Measuring Achievements in Private Sector Development

Implementation Guidelines

Version 1g, 5th March 2010**

**Note: This Version of the Guidelines retains the same content as the first draft (dated 1st September 2008). However, the structure and some of the terminology used have been revised, to correspond with Version V of the DCED Standard (dated 13th January 2010). It is envisaged that the content of the Guidelines will continue to be substantially refined and expanded during 2010.

Contents

A. Introduction

Development agencies have a problem, not least in Private Sector Development (PSD): how to quantify achievements in ways that are credible, and that can be both added up and benchmarked? Efforts to be more rigorous over the years have not been successful; the Donor Committee for Enterprise Development (DCED) has therefore identified this theme as a priority.

Extensive research and exchanges with field staff[1] have led to the formulation of a new approach; however, any methodology must be accepted by field staff, if it is to be successful. The process is therefore involving initially programme managers who have volunteered to test the approach.

Because these volunteer programmes are working with whole market systems through portfolios of interventions (rather than through single isolated projects), randomised control trials and quasi-experimental designs are often neither appropriate nor possible, except to verify individual steps in the programme logic. Arguably, they may only give the illusion of precision; the cost and complexity of such approaches have anyway excluded most programmes from participation.

The approach put forward in this document, on the other hand, advocates a mix of methods to estimate changes and attribution at each step in a programme's logic. The approach will generate numbers that are approximately correct, and which can, therefore, be the basis for useful conversations about donor effectiveness.

In this approach, programme staff will be in control of collecting and interpreting data; this will enable them to integrate results measurement into all phases of implementation, as donors have wished to do for many years. The credibility of this internal assessment will be assured by an external review of the measurement methodology, rather than of the resulting numbers. The ultimate aim is for a trained, external consultant to be able to 'sign off' on the system's quality to a minimum and widely accepted standard[2].

The methodology for measurement in each project should lead to an estimation of the level of changes in employment and incomes; supporting data will enable donors and others to relate these changes to poverty (and particularly to MDG 1), with a little additional work – if they wish.

This concept has been welcomed by field staff; they know their (often complex) programmes better than others. It will also benefit from inputs by the HQ staff of member agencies of the DCED, in particular to consider how the approach can mesh with the procedures already in place in member agencies for measuring results.

Objectives

This initiative has the following objectives:

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1 See Tanburn, Jim, 2008: 2008 Reader on Measuring and Reporting Results, available in English, French and Spanish from www.value-chains.org/dyn/bds/docs/detail/649/4

2 The definition of a minimum standard does have precedents in other fields (e.g. www.hapinternational.org and www.alnap.org in humanitarian assistance) but not yet in private sector development

- To enable **implementing organisations** to quantify and communicate their (often impressive) achievements in ways which are credible, and which can ultimately be benchmarked;
- To save implementing organisations from having to 'reinvent the wheel', wasting time and energy in developing a results measurement system that duplicates what others are doing, and what funding organisations may later ask them to do;
- To enable **donors** to add together and 'bulk up' the results of the initiatives they fund, for example to report to their Parliaments and tax-paying constituencies against the MDGs; and
- To support all involved, including **partner organisations,** in focusing increasingly on outcomes and impacts, rather than on outputs.

While this initiative is being piloted by programmes with some experience, it also enables **managers of programmes that are just starting** to build results measurement into the original design of the programme, in a thorough way. For **those bidding for new programmes,** this approach offers the opportunity to gain advantage, by demonstrating willingness to take measurement issues seriously; ultimately, it may be required for all programmes. Note that Sections 1 and 2 represent the 'core' of any programme design and results measurement system, and should ultimately be represented in the programme design / proposal.

Given the need to focus, this initiative does not aim to address needs for qualitative information - including participatory consultation exercises with beneficiaries; it also does not cover monitoring and programme management issues, beyond those necessarily covered in order to quantify results in a credible way. Indeed, wherever possible, this methodology avoids management issues; quantifying results in credible ways clearly remains an ambitious goal.

Development and application of the methodology

While the ultimate aim is to have independent verification of the methodology used, this version is intended primarily for testing and for self-assessment; additional pilot programmes are encouraged to volunteer, to give a good variety of geography, programme size and implementation stage, etc. For more information, please contact Results@Enterprise-Development.org.

This process, if successful, could lead to an important change for the PSD community, by quantifying achievements in ways that are comparable; this has not been done before. Care will be needed, therefore, to ensure that programme staff have incentives to collect and process data, objectively; penalties for 'poor' performance need to be minimised, at least during the introduction of the system, before benchmarks have been developed that take into account un-quantifiable aspects. In particular, this suggests that data generated during initial work will not be made public in ways which attribute specific numbers to individual programmes.

B. How to Use these Guidelines

NOTE: This version of the Guidelines is a work in progress, intended to help those programmes pilot testing the methodology during 2010. It will be updated and revised over the coming months; in particular, it is hoped that the quality and quantity of examples in Annex A will be increased.

At present only those control points that are listed as 'MUST' are covered in any depth by these guidelines; more guidance on meeting 'RECOMMENDED' points will be added at a later stage.

These guidelines are intended to provide guidance for the staff of programmes implementing the DCED Methodology for Quantifying Achievements in Private Sector Development. However, the guidelines are suggestions only; programmes are welcome to implement the methodology in any way they choose, as long as they meet all control points and compliance criteria. Indeed, staff should expect to shape and adjust the proposed steps, in order to suit the specifics of their programme.

It should also be noted that these suggestions are general introductory guidelines only, to show projects where to start; they are not intended as a comprehensive M & E guide. For more detail and specific information on particular topics, programmes are encouraged to use the References sector at the end of each chapter.

This document follows the same structure as the Standard itself. Individual control points are grouped into eight chapters, each of which starts with a brief introductory explanation of the meaning and relevance of the criteria that follow. At the end of each chapter there is also a summary of resources that should be consulted for further information on the topics covered in that section. Efforts have been made to be as specific as possible; most references will point the reader towards particular chapters or even pages, rather than entire documents.

Within each of the eight chapters, individual control points are considered in more depth. Information is organised into two sections:

- ***Auditor's Checklist***

  This provides a break down of the requirements of each control point, outlining the questions the auditor will be trying to answer, and the evidence they will be looking for.

- ***Implementation***

  Here the reader will find guidelines and suggestions on how to meet the compliance criteria of this control point, broken down into individual steps.

In some cases, the implementation suggestions are accompanied by one or more examples of the forms, reports or diagrams that could be produced to help meet the compliance criteria, to show what such documents may look like. These examples are referenced throughout the text, and are grouped together in Annex A. Sample definitions are included in Section D.

C. Guidelines to the Control Points

1 Articulating the Results Chain

Please Note: Results Chains are also known by a variety of other names such as <u>Causal Models</u>, <u>Causal Chains</u>, <u>Impact Models</u> or <u>Impact Logics</u>. The term 'Results Chain' will be used throughout these guidelines, but programmes are encouraged to use the language with which they feel most comfortable.

The results chain is a tool to show how programme activities will influence particular systems, how changes in these systems will affect enterprises, and how those changes in enterprises will ultimately reduce poverty and/or contribute to other development goals. Managers need to be explicit about the results chain of their programme: what actions are expected to lead to what results? For more complex programmes, this may include multiple, nested results chains. Log-frames, while originally intended for this sort of function, are not adequate, in their current form, for systemic programmes, as the format is too narrow and linear.

In order to establish the basis for measuring impact, programme results chains must show how changes at each level lead to changes at the next level, ultimately impacting on poverty and/or other development goals among defined target group(s). Modelling is a useful tool to enable programme staff to be explicit and deliberate about the system(s) they are working with and how system changes will lead to enterprise changes and poverty reduction and/or other specific development goals. The programme results chain(s) will need regular review, because of changing circumstances and unintended outcomes.

1.1 Document on Programme Results Chain

1.1.1 Auditors Checklist

- ✓ A documented results chain is developed for each intervention selected **(See Examples 1.1a)**

- ✓ The results chain(s) is thorough, logical and realistic, showing as far as possible how the selected intervention(s) lead to achievement of development goals

- ✓ Relevant contributions of other initiatives are mentioned

- ✓ The results chain(s) are sufficiently detailed that changes at all key levels can be assessed quantitatively and/or qualitatively

- ✓ The programme has clear documentary evidence of research and analysis that underlies the logic of the steps in the results chain(s) **(See Example 1.1b)**

- ✓ The documentary evidence supports the logic that the changes outlined are likely to lead to lasting impact

- ✓ Significant assumptions are explicitly identified in the document

1.1.2 Implementation

Drawing the Results Chain

The results chain provides the framework on which all programme activities, including impact assessment tasks, are built. It is therefore a vital starting point for all projects. Typically, a results chain will map out several different types of anticipated impact at three main levels[3]:

Market Level - In the value chains and markets involved, including product markets and sometimes also supporting markets for inputs, business services, and/or finance

Enterprise Level - Among participating MSEs

Household Level - In the households associated with participating MSEs

These different levels are visible in Figure 1, which summarises the basic layout of a results chain (note that this diagram is simplified; additional boxes and arrows may be needed). To create such a results chain, programmes may wish to follow these basic steps:

1. Write down the main project activity/ies. If more than one activity will be undertaken, you will need to show the relationship between them. Typical questions to ask are:

   - Does one activity lead to another? Or will they be undertaken at the same time?

