

# MONITORING AND EVALUATION OF THE SOCIAL ECONOMY

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*Abstract: Efficient monitoring and evaluation of the social economy from Romania represent a challenge for the beneficiary and involved institutions. Some hold backs identified are the institutional invisibility of the social economy sector, the structure of the national accounts and the lack of methods of monitoring and evaluation accepted at an international level. In this article there are suggested a few fundamental principles that would be taken into consideration in order to help the summarizing of approaches of monitoring and evaluation. The impartiality and independence of the evaluation process, the credibility of the evaluation, the participation of actors and the utility of the observations and results of evaluation are fundamental principles that are at the base of doing an efficient evaluation. The research made in the project "Proactive –from marginal to inclusive" have identified more risks and challenges regarding the status of the social economy sector in target-zones of the domain , like the low capacity of local communities of establishing companies of social economy, the lack of financing , the low number of socio-economical entities etc. These results can contribute to the identification of interest domains that must be monitored.*

*Keywords: social economy, monitoring, evaluation, communities, principles.*

The manner of monitoring and evaluating (M&E) social economy is an important aspect with many challenges for the main levels of the politic, economic, social, government, accounting, funding agencies, for the involved societies and communities, for the participants and for the members of the social economy organizations, for the beneficiaries of the goods and services supplied by these organisations.

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There are two major challenges for an efficient, consistent and accurate monitoring and evaluation of the social economy in Romania. The first one concerns the institutional invisibility of the social economy sector, which is due to the lack of a clear and rigorous definition of the social economy (at the national and international level) and to the structure of the national accounts which prevent the identification and accounting of the social economy companies and organisations. Furthermore, there are no internationally acknowledged monitoring and evaluation methodologies which to yield a comprehensive and integrant measure of the societal impact and viability of the social economy.

Therefore, social economy monitoring and evaluation must be approached on at least two separate, yet complementary levels:

- First, by the currently existing international methods used to collect accounting data, based on the national account systems, particularly by implementing the *Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies* (CIRIEC 2006) (for EU member states) and of UN *Handbook on Non-Profit Institutions in the System of National*

*Accounts* (NPI Handbook) (CIRIEC, 2007, p. 29); this approach tackles comprehensively and consistently the issue of monitoring the various economic activities and results of the social economy at the national, regional and sub-regional levels, composing the main set of statistic data.

- Second, by the development of methodologies, instruments and indicators of monitoring and evaluation, which are in agreement with the available data from the satellite accounts, but which approach particularly in a *qualitative manner the societal aspects* of the social economy sector, which are not captured by the data collecting system from the satellite accounts.

Following are suggestions based on the survey of several worldwide examples of positive initiatives, on our knowledge, on our sociological and evaluation experience, on project necessities and on our experience in Romania. Generally, there is no extensive literature, worldwide, on social economy monitoring and evaluation in terms of international standard models, largely because of the conceptual difficulties of defining and classifying by categories the social economy at the national level.

The limited understanding of the concept of social economy in Romania (both at the political and public level) and the limited development of the sector, as far as we can infer from the bibliographic papers and from the answers received from the project partners, question seriously the attempt to monitor and evaluate social economy. At the same time, we consider that this situation offers a very good opportunity to construct several conceptual instruments, methodologies and practices, either starting from scrap, or building on everything already available, with the valuable

contribution of the main actors from each relevant sector of the social economy. The contribution of the main actors to any monitoring and evaluation is vital in order to make sure that the critical parameters that must be covered are included, and in order to legitimate the process and its outcomes.

Thus, we can not develop or suggest a single method to monitor and evaluate the social economy in Romania. Our approach is, therefore, to identify several key subjects or basic principles to be considered, which will aid us *synthesize* the approaches of monitoring and evaluation. Although we endeavoured to draw a list of the subjects in logical order, it can not be taken as a plan or step-by-step approach.

