise that meaningful improvements require a shift in these underlying mindsets rather than just technical fixes. These include:

- **Building the Capacity of Practitioners to go Beyond Technical Plug and Play Solutions to Creatively Apply the Existing Tools:** Existing tools and frameworks often fail to fully capture the complexity of social change. However, an evidence-based, critical, and reflective approach to monitoring and evaluation can be equally, if not more, valuable than rigid methodologies. A robust understanding of the problem and how social change happens guides the definition of change and its measurement. **It is not necessarily a matter of ineffective methods but ineffective practices.** Organisations recognise this gap in measurement, acknowledging that indicators can be reductive and do not always represent true on-the-ground change. However, they often have limited control over "WHAT" gets measured, as factors like funder priorities, reliance on public systems, data collection barriers, and common understanding of impact influence the process or the "HOW" of measurement. Consequently, current impact measurement practices need to be reassessed to better meet the evolving needs of SPOs which would need multiple ecosystem actors to come together.

- ***Broadening the Scope and Purpose of M&E to Maximise Social Impact:*** M&E must evolve beyond a compliance-driven exercise to become a tool for knowledge sharing, transparency, and collaboration. Organisations are hesitant to share learnings, especially about failures, fearing that unfavorable evaluation results will affect funding. This leads to **a positive bias in reporting**, prioritising success narratives over honest assessments. This **lack of transparency hinders collaboration** and makes it difficult to measure contributions to long-term systemic change that SPOs are increasingly aiming for. It also prevents the formation of strong sector-wide networks and coalitions, such as FICCI in the corporate sector. M&E can evolve to facilitate this collaboration and consolidate efforts at sectoral level.

  Additionally, M&E should not be viewed in isolation but as an integral part of a larger system that enables adaptive interventions. It should inform both vertical decision-making—helping organisations refine and contextualise programs—and horizontal integration, allowing different programs to align within a broader social impact framework. Experts emphasise that beyond funder reporting, M&E serves multiple strategic purposes, including decision-making, scaling interventions, building impact narratives, and informing policy. Funders play a critical role in shaping these practices, and their approach to impact assessment must evolve to support organisations in achieving long-term, meaningful change.

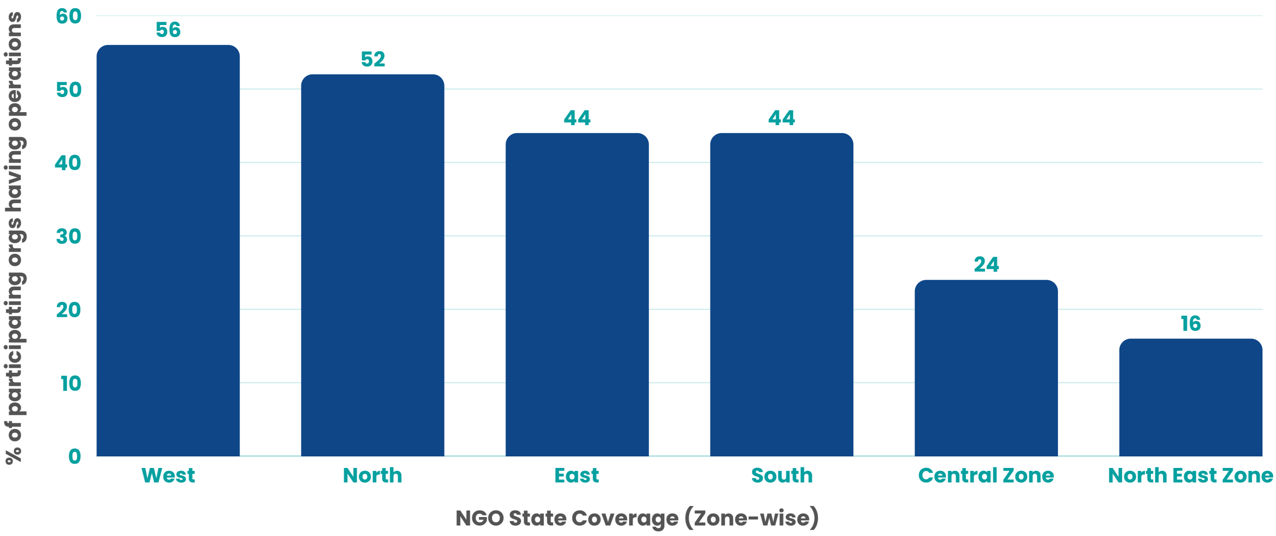
> ***"The purpose of an impact assessment would be to understand whether your implementation is on track, whether you're doing something wrong, whether you need to tweak something."***
> ***— Funder***

Overall, while this report has systematically documented the challenges and opportunities in the sector, to influence practice the way forward needs multiple ecosystem actors to come together. Beyond fostering a common understanding through dialogue, SPOs need to be supported in overcoming their current challenges that hinder effective delivery of impact on the ground.