   - Do they all target the same service providers? Or do they target different service providers?

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3 USAID. 2006. Assessing the Impact of New Generation Private Sector Development Programs, Impact Assessment Primer Series Publication #1; p7

- Do they all aim to produce one specific change in service providers' capacities? Or are they aimed at different changes?

N.B. The results chain does *not* need to show every detail of the activities e.g. preparatory meetings and other activities

2. Describe the main change(s) in systems, service markets, intermediaries, enabling environment etc. expected to result from project activities. Add a different box for each major type of change.

3. Describe the expected changes at the enterprise level that will result from these changes in systems, service markets, intermediaries, enabling environment etc.

   E.g. Add box/es describing specific changes in SME behaviour expected to result from increased use of a service and/or interaction with directly-reached service providers.

4. Draw a box to show the SME's improved performance. In some cases, there might be two layers of improved performance (increased productivity leading to increased profits).

5. Draw several boxes for the poverty reducing impacts that result from SMEs' improved performance.

   a) Additional income for SME owners and workers

   b) Additional jobs

   c) Any other poverty reducing impacts.

   [These boxes will show what your programme aims to achieve at the goal level. Please note the requirements at the goal level outlined in **Section 2**.]

Supporting Documentation

1. This criterion will require projects to have carried out credible market/systems research.

   Typically, value chain research examines[4]:

   o The End Market: The consumer trends and market opportunities in final markets, including product competitiveness along a range of factors including quality and price.

   o Enabling Environment: The Business Environment: The policies, institutions and operating context for businesses in that industry.

   o Socio-Economic Context: The broader context of the programme including socio-economic, political, gender, physical or environmental issues.

   o Value Chain Relationships: The structure, business relationships and linkages in the value chain, including transfer of information, product designs, credit,

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4 Alexandra Miehlbradt and Linda Jones. December 2007. *Market Research For Value Chain Initiatives - Information to Action: A Toolkit Series for Market Development Practitioners*. MEDA; p10

technology or other support products and services, through value chain relationships.

- o Support Product and Service Markets: The critical support products and services purchased by the businesses in the value chain.

- o Businesses Performance: How the various businesses upgrade at the enterprise level.

The method of market research will differ according to the respective purpose; the principle is to generate just as much information as is necessary to allow clear and realistic analysis. Programmes should aim to be pragmatic, and to select an appropriate procedure among the many approaches to market research.

Note: Useful sources of primary and secondary data are discussed in Box 1 below; see also the *Resources* section at the end of this chapter.

2. The information collected under step 1 should support the links shown in the results chain **(see above)**. Each link and relationship should be justified by the findings of the market research.

   Note: All relationships shown in the results chain should be explained, down to the **enterprise level**. Justification of the link between changes in the enterprise level (e.g. increased SME income) and poverty reduction at the household level is not mandated by these guidelines at present. However, if programmes do chose to include this step, they must give a reasonable story to explain the link they are proposing.

3. Research documents should include information on the contributions of other initiatives of different programmes which might also contribute towards achievement of the programme's development goals.

4. Research documents should also include evidence to support the fact that the changes caused by the programme are likely to lead to lasting impact.

To prove that the above stages have been followed and that the results chain is based on credible and realistic research, projects must produce documentary evidence of this research.

Box 1. Useful sources of market information
Source: Oldsman and Hallberg 2002, p25

- Comparative information on demand and supply trends in different value chains (e.g. through field visits and interviews with sector specialists, global buyers and local suppliers and producers)

- Existing market studies for the products and value chains in question. "Government statistical agencies in many countries conduct surveys of enterprises and households on a routine basis that might be used in impact assessments. These include national income and expenditure surveys, household income and expenditure surveys, labour market surveys, and various industrial surveys". Other organisations such as banks, credit unions and cooperatives may also maintain data as part of ongoing operations.

- Compilation of secondary data from internet sources

Figure 1: Simplified Intervention Results Chain for Value Chains

Poverty Reduction	Increased income	Additional jobs	Other poverty reducing impacts

Enterprises (Impact)

Direct SMEs increase profits → Indirect SMEs increase profits

Direct SMEs improve productivity → Indirect SMEs improve productivity

Direct SMEs change their behavior → Indirect SMEs change their behavior

Service Market (Outcomes)

Increased Interaction between Service Providers and SMEs

Increased Service Use by SMEs → Service Providers Crowd In

Service Market (Outputs)

Change in Service Providers' Capacities and Behavior

Change in Service Providers' Capacities and Behavior

Activities

Activity

Activity

Activity

1.2   Staff Familiarity

1.2.1   Auditors Checklist

- ✓ Programme staff can describe the respective results chain(s) covering their work

- ✓ Use: Programme staff can give examples of how they use the results chain(s) to guide their decisions

1.2.2   Implementation

At a minimum, all staff should have a working knowledge of the programme results chain and how it relates to their work. They should all be able to readily access an up-to-date copy of the model, whenever necessary.

Examples of how staff use the results chain to guide their decision making can be both formal and informal. The former may include design documents for new activities that refer to the results chain, and position the proposed activity within the framework of the results chain. The later may include examples cited by programme staff of instances where they used the results chain to guide their work.

1.3 Regular Review

1.3.1 Auditors Checklist

✓ The programme has a clear system for reviewing the results chain(s) at least once a year **(See Example 1.3a)**

✓ Use: The programme has evidence to show that the results chain(s) have been reviewed at least once in the last year

✓ Use: The programme has evidence to justify changes or lack of changes made to results chain(s).

1.3.2 Implementation

The programme should have a clear system through which the results chain(s) are formally reviewed at least once a year to ensure that the evidence and assumptions on which it is based are still valid; updates should then be made as necessary. This does not mean that progress in markets and interventions should not be analyzed more often or that decisions should not be made more often. In fact, managers and staff should regularly analyze progress and results and make decisions on next steps. The annual review should give staff and managers an opportunity to take an in depth view of the effectiveness of the project, and ensure that any changes in market strategy or activities are documented, and that impact predictions and estimates are updated.

Review of the results chain(s) should be part of a broader annual review process, which should incorporate:

- Discussion of revisions to the market strategy and/or results chain boxes (if necessary)

- Review of projected impacts, based on new information/data **(see Section 2.4)**

- Review of the overall measurement system, particularly dates and methods used **(see Section 8.1).**

For all three, the details of the review process should be clear and widely understood. Details to consider include:

- The form the review process will take:

    o Face-to face meeting (preferred); or

    o Email / teleconference (if this approach is taken justification must be given as to why a face-to-face meeting will not take place)

- **When** (and if applicable, **where**) the review process will take place.

- **Who** will be involved, for example:

    o Project coordinator or manager

    o Members of the impact assessment team

    o High and medium level project staff

    o External stakeholders e.g. client/donor representatives (particularly if significant revisions are expected)

- The *key issues* that will be discussed during each review (ideally this would take the form of a generic draft agenda outline).

- The *responsibilities* of different individuals before, during and after the review process, including details of who will do *what*, and by *when*. For example:

  o A detailed agenda should be circulated to all participants in good time, so that individuals can are prepared for the discussions that will take place.

  o The agenda should be accompanied by any relevant supporting documentation, for example progress reports, updates on key indicators, or details of proposed revisions to the results chain. This will hep ensure that participants are well informed, allowing discussions to be structured and focused.

  o Individuals who are unable to attend the review meeting should be given the chance to send in relevant comments before the meeting takes place. However, a clear deadline for comments should always be given.

  o A chair or co-chairs should be appointed, to ensure that the meeting flows, and that all the necessary issues are covered within the allocated time-frame.

In order to ensure there is evidence to show that the results chain(s) have been reviewed and to justify changes or lack of changes made to them, it may be a good idea to circulate minutes or a short report to all stakeholders, outlining and justifying any decisions made during the meeting. Such a report should be clearly dated, and made readily available to all staff members; a copy should also be appended to the original Results Chain Report **(see Example 1.3b).**

1.4 Stakeholder Consultation (Recommended)

1.4.1 Auditors Checklist

- ✓ A clear system is in place for consulting programme stakeholders during the review process.

- ✓ Use: The programme can cite or produce evidence of stakeholder engagement during previous reviews.

1.4.2 Implementation

1.5 Considering Systemic Change (Recommended)

1.5.1 Auditors Checklist

✓ The results of expected systemic or market-wide changes are included in each results chain in the early stages of activities, to achieve scale for that intervention **(See Section 5)**

1.5.2 Implementation

1. Consider at what levels and how you expect systemic changes (e.g. "crowding in," "copying," etc.) to contribute to your goals. Show this in your diagram by linking systemic change boxes to changes at the appropriate levels.