### *Conceptual approaches of monitoring and evaluation*

The field of evaluation is very broad and it is simply beyond the scope of this work to make an ample discussion about the different approaches, such as the evaluation of changes, *ex-post*, *ex-ante* evaluation of the development ([http://ec.europa.eu/dgs/secretariat\\_general/evaluation/](http://ec.europa.eu/dgs/secretariat_general/evaluation/)). It is important, however, to mention, as starting point, CE guidelines on the evaluation of the *programs* for foreign aid and for the European Social Fund (ESF). Although the European Commission's project *Cycle Management Guidelines* (PMC) (2004) (<http://ec.europa.eu/europeaid/multimedia/publications>) refers particularly to the evaluation of CE programs for external aid (outside the EU), this is an extremely significant publication, which is worth reading, because it provides an important theoretical framework for monitoring and evaluation, and to highlight the instruments used within this process. Another publication, the *Indicative Guidance on ESF Evaluation Quality Standards* is a non-normative document for the EU member states ([ec.europa.eu/social/BlobServlet?docId=2301&langId=en](http://ec.europa.eu/social/BlobServlet?docId=2301&langId=en)).

A distinction has to be made between monitoring and evaluation. While both monitoring and evaluation collect, analyse and use information to help making informed decisions, it is useful to understand too the differences between the two terms (who is responsible, when they are done and by whom etc.).

The World Bank defines monitoring as: "A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds". Thus, monitoring embodies the regular supervising of the inputs, activities, production, outputs and impact of the development activities at project, program, sector and national level.

PMC gives a useful definition of evaluation: ([http://www.worldbank.org/ieg/ecd/what\\_is\\_me.html](http://www.worldbank.org/ieg/ecd/what_is_me.html)): "the process of determining the worth or significance of a

development activity, policy or program to determine the relevance of objectives, the efficacy of design and implementation, the efficiency or resource use, and the sustainability of results. An evaluation should (enable) the incorporation of lessons learned into the decisionmaking process of both partner and donor”.

The basic principles of an evaluation are:

- *Impartiality and independence* of the process of evaluation from the functions of programming and implementation;
- *Credibility* of evaluation, by using independent experts with proper training, and by the transparency of the evaluation process, including the wide dissemination of the outcomes;
- *Actors participation* in the process of evaluation, to make sure that there is a sufficient number of perspectives and opinions to take into consideration;
- *Usefulness* of the evaluation observations and recommendations, by providing, in due time, relevant, clear and concise information to the decision-making factors.

Thus, an evaluation has two precise purposes: to determine *what went right and what went wrong*, whether there is efficiency or inefficiency in relation with the expected results, and *what has been learnt* from a specific effort (Which seems to be a successful intervention? What factors contributed to its success? Why were some interventions not efficient? What could have been done differently, in order to obtain a positive outcome?). Thus approached, the evaluation contributes to a higher responsibility and to a stronger practice in the field (Caledon, 2006).

Due to the dynamic and complex nature of the social economy, both monitoring and evaluation, must be conducted on a continuous basis, which will allow watching the progress, responsibility, impact and viability, as much as possible, in real time, and *ex-post* (evaluation of the finished activities).

### ***What must be evaluated?***

An activity, economic or social, is characterised by three main elements: inputs, process(es) and outcomes. All these three elements must be monitored and evaluated separately and in combination. What are them? (this is an indicative list):

- **Inputs** – they can be: financial resources, work (paid or unpaid), knowledge/ research, capacity building, learning possibilities, state policies, state legislation, infrastructure, community organisation etc.
- **Process(es)** – efficiency and efficacy are two important evaluation criteria for the processes. They may include: how work is done, including the values they

embody and the relations which it fortifies; how are the administrative practices, partnerships, participation in decision-making (for instance, the democratic processes), human capital development, results (services, products etc.), innovation, etc.

- **Outcomes** – the main evaluation criteria which usually have a major importance are the impact and the viability. Within the context of the social economy, there are two main outcomes that we want to measure, the economic and the social one. However, there are also important non-socioeconomic outcomes, such as sector development.

### ***Draw a statistic directory of the social economy companies***

As mentioned in the *Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies*, drawing up a statistic directory is the starting point of the highest importance for the development of an exhaustive catalogue of the different classes of social economy companies, based on the conceptual delimitation and on the criteria set by the Manual. Without a directory, or at least a catalogue based on the above-mentioned criteria, social economy monitoring and evaluation would become problematic and might lead to outcomes which the social reality invalidates.

