

Impact assessment – Compliance and beyond

October 2023



A woman wearing a yellow and white patterned sari is looking at a laptop screen. She has a bindi on her forehead and is wearing a red and gold bangle on her left wrist. The background is a blue wall with some wooden elements.

What is impact assessment?

Impact assessment is a structured, evidence-based study that seeks to measure the actual and potential effectiveness of the policy, projects, and programmes with relevance and sustainability. However, impact assessment is a systematic social research methodology in which the pros and cons of the development initiatives for the affected beneficiaries and/or a whole community or various operational processes are studied and analysed.

Impact assessments are not always straightforward, and measuring social change is always complex

Impact assessment establishes a relationship between an organisation's inputs, outputs, and intended/unintended outcomes. The choice of evaluation methods and the specific indicators depend on the nature of the project, available resources, and the project's goals.

Why is impact assessment essential?



Accountability – holds the organisation and stakeholders accountable for their actions and ensures they fulfill/meet their intended objectives.



Risk assessment – identifies potential risks and unintended negative consequences of projects.



Transparency – establishes credibility, acceptability, and trust.



Stakeholder engagement – empowers stakeholders, including communities, to have a vision and voice in project development and outcomes.



Learning and improvement – offers insights into what works and what does not.



Sustainability – assesses whether the changes caused by the outcomes will continue beyond project completion.



Resource efficiency and efficacy – helps avoid the wastage of resources on ineffective projects and measures the project/programmes' ability to deliver and meet the goals and objectives.



Scaling up – identifies project elements that can be scaled up or replicated to maximise positive change.



Decision-making – helps allocate resources efficiently by directing them toward projects with proven positive impact.



Regulatory compliances – ensures adherence to mandated assessments.

Impact assessment guidelines and requirements

In January 2021, the Ministry of Corporate Affairs (MCA) made substantial amendments to the Corporate Social Responsibility (CSR) rules, introducing new guidelines for planning, executing, and reporting. The changes also informed specific requirements vis-à-vis impact assessment of CSR projects.



Who needs to conduct an impact assessment?

Companies with an average prescribed CSR budget of INR 10 Crores or more in the immediately preceding three financial years.



For which project/s the impact assessment needs to be conducted?

Projects with an outlay of INR 1 Crore or more.



When should the impact assessment be conducted?

After 12 months of completion of the project.



How much can the company spend on all impact assessments in a year?

Higher of either 2% of the CSR expenditure or INR 50 Lakhs



Who can conduct an impact assessment?

An independent third-party agency as approved by the CSR Committee of the Board.



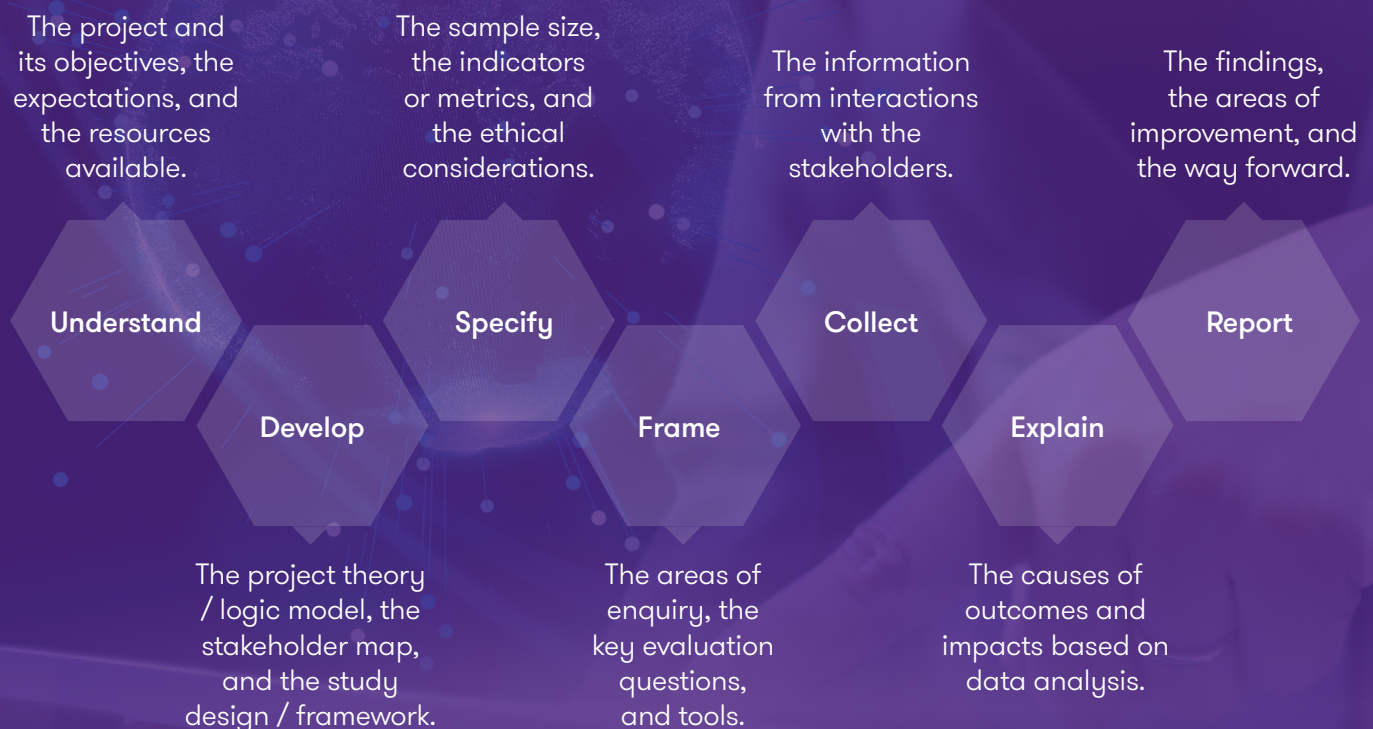
How to report the impact?

Reports approved by the CSR Committee of the Board must be annexed to the CSR Report.

How Grant Thornton Bharat can help

About ESG

Our ESG practice consists of a dedicated team supporting efforts towards sustainable development. Our team understands the common challenges and provides tailor-made solutions leveraging our knowledge, experience, and enthusiasm. Our clients include corporates, corporate foundations, philanthropic organisations, multilateral and international agencies, and not-for-profit organisations.



Our expertise and experience

We have deployed comprehensive evaluation frameworks to assess projects' impact across various thematic areas. These include education, environment, healthcare, nutrition, skill development, women empowerment, WASH, rural development, agriculture and livelihood, disability, and disaster relief. Our study design/framework is tailored to the context of the project under assessment and the availability of data and documentation.

Over the years, we have conducted over 100 research studies and assessments. We have covered about 1,000 villages across 20+ states in the country. With our experience of working across geographies and our team's expertise in various thematic areas and social research, we help our clients understand the impact of their interventions and make informed social investment decisions.



We are Shaping Vibrant Bharat

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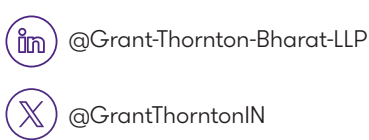
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