   E.g. Add second box for SMEs reached through providers that have crowded in or SMEs that copy directly-reached SMEs

2. When describing the SMEs' improved performance, draw **two** boxes:

   a) Directly reached SMEs go in one box

   b) Indirectly-reached SMEs go in the other box (representing how systemic changes contribute towards your programme goals)

1.6 Displacement (Recommended)

1.6.1 Auditors Checklist

✓ The programme can cite or produce evidence that displacement has been taken into account in the development of the results chain(s) **(See Example 1.6)**

1.6.2 Implementation

Research should consider likely displacement within and outside the value chain i.e. where non-target groups suffer because the target groups benefits. To assess this, programmes will need to consider whether the markets involved are shrinking, static or growing; displacement will be far higher in shrinking and/or saturated markets. Some of the most likely forms of displacement, and an example of how one particular project has decided to handle them, are outlined in **Example 1.6.**

1.7   Resources

Introducing Results Chains

USAID. January 2007. Developing a Causal Model for Private Sector Development Programs, *Impact Assessment Primer Series, Publication #4*

Market Assessment/Supporting Research

Alexandra Miehlbradt and Linda Jones. December 2007. *Market Research for Value Chain Initiatives - Information to Action: A Toolkit Series for Market Development Practitioners*. MEDA

GTZ. Conducting and Supporting Market Research. *ValueLinks Module 1.2*

ILO. October 2006. Module 2; Value Chain Analysis *in Guide for Value Chain Analysis and Upgrading*
   In particular:
   - checklist of questions to ask global buyers; p19
   - guidelines on how to approach global buyers; p21
   - checklist of questions to ask local suppliers and producers; p23

Market Assessment Case Studies *On www.value-chains.org*

SEEP. June 2005. *An Inventory of BDS Market Assessment Methods for Programs Targeting Microenterprises.* Technical Note # 4

SEEP. June 2005. *All Paths Lead to Learning: Common Mistakes in BDS Market Assessment and How to Avoid Them*. Technical Note # 2

World Bank Group. Household Surveys *On* the Poverty Monitoring Database.

World Bank Group. Data sets and survey finder *On* Living Standards Measurement Study (LSMS)

Staff Training Courses

DECRG annually gives a six-module course, Poverty and Inequality Analysis, of which Modules 1 and 2 are "Designing and Implementing Multi-topic Household Surveys: Generating Policy Relevant Data" and "Sampling for Surveys". These courses are open only to World Bank staff, or to the staff of agencies with umbrella agreements for joint training with the World Bank (e.g. the IMF, the IDB, counterpart team members from developing countries who meet language and course pre-requisites, etc.). The course lasts two to two and a half days.

2 Defining Indicators of Change

The results chain provides a framework for conceptualizing expected changes that will result from project activities. These expected changes must then be translated into relevant (quantitative and/or qualitative) indicators of change; it is tracking these indicators over time that reveals if, and to what extent, expected changes are occurring. Each step in the results chain developed in the previous Section therefore requires at least one indicator to provide the basis for tracing changes in the various levels of the model through to increases in incomes and/or other development goals.

Intermediate indicators will be specific to the individual programme design, so will not be discussed in detail here. In order for agencies to be able to add up results across programmes, however, only a few universal impact indicators can be used to determine the goal level achievements of the programme wherever possible; the following indicators have been selected:

- **Scale:** Number of target enterprises who received a financial benefit as a result of the programme's activities, each year and cumulatively. The programme must define its "target enterprises".

- **Net income:** Additional net income (additional sales minus additional costs) accrued to targeted enterprises as a result of the programme per year. In addition, the programme must explain why this income is likely to be sustainable.

- **Net additional jobs created:** Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. "Additional" means jobs created minus jobs lost. "Per year" comprises 240 working days. The programme must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

With respect to the additional income, a way must ultimately be found to convert the additional income generated at the enterprise level into additional income at the household level. However it should be noted that the Universal Impact Indicators currently refer to the enterprise level. Converting this to impact at the household level requires extensive research and calculation, because attribution needs to be carefully considered owing to the fact that household have multiple income sources. Larger programmes can therefore collect both enterprise-level and household-level data, but smaller programmes may be able to work with existing household survey data.

Programmes are, of course, free to report on additional goal level indicators, and to choose how to calculate each indicator - as long as the measurements and calculations are clear, transparent, well-justified and documented. Proxy indicators are acceptable as long as clear and reasonable justification is presented. All data must be disaggregated by gender, wherever possible.

The reason why programmes aim to improve whole systems and markets is to ensure the likelihood of lasting impact (sustainability)– as a result of local ownership; this sustainability is the way to achieve better results over the long term, and is not an objective in itself. Nonetheless, a deliberate effort is therefore required to consider total impact over time, and it is proposed that impact be projected for 2 years after the intervention (or group of interventions) in a given geographical area has been completed. Attribution more than 2 years after the intervention, in most cases, is less plausible and data become less reliable.

Donor agencies ultimately need to be able to report their achievements in increasing incomes or reducing poverty, preferably against MDG 1[5]; however, it has been agreed that programme staff may have neither the skills nor the resources to directly estimate their impact on reducing poverty. Therefore, programmes using this approach will collect sufficient information, that donors will be able to credibly estimate their impact on poverty (should they wish), by bringing in additional, specialist expertise.

Where needed and appropriate, the national definition of the poverty line should be used. If that line is not appropriate (e.g. if it is widely believed to have been adjusted for political purposes), then MDG 1 levels should be used. 'Baskets' of indicators, as being developed by USAID and CGAP, may be used at a later date.

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5 See http://unstats.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm

2.1 Indicators of Key Changes

2.1.1 Auditors Checklist

✓ The document(s) outlining the results chain(s) includes relevant quantitative and/or qualitative indicators for each key change described in the results chain(s) **(Examples 2.1a, 2.1b and 2.1c)**

✓ Validation is provided for proxy indicators used

2.1.2 Implementation

Note: A programme may choose either to designate all changes described by the model(s) as "key changes" or, to lessen the amount of assessment required, to highlight the most important "key changes" and focus on these. If the second approach is chosen, the programme must explain why the chosen changes are considered "key".

Programmes should then identify quantitative or qualitative indicators to be measured for each "key change" in the results chain(s). In deciding on what indicators to include, it is important to establish that they are linked to hypotheses, they are defined with precision, and that they are measurable within the timeframe and budget of the assessment. A good indicator is SMART: specific, measurable, attributable, relevant and time bound. The choice of variables should also consider their demonstrated validity in previous impact assessments[6].

In some situations proxy indicators (i.e. an indicator that does not directly measure a phenomenon but provides an indirect, substitute measure) may be used, as long as appropriate justification is provided. For example, income measures are notoriously difficulty to extract, and it may be that indirect income estimates generate the most reliable income figures. Possible proxies include:

- Tracking an easily remembered input, determining the income earnings per unit of input and computing income by multiplying the two together

- Measuring changes in output, then translating from output to income by imputing a standard profit rate per unit of output[7]

Table 1 lists suggestions of general indicators for broad application.

Level	Broad area of measurement	Indicators	When appropriate
Household level	Poverty Reduction	- Net Additional income for SME workers and owners - Changes in other poverty indicators (nutrition, empowerment, working conditions etc)	
Enterprise Level	Enterprise Competitiveness	- Change in SME productivity - Change in SME net income - Jobs created as a result of programme activities	Ideally each intervention will have measurable impact on as many indicators as possible

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6 Carolyn Barnes and Jennefer Sebstad. March 2000. Guidelines For Microfinance Impact Assessments. AIMS; p36

7 1995. Quantifying Impact of MSE support services at the enterprise level , FIT Programme; p7

Level	Broad area of measurement	Indicators	When appropriate
		• Promising innovations/changes in business practices (e.g. sustainable eco-efficient products and processes)	from this "menu"
Service Market Level	Changes in framework conditions	• Changes in policies or regulations as a result of programme activities	When the services or deliverables which the target group expects come from the government
		• Documented changes that will modify how a policy or regulation, aimed at the target group, is implemented by a public agency (institutional)	
		• Target group's opinions concerning how the change has impacted on their businesses.	
	Changes in the demand for services	• Target groups awareness of the service and the benefits it can deliver	When measuring impact of services that might only have a direct impact on the target group in the long run
		• Willingness to pay for service	Fee-based or stand alone services
		• Level of satisfaction with service	When measuring changes in demand for *embedded* services
		• Changes in business practices as a result of service	
		• Number of new service providers entering the market	
	Changes in the supply of services	• Changes in number of clients served	All intervention types - to measure change in service quantity
		• Changes in volume of business	
		• Changes in range of products offered	
		• Changes in number of service providers	
		• Target group's opinion of service provision	To measure change in service quality
		• Level of supplier satisfaction with success of service	When measuring changes in supply of *embedded* services
Service Provider Level	Immediate outputs in the business service markets	• Number of service providers trained	

Table 1: General Indicators for Broad Application

However, in order to be a valid and reliable measure of change, indicators relating to a specific market and intervention must be defined more tightly (see Table 2 on the next page):

Lazy and Loose	Tight and Precise
% financial sustainability of a business membership organisation	% of total annual costs (including depreciation costs) covered by revenue from membership fees, services sold and other private sources
% productivity change in business centres	% change in contribution of gross profit to cover consultant salary costs
% change in SME customer satisfaction	% change in SME customers reporting "exceeded expectations" in a random sample survey
% growth in a business membership organisation	% change (year-on-year) of total businesses paying full membership fees in business membership organisation.

Table 2: Precision in Defining Indicators[8]

Indicators must also be defined within a specific timeframe (e.g., profits in past month vs. profits in past year). For example:

- Average monthly sales over the last six months at the time of the baseline compared to average monthly sales over the last six months at the time of the subsequent measurement

- Sales in the last month at the time of the baseline compared with sales in the last month at the time of the next measurement.