We are not sure whether the statistical structures from Romania know the detailed aspects of the manual, if they already use it, or if there is the capacity to start the process of developing a system of satellite accounts for social economy organisations. If the statistical structures don't have the capacity, on the short or medium term, to draw such a directory, maybe they will try, if possible, to draw a directory (at least in the target areas of the project) using a questionnaire (some questionnaires) which to use the working definition from the Manual and the characteristics of the cooperatives, mutual societies and other similar organisations active in social economy, as well as other definitions which the statistics office will recommend.

### ***Risks and challenges***

The field work conducted within the project "Proactiv – from marginal to inclusive" identified so far several risks and challenges concerning the social economy status in the target areas of the field, such as the low capacity of the local communities to establish social economy companies, the lack of funds, the low number of social-economic organisations etc. Recording these risks and challenges would help identifying, among other, the areas of interest to be monitored and evaluated, the strategies, methodologies and resources to be used, the studies to be conducted, the involved actors and the statistic data that have to be collected. Therefore, a thorough

and in-depth identification of the risks and challenges and, of course, of the way to tackle each of them, would minimise any gap in knowledge and in the social reality and would supply inputs for policy, a practical aid for the local/regional areas that want to develop social economy, having a positive sustainable impact on all actors, at all levels.

The document *Evaluation Framework for Federal Investment in the Social Economy* (p. 12) offers a useful list of the challenges to social economy, while formulating a working guidebook, removing the impractical elements or adding new units. These challenges include:

- *Initiatives are diverse and evolving:* Each social economy initiative is different, shaped by unique local circumstances
- *Different types of results are pursued simultaneously:* Social economy initiatives frequently pursue results simultaneously at various levels of activity – benefits to individuals and households, organizational and enterprise capacity, and broader community and systemic changes
- *Attention to outcomes must be balanced with attention to process:* Social economy initiatives enable citizens to participate more fully in shaping their own affairs
- *Goals are often long term in nature but near-term signs of progress are required:* There can be a mismatch between the time frame for funding social economy initiatives and the long-term nature of the goals being pursued
- *Different types or levels of results are to be expected depending on whether initiatives are new and emerging or mature and expanding, and whether the policy supports and other infrastructure are in place:* Anticipated outcomes must be adjusted to the different starting points for various communities and organizations, and the projects they decide to pursue
- *Both quantitative and qualitative data are required to capture the multiple facets of these initiatives and to satisfy the information needs of various stakeholders:* Different kinds of data are needed to reflect work undertaken in the social economy
- *The demand on time, energy and resources can be overwhelming:* The resources required for multifaceted, community-based initiatives are always stretched to the limit
- *Key outcomes, such as community capacity-building, lack commonly accepted measures and do not readily lend themselves to quantification:* While further work is needed, significant progress has been made. In the area of community

resilience, for example, valuable work has been undertaken in Canada and applied both domestically and internationally

- *Due to the holistic nature of social economy initiatives, a wide range of results may be appropriate for different initiatives:* Program and evaluation design must be clear about the type and range of desired results. It may be necessary to specify that priority is being given to a limited, focused set of outcomes or, alternatively, to illustrate the menu of acceptable results that different efforts may achieve
- *Some initiatives are likely to require technical assistance to enable them to effectively design and conduct evaluation:* Many community organizations have only limited understanding and capacity for evaluation, and may need external support to undertake this work
- *Practitioners may feel alienated from evaluation processes that prioritize funders' need for accountability over practitioners' desire for learning and improvement or that judge success of an initiative only at its conclusion:*

### ***Evaluation processes should support both*** ***accountability and learning***

#### **Monitoring and evaluating the societal aspects of the social economy in Romania**

In order to monitor and evaluate all three elements of the social economy activity – inputs, process(es) and particularly outputs – we need to draw a framework which will identify the key objectives of the social economy in Romania, the expected outcomes and the indicators to monitor and evaluate. As already shown, social economy activities produce economic and social effects, as well as other types of effects – this “other type” being assignable to any of the first two categories.

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