Annexure 1: Details of Participating Organisations

The study was undertaken with 25 NGOs. There is diverse representation of the Development Themes (Education, Health, Livelihoods, Water and Sanitation), Years of Operation [New (less than 5 years), Emerging (less than 15 years) and Established (more than 15 years)] and the Scale of Funding (annual budget up to ₹10 crores (approximately $11,90,8 USD) and those above that threshold). The classification highlights the diversity in experience and capacity, with several "new" and "emerging" organisations operating alongside more seasoned NGOs.

Years of Operation	No. of NGOs
New (less than 10 years)	5
Emerging (less than 20 years)	11
Established (more than 20 years)	9

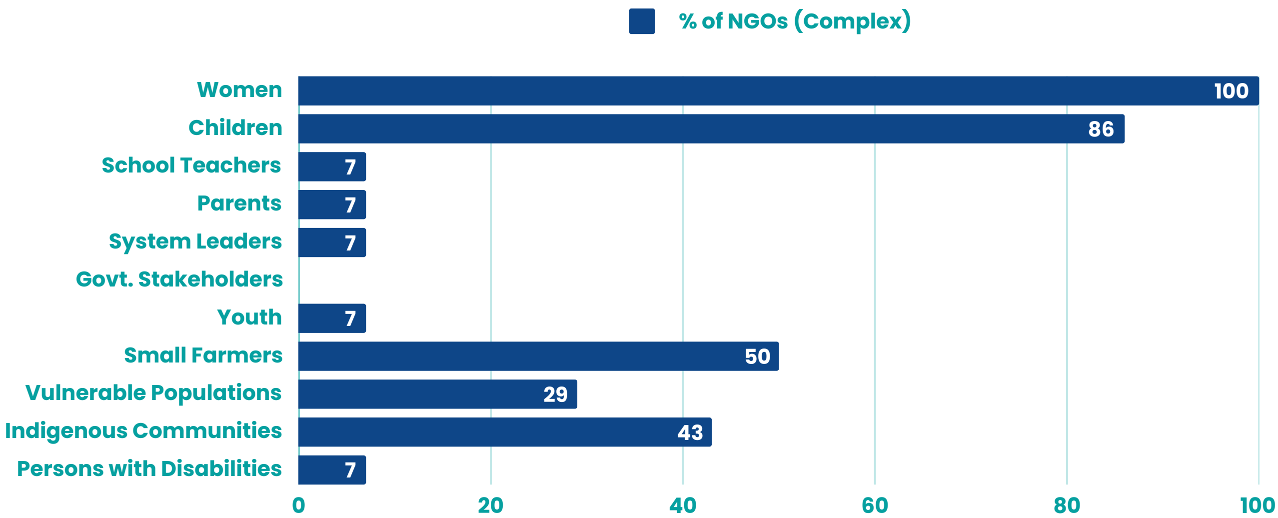


The NGOs participating in this study are based in various states across India. Most of these NGOs are concentrated in states within the North and West zones, with notable presence in the East and South zones as well. Fewer NGOs are located in states within the Central and North East zones.

Geographic Focus	No. of NGOs
Rural & Urban	12
Rural	7

Rural, Peri-urban	4
Urban	2

The operational scale of these NGOs varies significantly. To categorise the NGOs by size, we established these intervals based on team size: small (1–20 members), medium (21–150 members), and large (151–610 members). Analysis reveals varying employee team sizes, with an average of six employees in both small and large NGOs, and an average of 12 employees in medium-sized NGOs.



Based on the reported figures, it is estimated that the participating NGOs collectively served tens of thousands to over one million beneficiaries between FY 2021 and FY 2024.