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8 2001. Developing indicators in small enterprise development projects, SED Working Paper no1; p22

2.2 Universal Impact Indicators

2.2.1 Auditors Checklist

✓ The results chain(s) include the universal impact indicators at the relevant level wherever possible

✓ Written justification is provided for each universal impact indicator *not* included in the results chain

2.2.2 Implementation

As stated in the introduction to this section, all programmes should measure the following goal level indicators wherever possible:

- **Scale:** Number of target enterprises who received a financial benefit as a result of the programme's activities, each year and cumulatively.

- **Net income:** Additional net income (additional sale minus additional costs) accrued to targeted enterprises as a result of the programme per year[9].

- **Net additional jobs created:** Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. "Additional" means jobs created minus jobs lost. "Per year" comprises 240 working days (see Box 2). The programme must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

Box 2: Full Time Equivalents (FTE)
Adapted from: USNH. 2008; p1 and *Salz et al. 2005; p7*

Figures for the number of persons working less than the standard working time of a full-year full-time worker should be converted into full-time equivalents, with regard to the working time of a full-time full-year employee. Included in this category are people working less than the standard number of working days in the week, or less than the standard number of weeks/months in the year.

There are a number of different ways of calculating FTE jobs, but a standard formula may look something like this:

Days x Weeks = FTE
Days in a year

Days = Number of days the employee will work in a week.
Weeks = Number of weeks the employee will work in a year.
Days in a year = Number of working days in the year (for the purposes of the DCED Methodology, it will be assumed that one year comprises 240 working days)

For Example: If an employee is scheduled to work 3 days a week for 25 weeks in 2009.

3 Days * 25 Weeks = FTE 0.3125
240

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9 A 'value-added' indicator may capture changes in both jobs and incomes, while avoiding possible double-counting. It is however a more sophisticated concept, that programme staff may initially find confusing, so is not covered in more detail here.

2.3 Assessing the likelihood of lasting impact

2.3.1 Auditors Checklist

✓ There are qualitative and/or quantitative intermediate indicators that will provide information on the likelihood that key changes described in the results chain(s) will continue after the programme ends.

2.3.2 Implementation

For each key change, programmes should include qualitative and/or quantitative intermediate indicators which should be sufficient for assessing whether impact is likely to be sustainable. These intermediate indicators would be used to determine whether even after the end of programme activities, a system exists through which enterprises would continue to benefit; for example, whether enterprises are able to develop new products or services, whether businesses are earning more profit as a result of becoming more entrepreneurial, etc.

Amongst others, such intermediate indicators can include:

- Profitability for all stakeholders

- Sustainability of sources of income

- Satisfaction among market players at all levels

- Capabilities to carry out new functions

- Attitudes of stakeholders

2.4 Projections (Recommended)

2.4.1 Auditors Checklist

✓ There are projections for key indicators, to specific dates during or beyond the intervention

✓ Wherever possible, there are projections for the universal impact indicators to *either* the end of the programme *or* to two years after the end of the programme

✓ Use: Documents show updates to the projections have been reviewed at least once in the last year

✓ Projections are expressed as a change in the indicator due to the programme by a specific date

2.4.2 Implementation

Because it takes time for activities to have an impact on enterprises and poverty reduction, projects should make upfront *projections* about expected impacts when starting activities. These predictions give staff targets to aim for, and provide staff with feedback on the extent to which an intervention is on track.

- Projections should be made for the all key indicators as well as the 3 universal impact indicators, wherever possible, predicting the change that will result from the programme intervention EITHER the end of the programme OR two years after the end of the programme

- Each projection should be based on well thought out assumptions and findings from market research, field observations or other credible sources (see Box 3 below). The assumptions and findings supporting each projection, as well as any calculations made, should be clear.

- Projections of impact should be periodically updated to reflect new data collected on indicators of change. Programmes may find it easiest to discuss and agree these updates according to the same review process used to monitor changes to the results chain itself **(see Section 1.3).**

Box 3: Commonly Used Sources of Information when Making Projections
The following are commonly used sources of information. Other sources are also acceptable.

- Staff experience and professional opinion:
  - Observations in the field
  - Informal information from key informants, market players or partners
  - Staff's educated guesses, estimates or judgments

- Credible secondary sources:
  - Government data
  - Academic data
  - Studies done by other donors or organizations
  - Credible information from associations
  - Credible and formal information from key informants

- Programme information gathering:
  - Market studies and Inception Reports
  - Productivity studies
  - General market surveys or other surveys done for other markets
  - Special studies done by the programme
  - Case Studies done by the programme

2.5 Staff Understanding (Recommended)

2.5.1 Auditors Checklist

✓ Mid and Senior level programme staff can describe the indicators related to their work

✓ Use: Staff can give examples of how changes in indicators have affected their strategy and implementation decisions

2.6 Resources

Indicators of Key Changes

L. Zandniapour, J. Sebstad, D. Snodgrass. July 2004. *Review of Evaluations of Selected Enterprise Development Projects;* p12-20

Universal Impact Indicators

Alan Gibson*. 2001. Developing Indicators in Small Enterprise Development Projects; SED Working Paper No1; p12*

Oldsman. 2003. Poverty Indicators *In Assessing the Poverty Impact of Small Enterprise Initiatives*; Section 9.2 p9-10 and Appendix A

Judy L. Baker. 2000. Applying Analytical Methods for Impact Evaluation: A Case Study *In Evaluating the Impact of Development Projects on Poverty; A Handbook for Practitioners.* World Bank Group. p40

USNH. 2008. *Calculating FTE for Part-Time/Full-Time Temp/Casual Hourly and Salary Employees.* University System of New Hampshire

Salz et al. 2005. *Calculation of labour including FTE (full-time equivalent) in fisheries*

3 Measuring Changes in Indicators

A programme should always try to gather baseline information on all indicators before it starts, although this is sometimes not possible. Similarly, programmes should measure indicators at the end of the programme, in all cases.

Research should be in line with established good practices for choice of data gathering tools, planning, questionnaire (or other instrument) design, sampling, data gathering, supervision, data entry, analysis and research management. It is helpful to support data on quantitative changes with information on qualitative changes.

Programmes will be responsible for surveys at the enterprise and/or household levels to measure changes in net incomes and jobs. They will also be responsible for assessing the poverty level of their target beneficiaries before the programme starts and at the end of the programme by determining income averages and distributions of target beneficiaries. Additional information on poverty status and reduction will be collected and reported wherever possible (e.g. including household surveys and poverty trends), so that donors may in future translate the data on jobs and income into projected numbers of people lifted out of poverty, should they so wish.

3.1   Baseline Information

3.1.1   Auditors Checklist

✓ A clear plan is in place, based on good practice, to gather baseline information, or if necessary to construct baseline information retroactively

✓ Use: The programme has collected baseline information and outlined the status of key indicators before activities have led to changes

3.1.2   Implementation

In order to predict the changes in indicators as a result of a programme's planned interventions and also to measure the changes over time, the M&E team must know the status of the indicators at the time the intervention starts. This can be accomplished through a pre-intervention baseline study of key variables and measures, or it can be done by a retrospective study that compares the present with a previous point in time in order to assess changes (see below)[10].

Pre-Intervention Baseline Study

- **When:** A baseline assessment should be conducted as soon as programme participants can be identified, or as soon thereafter as possible. The key is to establish the participants' condition before they have been significantly affected by programme activities[11]; assessment should therefore take place after the provider has been chosen but before significant capacity building has taken place[12].

- **How:** If comprehensive market research has been conducted (see **Section 1.1**), it may not be necessary to gather additional data to measure the status of the indicators; there may be sufficient information from the Market Study/initial market research and analysis. Those responsible for establishing the baseline indicators may therefore wish to take the following steps:

  o Determine what data on the indicators is available from previous market research and analysis

  o Based on this data, calculate and record a baseline figure for as many indicators as possible

  o Make a plan to gather any additional data needed to complete calculations, that is not available from previous market research

  o Gather the relevant data e.g. though surveys, interviews, focus group discussions etc. (see **Section 8.1**)

  o Process the data and calculate the status of the remaining indicators

  o Make a record of the status of all the indicators at the baseline

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10 Carolyn Barnes and Jennefer Sebstad. March 2000. Guidelines For Microfinance Impact Assessments. AIMS; p5
11 USAID. 2006. Assessing the Impact of New Generation Private Sector Development Programs, Impact Assessment Primer Series Publication #1; p11
12 December 2006. Staff Guidelines for Conducting Impact Assessment; Impact Assessment for T-G PEC; p14

<u>Establishing a Retrospective Baseline</u>

While quantitative data from two or more points in time are important for measuring or estimating change more reliably, in some cases such a pre-intervention baseline study may not be feasible, for example where the results chain or area of geographic concentration change significantly during implementation.

If a baseline was not established at the time of project design, programmes will need to be innovative. Gathering information from a variety of sources will enable you to triangulate to gain a reasonably accurate picture of the base situation. For example[13]:

- Recall: either in individuals or groups, ask people about their recollection of a situation and what would have happened if there had been no project. However, information that depends on recall over an extended period can be unreliable: "this is especially true for measuring change in areas where recall is weak, or if attitudes, opinions and behaviours are likely to change over time. For example, recall data on income, regular expenditures (e.g., on food) or self-esteem are not very reliable, especially when using a long reference period."[14]

- Written records of partners: BDS providers, BMOs and governments should all have written records of some kind that throw light on where they were at the start of a project.

