Addressing core issues in establishing Key Performance Indicators (KPIs) within the Logic Model

Establishing Key Performance Indicators (KPIs) within the Logic Model is a critical process that requires careful consideration of various factors to ensure effective evaluation and monitoring of project performance. Here are the core issues to address:

1. Understanding the Role of KPIs

- KPIs serve as metrics to evaluate performance trends related to impact, overall outcomes, intermediate outcomes, and outputs. They are derived from interactive data collected during the project design phase.
- It is essential to consider social, environmental, and cultural parameters that reflect the project's reach, depth, and inclusion attributes.

2. Contextual and Program-Specific Attributes

- The attributes of reach, depth, and inclusion are not one-size-fits-all; they must be tailored to the specific context and goals of the social, environmental, or cultural project.

3. Distinction Between Internal and External KPIs

- Among the KPIs established, only a few will be relevant for external assessment by outcome funders and risk investors (external KPIs). The majority will be used for internal monitoring and control by Project Management/Social Enterprises (internal KPIs).
- Internal KPIs are crucial for providing data that supports the evaluation of external KPIs.

4. Collaboration in KPI Development

- Key project stakeholders, in collaboration with Project Management/Social Enterprises, should clearly outline and discuss the significance and application of both internal and external KPIs during the listing stage.
- All KPIs must be objectively verifiable, and the means of verification should be defined during the project design phase.

5. Assessment of Unintended Impacts

- It is vital to evaluate both positive and negative unintended impacts of the project during the pre-listing stage. This assessment will inform decisions on whether to screen out potential issues or implement measures to mitigate negative impacts.

6. Environmental Compliance

- Ensuring environmental compliance is imperative for all projects. Open discussions among Social Enterprises, Funders, and the Exchange should address any assumptions, limitations, or risks that could adversely affect project outcomes and impacts.
- These factors should be documented at the listing stage and revisited periodically through a consultative process.

7. Verification of KPIs

- All KPIs must be objectively verifiable. It is equally important to determine measurable and non-measurable means of verification for KPIs, which should be established by Funders in collaboration with Project Management/Social Enterprises during the detailed project design preparation.

Source: NISM Series XXIII: Social Impact Assessors Certification Examination workbook

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