Scale of Funding	No. of NGOs
Small Scale - annual budget up to ₹1 Crore (approximately $1,19,080 USD)	3
Medium Scale - annual budget between ₹1 Crore to ₹10 Crores (approximately $11,90,8 USD)	13
Large Scale - annual budget above ₹10 Crores (more than $11,90,8 USD)	9

The study's sampling strategy aimed to capture responses from three key layers of NGO operations.

Table 4: Sample Size and Respondent Profiles

Stakeholder	Total Respondents
Organisation leadership [8]	47

Stakeholder	Total Respondents
Management/ M&E Teams [9]	64
Implementing Teams [10]	124
Overall Total	235

Details of Participating Experts

The individuals in this group are seasoned professionals, with most having over 20 years of experience in the social impact sector. Their expertise spans research, monitoring and evaluation (M&E), impact assessment, and capacity building across various domains such as education, health, livelihoods, and gender equality. Many have worked with leading organisations specialising in evidence-based decision-making, participatory research, and data-driven program design. Some are associated with global and national think tanks, while others have founded or led institutions that focus on policy advocacy, evaluation frameworks, and sector-wide collaboration. Their work has contributed to shaping M&E practices, fostering transparency, and integrating impact measurement into strategic decision-making. Several individuals have also played key roles in capacity development, working to strengthen evaluation ecosystems and drive systemic change.

8. Respondents included founders, co-founders, and CEOs who had at least five years of engagement with the organisation or had been involved since its inception.

9. Individuals who had been with the organisation for at least a year and were engaged in program management and key functions such as planning, monitoring, evaluation, and reporting.

10. Personnel who had been with the organisation for at least a year and were involved in implementing multiple projects while directly engaging with program participants or communities.

Appendices

1. Used Cases on Capturing Systemic Change

Case 1: A seven year old organisation working in the education sector defines social impact as a multi-layered approach

This organisation approaches social impact through a structured, multi-layered framework. Their strategy unfolds in three distinct layers:

- Direct Influence: The first layer targets direct interaction with various stakeholders, including teachers, school administrators, and state and block officers. The goal here is to promote the adoption and integration of new educational practices within schools.
- Systems Strengthening: The second layer emphasises strengthening the education system. They work to ensure that improvements are sustainable even after they reduce their direct involvement in schools.
- Policy Integration: The third layer assesses whether the adopted interventions are incorporated into policy mandates. The focus is on understanding the extent to which these practices have been embraced by the education system and the impact they have on broader policy frameworks.

By working within composite clusters and focusing on cluster development systems, they scale their model to achieve extensive social impact, ensuring both individuals and systems are capable of sustaining the changes.

Case 2: An emerging organisation (17 years in operation) working in the education sector defines social impact as improvements at individual, commuity and societal levels

This organisation's approach to social impact is multidimensional, targeting improvements at individual, community, and societal levels.

- Individual Empowerment: They focus on empowering young women and girls by enhancing their confidence, skills, and decision-making abilities. This individual empowerment is a core component of their impact.
- Community Transformation: They assess changes in community attitudes toward gender issues and the participation of girls in decision-making processes. They emphasise the importance of intergenerational dialogue and shifting perceptions within communities.
- Systemic Change: They aim for systemic changes through laws and programs that support girls. The ultimate goal is to break cycles of poverty and inequality and foster a generation of empowered girls, who lead change and contribute to their communities.

2. Used cases on balancing funding priorities

NPOs highlight their **commitment to preserving their core mission, regardless of the influence or expectations of funders.** *"Interventions are not donor driven, but donor aligned" — Emerging multisectoral organisation.* Some NPOs manage to **align their work with funders' interests without compromising their overall strategy.** Pro Rural, for example, mentioned that they have mostly accepted funding only when it aligns with their core mission. As the leadership of an organisation working in education and health noted, *"All the programs we have taken up or the funding we have received are aligned with the issues dear to our vision and mission".*

Likewise, an established education focused organisation emphasises that their **programs are driven by their mission rather than external funding requirements**. Their leadership asserted, *"We don't change our programs for any donors. What we do is maybe simplify the programs, pick out the most important pieces, and communicate them across".* They described how they manage this: *"while we secure smaller grants from CSR donors for localised projects or infrastructure needs, we rely on multi-year grants from foundations for more comprehensive programs aimed at systemic reform"*. This approach allows NPOs to diversify their funding sources while ensuring that their core mission remains intact. Project Deep articulated this dynamic, explaining that while the *"impact metrics remain the same"*. *"The focus shifts between short-term and long-term goals depending on the funder." — Leadership of a new multisectoral organisation.* An emerging education focused organisation also shared how they *"strategically divide their targets: for a one-year funding cycle, they set incremental yearly goals while maintaining a larger three-year target for more complex outcomes"*, like reducing malnutrition or improving secondary education rates.