- Other written and verbal sources: especially in more developed economies, there may be general economic and other data that can be drawn on.

13 Source: Adapted from SED Working Paper no1 Developing indicators in small enterprise development projects (2001) p31
14 Carolyn Barnes and Jennefer Sebstad. March 2000. Guidelines For Microfinance Impact Assessments. AIMS; p19

3.2 Good Research Practices

3.2.1 Auditors Checklist

✓ The programme can demonstrate that the plan to measure indicators conforms to established good practices.

✓ Use: The programme can demonstrate that research conducted conforms to established good practices

✓ Use: Those involved in the research (both inside the programme and any external contractors) can explain how the research was conducted; questionnaires used are made available, etc.

3.2.2 Implementation

There are a number of areas in which programmes will be expected to comply with current thinking on best practice, including:

- Planning of the assessment design

- Data collection

- Data entry and analysis

- Management of assessments

- Use of existing data sources

- Costs and financing

- Consideration of political economy issues

All surveys done by programmes should be based on good research practices. Box 5 highlights a few criteria which can contribute towards a good survey design:

Box 5: Ten Criteria for a good survey

1. The target population is well defined
2. The sample matches the target population
3. The sample is randomly selected
4. The sample size is large enough
5. Good follow-up minimizes non-response
6. The type of survey is appropriate
7. The questions are well worded
8. The survey is properly timed
9. The survey personnel are well trained
10. The survey answers the original question

In addition, programmes should ensure that the approach they take is ethical and fair (see Box 6). For further information and guidance, please see the **Resources** section at the end of this chapter.

It is always important that the research which you conduct is done so in a fair, ethical way that respects those from whom you are gathering data. While many of the critical parameters and guidelines for collected information are context-specific, there are a number of points which should be observed in any research situation:

- Respect Cultural Norms
  There are a number of cultural norms which exist in any setting of which you must be aware prior to beginning research. For example, in some contexts cross-gender interviews are forbidden. Identify and have a strategy to adapt your research plan to these norms prior to beginning.

- Be Transparent
  It is important that all interviewees understand who you are and why you are conducting research. If you are arriving without prior notification to conduct research, be respectful of their other obligations and do not pressure them to participate if they are not willing to do so.

- Manage Expectations
  It is usually prudent not to promise any specific outcome from your research (such as a new project) that is not certain of happening.

- Share Your Results
  Market research should not be approached as an 'extractive' process, in which you enter, take information and leave. In discussing peoples' problems and gathering their ideas to fix these, expectations are often raised that you will also adopt these suggestions and improve conditions. It is important that after gathering information, you also share the results with interested clients. This not only honours their contributions; it also allows you to gather additional feedback on your analysis.

3.3 Qualitative Information (Recommended)

3.3.1 Auditors Checklist

✓ Assessment of changes includes qualitative information gathering to explore the character, depth and sustainability of changes at various levels of the results chain

3.3.2 Implementation

Quantitative information should be supplemented by information on other important issues such as gender, work place conditions, social and environmental impact, and sustainability. Example research questions are given in Box 7 below (please see **Section 8.1** for more information on surveys and other research methods).

Box 7: Addressing other Dimensions of Poverty – Example Research Questions
Source: ILO. October 2006; p19 and 23

Working Conditions

Questions to ask global buyer.........

- Their position towards labour standards/working conditions down their supply
- chain and Codes of Conduct:
- Does the buyer have *Codes of Conduct* which also affect suppliers?
- Is the buyer member of the *Global Compact*?
- Is the realisation of these codes of conduct controlled?
- Etc.

Questions to ask local producer...........

- Where do producers work? (outside, small rooms, halls, production facilities)
- How do they work? (on the floor, standing, sitting)
- How are the health conditions? (dust, temperature, light, work position, noise, dirt)
- How long do they work? (hours per day, day and night shifts, work begin)
- How does the work environment affect the production process and product quality?
- Etc.

Gender

- Are there any differences between men and women employment?
- Where do women work? Where do men work?
- Do the labour conditions differ (Work environment)
- How do women connect work with family obligations?
- Do women earn less? How do they use their earnings?
- Etc.

3.4 Verification of Extrapolated Figures (Recommended)

3.4.1 Auditors Checklist

- ✓ A methodology is in place to regularly validate the extrapolation when changes in indicators for large numbers of enterprises are calculated using data from small samples or a pilot phase

- ✓ Use: The method for validating the extrapolation is in regular use

3.4.2 Implementation

When changes in the indicators are calculated for large numbers of enterprises using data from small samples or a pilot phase, a method for regularly verifying those changes should be put in place. This might involve:

- Reassessing the small sample on an annual basis

- Rechecking key findings with a small sample of new target enterprises, to check whether their changes are similar to the group who were impacted during the pilot phase.

3.5 Resources

Measurement System

T-G PEC. December 2006. Impact Assessment Guides *In Staff Guidelines for Conducting Impact Assessment;* p10-11 and 14-15

USAID. December 2006. Collecting and Using Data for Impact Assessment, *Impact Assessment Primer Series, Publication #3*.

Judy L. Baker. 2000. *Evaluating the Impact of Development Projects on Poverty; A Handbook for Practitioners.* World Bank Group. P3 onwards

Baselines

USAID. July 2006. *Profit Zambia Impact Assessment: Baseline Research Design*

Good Research Practices

Judy L. Baker. 2000. Drawing on "Good Practice" Impact Evaluations *In Evaluating the Impact of Development Projects on Poverty; A Handbook for Practitioners.* World Bank Group. p40

Enterprise/Household Surveys

World Bank Group. Survey and Analysis Tools *On* Living Standards Measurement Study (LSMS)
Includes information on:
- Designing surveys
- Analysing survey data

Margaret Grosh and Paul Glewwe. 2000. *Designing Household Survey Questionnaires for Developing Countries: Lessons from 15 Years of the Living Standards Measurement Study.* Volumes 1, 2, and 3. The World Bank.

Income Level of Target Beneficiaries

USAID. Poverty Tools

Mark Schreiner, resources on Poverty Scoring:
Web resources, including more than twenty national poverty scorecards.
June 2007 *Simple Poverty Scorecards,* Presentation*.* In English and Spanish.

Julie P. Leones and Scott Rozelle, 1992. *Designing Methods and Instruments for Collecting Off-Farm Income Data*, Working Paper, Cornell Univ. Working Papers in Agricultural Economics.

4 Estimating Attributable Changes

In addition to measuring changes in the indicators, it is also necessary to show what part of those changes resulted from the activities of the programme, and would not have happened otherwise. Every programme must have a clear and reasonable approach to establishing this attribution at every step in the results chain, and therefore in all indicators, particularly the short list of indicators to be applied in all programmes (as listed in Section 2, above); this approach will probably use a variety of tools, rather than a single one. No one method is infallible - including randomised controlled trials.

Many programmes cooperate with or complement other programmes (including government programmes) which may also be contributing to change that would not have happened without the programme. In other words, the programme may not deserve exclusive credit for producing the changes calculated even if those changes would not have happened without the programme. In this case, the programme must report the other contributors to the change and outline, as accurately as possible, the total financial value of each programmes' contribution to the change. At this point, this standard does not require parsing out the attributable impact to each individual programme that contributed to the change. Current practice does not attribute impacts according to the contribution from the private sector, even though these may also be substantial.

4.1 System for Measuring Attributable Change

4.1.1 Auditors Checklist

✓ The programme has documented plans for estimating the attribution of observed changes to programme activities

✓ The methods used are appropriate to the programme context, link back to the results chain and conform to good practice

✓ The methods chosen distinguish, where possible, the programme's impact from the impact created by other programmes working in the same area

✓ Use: The programme can provide evidence that the methods for estimating attribution were applied in the research conducted

4.1.2 Implementation

Making a case that a particular intervention or programme led to an observed or stated change can be done in several ways. Approaches can vary in their level of complexity; the more complex approaches tend to be expensive, to take more time and be outside the capacity of many programmes to fund[15]. A programme must try to balance accuracy and simplicity in addressing these challenges, resulting in a system which is credible both within and outside the programme, and at the same time is manageable for staff to implement.

To estimate what part of total changes are a result of programme activities, staff must gather information and analyze change for each stage of the results chain in the following steps:

- Assess the situation before the project interventions

- Assess changes after the project interventions

- Estimate the amount of change that would have occurred anyway, without the interventions

- Compare the changes that did happen with the estimate of what would have happened without the interventions to isolate the results of the interventions.

In other words, all projects must provide a convincing case to justify why their beneficiaries would not have done equally well, if not better, without the intervention of the project.

Table 3 summarises some of the options that programme staff may use at each step in the results chain; this Table is not intended as a hierarchy as different circumstances will determine which options are more appropriate. The options are not mutually exclusive and a mix or combination is often the best strategy; programmes should have a clear understanding of when, how and for which steps in the results chain each method will be used.

