

Would quality-of-life considerations improve financial assistance evaluations?

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Evaluators are increasingly considering new approaches to assess the impact of policies and financial assistance programmes on people's lives. Though such innovation might not always be easy to implement, it's worthy of consideration. In this blog post, we examine how data on quality-of-life could benefit financial assistance.

Post-programme evaluations of financial assistance are an important element in improving crisis responses. So far, EFSF and ESM evaluations have, in line with the ESM's mandate, focused on how financial assistance affects economic growth and resilience. However, the consequences for citizens' lives and well-being remained outside the main interest and evaluators' toolkits.

We found that assessing the impact of crisis resolution on people's everyday lives makes it more likely to detect potentially unintended consequences and informs about national policy preferences for defining programme objectives.

A quality-of-life focus offers relevant indicators that help demonstrate the impact of financial assistance on shared prosperity, stability, and well-being. Considering the wider impact of reform programmes could increase trust in institutions, improve governance, strengthen reform programme ownership, and render international financial assistance more effective, less costly, and sustainable.

Why examine quality of life when evaluating financial assistance?

International financial institutions place great importance on evaluations of their financial assistance in beneficiary countries. These assessments boost institutional learning and spur efforts to improve policies that ensure organisations' credibility and effectiveness.

Today's pressing challenges, such as climate change, security risks and rising income inequalities, add new dimensions to financial assistance evaluations. Evaluators are therefore thinking about how best to enhance their efforts to collect evidence and draw lessons from the assistance provided in an increasingly complex and interconnected environment.

A quality-of-life lens provides a wider angle for the evaluator that looks beyond the limited ability of traditional economic indicators to capture living conditions in society.

We tested how the OECD well-being framework, as one way of measuring quality of life, could contribute to this assessment.

The OECD framework includes 11 dimensions that we clustered based on their relevance in evaluating financial assistance (see Figure 1).

Figure 1: Quality-of-life indicators