A leading organisation in natural resource management and community resilience, while meeting immediate donor requirements, such as metrics on water harvested or crop productivity, remains committed to systemic change, focusing on poverty alleviation and resilience-building. They achieve this balance through participatory, learning-focused M&E methods, collaborating with communities to gather data that reflects both short-term outputs and long-term impacts. They echoed the importance of mission alignment, emphasising how vital it was to ensure their vision resonated with donors. *"We emphasised a lot on getting our theory right. Once we got that, then to get the donor team to understand the why of what we do"*. By tailoring specific indicators for each donor while safeguarding core goals like improved nutrition, sanitation, and water access, they ensure mission alignment without compromising funder expectations. With advanced technologies like satellite data and a strong internal research and M&E team, they effectively handle the complexities of multisectoral projects. Additionally, they advocate for donor support in strengthening institutional capacities, emphasising the importance of funding core functions for sustained impact.

3. Used cases on Learning Approach—Data-Driven decision-making

Below examples demonstrate the power of an adaptive management approach, where real-time data insights lead to continuous reflection, timely adjustments, and refined strategies.

- **Real-Time Program Adjustments:** At an emerging organisation, regular catch-up meetings are crucial for maintaining program momentum. As they explain, *"We have a weekly catch-up meeting with the team, and what has happened, what is planned, and what challenges to discuss. This ensures that any gaps in delivery are identified and addressed quickly, maintaining the momentum of our programs."* Similarly, an emerging multisectoral organisation uses weekly and monthly meetings to assess whether programs are proceeding as planned, facilitating timely course corrections. These meetings enable staff to address emerging issues and align interventions with the community's needs.

- **Data-Driven Reflection and Collaborative Sharing:** Monthly reflection meetings are a common practice among organisations, where program teams review data to understand what is working well and to identify areas for improvement. A leading education organisation shares, *"Every month we have M&E discussions with each program, reviewing data, understanding why certain outcomes occurred, and determining how we can address any issues in the next cycle."* Such meetings foster team alignment and ensure that the programs remain on track with organisational objectives.

- **Adapting Program Design:** Some organisations continuously refine their program designs based on data-driven insights. For instance, a new education organisation adjusts its read-aloud program based on feedback about librarian engagement. They share, *"In the read-aloud program, we collect data on how well the librarian engages children and whether they are asking appropriate, stimulating questions. Based on these insights, we identify areas where coaching is needed to enhance engagement."* Similarly, an established healthcare organisation collects data every three months to assess volunteer knowledge in their maternal and child health program, adapting training topics based on areas where knowledge gaps are identified.

  An education organisation mentioned how data was used to make informed decisions, including redesigning or discontinuing programs to optimise impact, *"we decided to exit certain schools where progress was stagnant, allowing us to focus resources on more receptive and impactful environments."*

- **Course Correction and Strategy Shifts:** Organisations also use data to make timely course corrections. An emerging multisectoral organisation exemplifies this by acting on beneficiary feedback in real time. *"Once data is shared with program managers, we conduct review meetings to discuss beneficiary issues and strategise solutions. If we find that children from specific households are not attending school, we visit their homes to understand the reasons and address* *them promptly."* This responsiveness ensures that programs remain aligned with the community's needs.

- **Strategic Discussions and Reporting:** Data also plays a crucial role in high-level strategic discussions and reporting. An emerging WASH focused organisation emphasises how their monitoring and evaluation processes directly influence their strategies, saying, *"We provide progress against activities in our monthly, quarterly, and six-monthly reports. We capture both impact and learnings through continuous monitoring and documentation."* This data-driven approach ensures that the organisation's strategies are informed by evidence and that lessons learned are integrated into future plans.

- **Aligning Data with Government Systems:** Many organisations also align their data with government systems to enhance their decision-making and program outcomes. An established education organisation shares, *"In some geographies, the government departments have initiated dashboards called Vidya Samiksha Kendra. We are aligning our data with these systems to ensure we can communicate our impacts effectively."* By cross-referencing with government data, organisations can track the progress of sanctioned work, improve program implementation, and ensure alignment with broader policy objectives.

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