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15 Carolyn Barnes and Jennefer Sebstad. March 2000. Guidelines For Microfinance Impact Assessments. AIMS; p5

Method	Application	Advantages	Disadvantages
Opinions of key informants and expert interviews	May be important when the key change is driven by one person (e.g. politician changing a policy)	Low cost	May be influenced by interviewer; likely to be somewhat subjective.
Comparison of treatment and control group (randomised samples)	When samples are large enough - in measuring changes attributable to one step in the results chain (probably not feasible for the whole model in one trial)	Held by statisticians to be the most reliable way to measure results (albeit based mainly on experiences with simple / single treatments)	Difficult to design and administer if the treatment group is self-selecting (e.g. buying a service). In that case, a randomised sample would need to be refused a service they tried to purchase
Quasi-experimental design (difference of difference - comparing before and after for treatment and control groups)	Often appropriate for pilot efforts and/or measuring attributable changes for one step in the results chain	More approximate, in acknowledging that the control group is not an exact control	Cheaper than randomised controlled trials, but still expensive. Careful design and measurement needed to ensure accuracy. Not valid when the target group is unique, as is often the case with large urban clusters, or when interventions can influence the control group as well as the treatment group.
Participatory approaches (focus groups etc.)	Where the change in behaviour might have been caused by different factors	May be the only way to show attribution in some cases	May be subjective, open to bias (e.g. high subsidies may attract positive ratings, even though not sustainable)
Observation	Where attribution is fairly clear (e.g. resulting from new technology)	Low cost	May not be perceived as convincing – especially where attribution is not obvious
Regression Analysis	Where a wide range of data can be accurately gathered	Can be reasonably accurate if well designed and executed	High level of skill needed; Accuracy relies on identifying and gathering data on other significant factors contributing to the change
Extrapolation of attribution proven in pilot or case study	Where funds are not available for large-scale measurement	Low cost, relatively convincing	Needs periodic verification by other means (e.g. through surveys or additional case studies)
Trend analysis	Where other, larger trends are very significant and trends can be reasonably tracked and estimated	Takes into account larger economic and market trends; relatively low cost	Risks assuming that the identified and measured trends are the only (or main) ones applicable; best used, therefore, in

			combination with other methods
Case studies analyzing behaviour and performance changes at each step of the results chain	Where qualitative understanding is needed, in order to interpret quantitative data	Low cost; can be a good indication of attribution if well designed and executed	Many not represent the universe of beneficiaries; can be time consuming; may be influenced by interviewers

Table 3: Estimating Attribution

4.2 Contributions of Publicly-funded Programmes

4.2.1 Auditors Checklist

✓ All public programmes (donor and government) which have contributed to the changes claimed are acknowledged

4.2.2 Implementation

Many activities are implemented by other public programmes (donor and government) which might contribute towards the attainment of desired goals for programmes' interventions. This means that programmes cannot take sole credit for all changes resulting from interventions. Even if the changes would not have happened without the programme, they also would not have happened without the other public programmes.

All public programmes that have contributed to the changes claimed should therefore be acknowledged.

4.3 Contributions of Collaborating Programmes (Recommended)

4.3.1 Auditors Checklist

✓ The financial value of the contribution of contributing programmes is estimated

4.4 Private Contributions (Recommended)

4.4.1 Auditors Checklist

✓ Private contributors to the changes claimed by the programme are acknowledged

4.5   Resources

Carolyn Barnes and Jennefer Sebstad. March 2000. *Guidelines For Microfinance Impact Assessments*. AIMS; p4

USAID. December 2006. Methodological Issues In Conducting Impact Assessments Of Private Sector Development Programs, *Impact Assessment Primer Series, Publication #2; p5*

Oldsman and Hallberg. 2002. *Framework for Evaluating the Impact of Small Enterprise Initiatives*; p17-24

5 Capturing Wider Changes in the System or Market

Because many PSD programmes aim to affect entire systems or markets, benefits are likely to be wider than just among the direct recipients or partners; this may be, for example, because the overall environment has improved or because other enterprises or organizations (at various levels of the results chain) copy the innovators and early adopters. This effect is sometimes called "crowding in" or "copying" or "spontaneous replication"; the results achieved in this way are often not measured, thereby under-stating achievements by a substantial margin and reducing the incentive to sustainably change systems to benefit target beneficiaries.

The research to measure this effect should be appropriate to the size of the programme; a small programme, for example, may provide evidence from a handful of focus group discussions, a series of in-depth interviews or a reasonable number of case studies. Larger programmes might be expected to conduct surveys. Evidence of this effect should include not only evidence of a change in enterprises reached indirectly but also evidence of attribution to programme activities. As above, an appropriate method, or combination of methods, to establish attribution, given the programme size and circumstances, should be chosen and explained (see **Section 4** for more information on measuring attribution).

In addition, changes at one point in a market or other system are very likely to produce changes indirectly at other points, for example through forward and backward linkages. Programme managers may, but are not required to, include impact produced by changes at other points in systems, if reasonable evidence can be provided; this evidence must include evidence of attribution to programme activities.

As more work on measuring market-wide effects in PSD programmes is done, further, more specific guidance may be provided in this standard.

Note: The issue of displacement is addressed in **Section 1.6**

5.1 The results of systemic change (Recommended)

5.1.1 Auditors Checklist

✓ The programme has a documented description of how the results of systemic change will be assessed (through quantitative and/or qualitative means)

✓ The methodology used takes attribution into account

5.1.2 Implementation

Note: Please refer to **Section 1.5** for notes on how to incorporate systemic changes into the results chain.

When systems around the poor change, it is not always easy to identify who has benefited and who has not. Some people may benefit directly. Others may benefit indirectly. For example:

- Crowding in: Other service providers start applying the practices of impacted programme 'beneficiaries,' by seeing the positive impact of programme activities on them. E.g. As a result of a programme helping specific agricultural input suppliers start up pesticide spraying services, other agricultural input suppliers start up this kind of service without input from the programme.

- Copying: Other entrepreneurs start applying the practices of impacted/direct programme 'beneficiaries,' by seeing the positive impact of programme activities on them. E.g. A shoe making entrepreneur sees that his neighbour has improved the quality of his shoes; he copies the quality improvements and so also gets higher prices for his shoes.

- Sector Growth: As a result of programme activities, the sectors in which it works, grow better and existing enterprises expand their businesses while 'new entrants' come into the market. E.g. There is an area increase in the area of cultivation for the sector in which the programme is active.

- Backward and forward linkages: Changes at one point of the market brought forward because of programme activities trigger changes at other points along the value chain. E.g. Because of increased maize cultivation, van pullers who transport maize benefit positively because there is a greater amount of maize to transport and hence more rides to take and thus higher pay.

- Other indirect impact: As a result of programme activities, other indirect impact that are brought forth in completely different sectors. E.g. Pig producers due to the increased income brought forth by a project's work, have increased purchasing power and spend significantly more on consumer durables.

Staff should therefore always be on the lookout for wider systemic change, either positive or negative. Questions about 'copying', 'crowding in' and other unintended impacts should be included in information gathering with market players.

Projects should focus on one or two key points in the results chain where wider systemic change is most likely to be significant. However, all examples of systemic change must be both measurable and attributable, and any assumptions must be clearly justified.

5.2 Including Results of Systemic Change (Recommended)

5.2.1 Auditors Checklist

✓ Use: The results of systemic change are estimated using quantitative indicators wherever possible

✓ Use: All figures are supported by clear calculations; any assumptions or estimates are outlined

5.2.2 Implementation

Wherever possible the results of systemic change are quantified (with clear supporting calculations), showing indirect benefit.

5.3 Resources

Alexandra Miehlbradt and Mary McVay. 2006. Systemic Change *In The 2006 Reader – Implementing Sustainable Private Sector Development: Striving for Tangible Results for the Poor*. ILO. Section 8 p80

6 Tracking Programme Costs

In order to judge and improve the efficiency of programmes, results must be related to the costs of achieving them. Therefore, programmes must also keep track of the costs for inputs required to achieve the impacts stated. In principle, all relevant costs should be included, such as:

- Direct costs
- Overhead costs incurred in country
- Design costs, including preliminary studies to inform the programme design
- Implementation costs
- Monitoring, evaluation and impact assessment costs
- Management and administrative costs incurred in-country

Programmes should not include costs incurred by their home office in another country. However, costs incurred by HQ representatives while in-country (such as when conducting evaluations) should be included.

The costs should be calculated on a comparable basis; however, donors currently employ a range of formats for monitoring programme costs; some formats are more inclusive of overheads and other costs, than others. In the medium term, the DCED may play a role in achieving some uniformity of reporting of costs. Meanwhile, programme managers may anyway not have access to information about some costs that might otherwise be attributable to their programme (e.g. headquarters supervision costs) and these cannot therefore realistically be included.

Total programme costs should be reported, but with a list of which costs are included, and which are not. Where possible, the breakdown of costs by category should be shown to the auditor, but does not need to be published; also where possible, the reported costs should be based on published numbers (e.g. from the budget given in the programme document).

Programmes are encouraged to separate costs by major components of the programme in order to provide useful management information. When programmes divide their costs into different components, they must also divide the reported results of those components in the same way; they may therefore report either for the programme as a whole, or for subsets of the programme (e.g. by value chain).

6.1 Tracking Costs

6.1.1 Auditors Checklist

✓ An accounting system is in place to track costs and produce annual and cumulative totals of all programme-related costs spent in-country

✓ Use: The programme has annual and cumulative totals of all programme-related costs spent in-country **(See Example 6.1)**

6.1.2 Implementation

All programmes should report total programme costs and explain as fully as possible what this total does and does not incorporate. All relevant costs should be included, for example:

- Direct costs
- Overhead costs incurred in country
- Design costs, including preliminary studies to inform the programme design
- Implementation costs
- Monitoring, evaluation and impact assessment costs
- Management and administrative costs incurred in-country

Note: the auditor will need to see breakdown of programme costs, to check that all relevant aspects have been included. However, this breakdown will not be made publically available.

6.2 Allocating Costs (Recommended)

6.2.1 Auditors Checklist

- ✓ The accounting system enables management to estimate costs spent on each major component of the programme for which impact is estimated

- ✓ Use: The programme has annual and cumulative estimates of costs for each component for which impact is estimated

6.2.2 Implementation

Large projects with numerous interventions/activities should apportion costs to individual components or even value chains as closely as possible.

7 Reporting Results

Ultimately, the findings of results measurement exercises should be communicated clearly to funders and to the wider development community. The transition to a credible and comparable results measurement system does, however, carry risks - for example, that early adopters might be penalised rather than rewarded. This is particularly true where the measurement process is complex, and no-one is yet accustomed to interpreting the numbers generated, in their appropriate context and against appropriate benchmarks.

It is therefore proposed that the initial results not be communicated to a wider audience, in ways that can be attributed to individual programmes. Instead, they should be aggregated, and reported as a range, or anonymously. This will enable the wider development community to consider how to act on such numbers, in a more general way; such is the enthusiasm to obtain any quantified information on impacts, that early experience suggests that donors and others do not adequately consider the complexities of the situation before using any numbers that are available - without for example including the necessary provisos and qualifications.

Individual programmes remain free, of course, to communicate their own measurements and data in any way they deem appropriate.

7.1 Annual Impact Estimates

7.1.1 Auditors Checklist

- ✓ The programme's system describes how such reports will be produced at least annually

- ✓ Use: The programme has a report(s) produced in the last year which provides clear estimates of the changes in key indicators due to the programme

- ✓ Use: The report(s) should outline the context, and any qualitative information needed to understand the numbers presented

7.1.2 Implementation

The majority of the work required to meet these criteria has already been covered in other parts of the Standard – please see the relevant Sections for more information. This Control Point aims to ensure that the results of this work are clearly documented, and that the programme's impact findings are presented in a clear and transparent manner.

7.2 Gender Disaggregated Data

7.2.1 Auditors Checklist

✓ All reported changes in key indicators, and particularly in impact indicators are disaggregated by women and men

✓ Where figures are not disaggregated, justification is provided as to why this was not possible or appropriate

7.2.2 Implementation

In order to meet this criteria, gender issues must be incorporated from the earliest stages of a project, as surveys/interviews/etc must have been tailored to collect the necessary information.

The most appropriate means of disaggregating data by gender will vary for the three common goal level indicators;

- SCALE – Data should be divided to show the relative numbers of male- and female-owned SMEs.

- INCOME – Data should be divided to show the additional net income of male-owned SMEs compared to that of female-owned SMEs and male workers compared to female workers.

- JOBS – Data should be divided to show the number of FTE jobs that went to men, and to the number of FTE jobs that went to women.

In all cases projects should explain how the 'male' and 'female' categories have been defined – this will be particularly important when dealing with family-owned SMEs.

As well as presenting disaggregated results, projects should explain their data, within the relevant social context. Where data is NOT disaggregated by gender, appropriate justification must be given. This may be the case when gender is not a key factor in determining poverty status.

7.3   Reporting Costs

7.3.1   Auditors Checklist

✓ Annual and cumulative totals of all project-related costs spent in-country are reported in at least one report in the last year

7.3.2   Implementation

See **Section 6**

7.4   "Direct" and "Indirect" Results (Recommended)

7.4.1   Auditors Checklist

✓ When impact is reported, wherever applicable, changes in key indicators are appropriately divided into "direct" results and "indirect" results

7.5   Reporting per Component (Recommended)

7.5.1   Auditors Checklist

✓ The report(s) related to 7.1 above include impact and total related costs together per component

7.5.2   Implementation

See **Section 6.2**

7.6   Publishing Results (Recommended)

7.6.1   Auditors Checklist

✓ A document with the results and costs described in Sections 7.1-7.4 is made publicly available

8 Managing the System for Results Measurement

The programme must develop a system to measure, regularly, the indicators specified in the results chain. The measurement frequency will depend on the indicator.

The process of measuring results should be integrated into all aspects of programme management, from design through implementation to monitoring and evaluation. Indeed, the achievement of results should drive everything that programme staff do, orienting their efforts and guiding their decisions. This also requires clear responsibilities, adequate planning, appropriate skills and sufficient human and financial resources.

While the measurement of results enables managers to allocate resources and rewards according to performance, the complexity of the measurement process means that managers must also consider how to encourage objectivity and honesty in staff. This is particularly true during the introduction of a results-based process, while all involved are learning how to use the numbers generated, in appropriate ways. For example, it will take time to benchmark numbers in relation to their context, and to learn how best to interpret them in the light of factors that cannot be quantified.

8.1   System for Measuring Indicators

8.1.1   Auditors Checklist

✓   The programme has a document describing the system for measuring changes in indicators **(see Example 8.1a)**

✓   The document has a written description of what information will be gathered for each key indicator

✓   The document has a written description of how this information will be gathered

✓   The document has a written description of how each key indicator will be calculated or described

✓   The document explains at what intervals each indicator will be measured or assessed

8.1.2   Implementation

"The choice of which method to use is determined by the size, significance and nature of the intervention. Smaller interventions generally use simpler methodologies; larger interventions use more substantial methodologies in order to be convincing."[16]

The checklist below gives a general outline of the key steps that should be followed by programmes of all sizes, in order to establish a system for measuring change.

Decide What You Need to Measure:

As the first step towards developing a measurement system, programmes must clarify exactly what it is that they intend measure. To do this, they will need an understanding of the specific information that will be required to calculate each indicator.

Consider Quantitative and Qualitative Research Methods:

At an early stage in the development of an impact assessment system, programmes must decide whether to focus only on quantitative analysis, or whether to combine quantitative methods with supporting qualitative techniques. Qualitative methods are not currently covered by this standard, but can still add value; qualitative information collection tools have been found to be particularly useful for[17]:

- Underdeveloped value chains

- Getting information from micro and small enterprises (SEs)

- Understanding SEs' behaviour

- Developing the details of project design

- Market research implemented by in-house staff

Select Specific Research Tools (See Box 8):

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16 December 2006. Staff Guidelines for Conducting Impact Assessment; Impact Assessment for T-G PEC
17 Alexandra Miehlbradt and Linda Jones. December 2007. Market Research For Value Chain Initiatives - Information to Action: A Toolkit Series for Market Development Practitioners. MEDA; p2

Rather than selecting one method, programmes should aim to use a range of tools to collect the necessary data; information generated by mixed methods can help to establish the validity of the data and the reliability of the measures of change. However, it is not necessary to use a different tool for each indicator, in fact, it is important to group the indicators together and collect data on as many as possible with the same tool or tools. This will make the data collection both manageable and efficient. It may be necessary to make compromises to group indicators together; one tool may be better for some indictors and another tool for other indicators. Programmes should balance the use of appropriate tools with keeping the overall strategy manageable.

The credibility of an IA is dependent on using data-gathering instruments that are well designed and clearly documented. Programmes must also ensure that adequate time is given to train people who will conduct the study[18] **(see Section 8.2)**

1. Surveys

   For measuring changes in the common impact indicators, it is expected that programmes will need to carry out enterprise and/or household surveys. The following checklist should help programmes ensure that all surveys comply with established 'good practice' guidelines:

   o Decide on suitable sample size. The sample size must be large enough to ensure that any changes measured have not occurred by chance; the size of the sample required for this depends on the size of the change, but as a very crude guide, at least 100 are needed for a sample of significance.

   o Prepare a checklist of the exact information needed.

   o Using the checklist, structure the questionnaire with closed-ended questions that do not 'probe' or 'lead' the respondent

   o Ensure the questions are simple and are directed to get solid facts (see Box 10)

   o Ensure the survey is sensibly structured and of an appropriate length (see Box 9)

2. Interviews

   Most of the survey guidelines listed above should also be applied when conducting interviews. Interviewers must understand the questionnaire and be skilled; new interviewers should practice alongside a more experienced interviewer before attempting this on their own. It is also strongly recommended to pilot test the questionnaire.

3. Other Data Sources

- Information that can be gathered from providers.

  e.g. Objective Information on Service Delivery[19]:

  o Number of enterprises to whom the service is sold (from provider records)

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18 Carolyn Barnes and Jennefer Sebstad. March 2000. Guidelines For Microfinance Impact Assessments. AIMS; p8
19 December 2006. Staff Guidelines for Conducting Impact Assessment; Impact Assessment for T-G PEC; p13

- **Secondary Sources vs. Direct Respondents**

  Usually secondary sources are more useful for collecting broad information and statistics that individual stakeholders may not know, such as the aggregate export sales of a particular product. Look at secondary sources first, since you will have limited time with respondents and you will get a better reception from them if they can see that you have prepared by doing some prior research. Much of the detailed information on a value chain will have to be gathered from respondents as it is not usually available from secondary sources.

- **Key Informant Interviews vs. In-depth Interviews:**

  Key informants are respondents who are in a position to have an overview of a particular value chain or issue. For example, the head of a chamber of commerce might be a useful person to interview about the economic situation in that area. In-Depth Interviews are more appropriate when you want to learn about the respondent's particular situation, attitudes and behaviours. So, In-Depth Interviews are generally conducted with businesses in a value chain and those stakeholders who might later be involved in the program.

- **One on One vs. Group-based Tools**

  One-on-one interviews are better for grasping the basics of how a value chain works and for investigating entrepreneurs' and stakeholders' attitudes and behaviours. Group-based tools (FGDs and Stakeholder Meetings) are better for exploring ideas new to the respondents, engaging stakeholders in thinking about issues and problems, and generating and discussing ideas or solutions for developing a value chain. Group-based tools tend to be more effective when the moderator already understands the basics of the respondents' situations.

  Sometimes, there are particular cultural issues which make one tool more appropriate than another. For example, gender issues or power relations in a particular culture may mean that some stakeholders, such as low-income SEs or market women, feel more comfortable with group-based rather than individual interviews. Or, for example, if there is ethnically based animosity among individuals or groups, one-on-one interviews

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- Monetary value of transactions for service in specified time period (from provider records)

- Any data on growth in demand or consumption of the service

This information should be gathered from provider records whenever possible. It may also be gathered through interviews with the provider (see above). When possible, the information should be verified by using at least two sources.

- Secondary Information and Reports

The use of secondary information and reports allow researchers to get general information on the target area or sector, for example number of enterprises, area under cultivation, aggregate sales etc. Sources may be internally generated reports, or external documents and data on the sector, most often data from government offices on the sector. The sources

of data will depend on the information needed, but the following steps should be observed in all cases:

- o Make a list of information needed in order not to waste time searching through documents or government data

- o Only use credible external sources of information

- o Be sure to record information sources

Establish a Baseline and Select Appropriate Intervals for Measurement:

(see **Section 3.1** for guidelines on establishing a baseline)

Measurements are needed, as a minimum, from before the start of the programme and from after the programme's completion. However, measurements should also be made at appropriate intervals during the programme's lifetime, to enable interim reporting and monitoring of the programme's progress **(see Example 8.1b)**.

Elements of systemic change occur at different frequencies; the intervals at which measurement takes place should therefore be appropriate to when change is anticipated. For most indicators, programme staff will need to choose appropriate intervals for measurement based on their experience and knowledge of the market.

Generally speaking, the timeframe for changes in behaviour and performance of service providers is relatively short, such as six months to one year. The timeframe for changes in behaviour and performance of enterprises will be moderate, such as one year to 18 months, whereas the timeframe for change at the level of sectors and poverty reduction will be longer, such as 18 months to two years. However, these numbers can vary significantly, for example in agricultural sectors with fruit trees that take 5 years or more to mature.

If seasonal differences are significant, the follow-up measurements should be conducted during the same season as the baseline survey[20].

Select Appropriate Analysis Techniques:

Where appropriate, survey data can be analysed using a variety of statistical tests (see Box 11). However, projects should ensure that all analyses focus on key research questions and hypotheses.

Write Measurement System Report:

Once appropriate tools have been selected, a report should be produced documenting the entire measurement system **(see Example 8.1a)**. The report needs to provide sufficient information to assure the reader that the necessary steps and precautions were taken. As a minimum this report should include details of:

- The measurement tool selected for each indicator, with appropriate justification

- The interval at which each indicator will be measured, with appropriate justification

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20 USAID. 2006. Assessing the Impact of New Generation Private Sector Development Programs, Impact Assessment Primer Series Publication #1; p11

The report should also incorporate a detailed breakdown of individual measurement stages/tasks, including **when** they will take place and **who** will be responsible – often this information can be most clearly summarized in a table **(see Example 8.1b).**

Box 9: Survey Structure and Length
Source: USAID. 2006; p5

In addition to getting the questions right, survey mechanics must be carefully structured. Each survey should be individually numbered, the survey should be logically organized and sections ordered, response codes must be clear, and other enumerator instructions must be clear and easily readable. In addition, information about enumerator and the date and location of the interview should be included. This information is essential for field supervisor checking of enumerators and for the follow-up surveys.

The length of the survey must also be carefully controlled. If the survey is too long, respondents may not finish the interview, or they may grow fatigued, resulting in a decline in the quality of information. Long surveys also require a greater investment of time on the part of the enumerators, which costs more and is often unnecessary when a shorter survey instrument can adequately cover the major research questions.

How long is too long? There is no ideal length. The Kenya tree fruit survey included 96 questions, although not every question applied to all respondents, and few respondents were required to answer every question. A rule of thumb is that surveys should take approximately one hour to complete on average, although in certain situations they can go longer than this, but preferably not too much longer.

Box 10: Choosing Appropriate Survey Questions
Source: Adapted from USAID. 2006; p4-5

The decision on which type of questions to include in the survey is subject to a number of considerations:

- The questions must cover the hypotheses identified in the results chain to the extent possible. Certain hypotheses, however, do not lend themselves to quantitative measurement through household surveys. Examples include sector-level impacts, which are thus typically addressed through interviews with sector stakeholders and secondary data.

- The questions must be clear and must elicit meaningful responses. A pilot test of the survey is essential to assure clear and meaningful questions. Internal checks provided by covering the same issue with a different type of question in the survey can also be useful. If the survey is to be translated into a different language or languages, the standard method to ensure clarity is to translate the survey into the relevant language(s) and then back again into the original language.

- Closed-end questions are generally preferred to open-ended questions. Closed-ended questions are easier to use because they are pre-coded whereas open-ended questions require coding after-the-fact. The larger the survey and the greater the variety of responses, the more difficult it is to code answers after-the-fact. Notwithstanding, open-ended questions can be useful in situations in which answers cannot reasonably be anticipated before-hand or in which a greater diversity of responses is sought.

- Questions should not be offensive or threatening. If they are, subjects may refuse to answer or give vague or misleading answers. On the other hand, some legitimate subjects of survey research necessarily delve into personal or potentially threatening or offensive topics. If the survey must venture into potentially threatening or offensive territory, it becomes increasingly important to vet the survey with local experts and to pilot test it prior to implementation.

8.2 Tasks and Responsibilities

8.2.1 Auditors Checklist

✓ Tasks and responsibilities in relation to results management are documented **(See Examples 8.2a, 8.2b and 8.2c)**

✓ Staff are able to accurately describe their responsibilities in results measurement

8.2.2 Implementation

1. Allocate Major IA Responsibilities

The size of the team needed to carry out a comprehensive impact assessment will vary significantly depending on the size and scope of the programme involved. However, key responsibilities are likely to include:

- Setting up systems including designing systems, installing system and training staff to use system

- Developing and updating results chains and indicators

- Developing plans for indicator measurement

- Designing specific information gathering activities

- Implementing specific info gathering activities: collecting data, data entry and cleaning, data analysis, report writing, managing this process, quality control such as supervising all aspects, back checking etc.

- Overall system management and supervision

A project must first decide which of these tasks will be done in-house by project staff and field researchers, and which will be outsourced to a research firm (see Box 12). Often all information gathering is done in-house except formal surveys, but other information collection activities can be outsourced with reasonable justification. If a task is to be carried out by the project itself, decide which individual/team will be responsible. The break down of tasks and responsibilities, including those that will be outsourced, should be clearly outlined in the Measurement System Report **(see Section 8.1 and Example 8.2a).**

2. Write Terms of Reference

Whether IA tasks are outsourced or kept in-house, clear ToRs or job descriptions will be needed for all involved **(See Example 8.2b)**. However, these ToRs will contain many of the same pieces of information as the Measurement System Report, for example:

- The sample size and the sampling strategy:

  o How many respondents there are

  o Who the respondents are

  o How they will be chosen and contacted

- Information needed: a clear list of all the information to be gathered, including

- o Data on the indicators

- o Information to gauge sustainability

- o Data to gauge crowding in or copying

- o Information to explore attribution

- o Any other information needed

- Expectations for the questionnaire: The actual questionnaire may be prepared together with the project but expectations for what it will include and how long it will be are included in the TOR.

- Expectations for the data collection planning and implementation:

  - o List of tasks for the research firm (see Box 12)

  - o List of support the programme will provide to the research firm

- Expected human resources needed

  - o Locations for data collection

  - o Expected dates and deadlines for data collection and recording, data processing and report writing

- Expectations on quality control:

  - o Who will supervise data collection recording and processing

  - o How the supervision will be done

  - o Plan for back-checking a percent of the interviews

- A detailed outline of the expected findings report: including

  - o Summary of the methods

  - o Format for summary of data collected

  - o List of indicators to be calculated and how they should be calculated

  - o List of figures and tables expected

Note: Copies of all ToRs related to IA should be appended to the Measurement System Report

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Box 12: Suggested Data Collection Tasks for Research Firms

- Writing the questionnaire
- Testing the questionnaire
- Revising the questionnaire
- Preparing data collection forms
- Preparing a data processing system
- Engaging interviewers
- Training interviewers
- Collecting and recording data

- Supervising data collection and recording
- Cleaning and processing data
- Preparing a report
- Presenting the study and findings
- Delivering the raw data and report
- Reporting regularly to programme on progress

8.3 Human and Financial Resources

8.3.1 Auditors Checklist

✓ The programme can show that sufficient human and financial resources have been allocated to manage and implement the results measurement system.

8.3.2 Implementation

Projects should ensure that they are realistic about the financial and human resources that will be taken up by results measurement, and that their methodology is tailored to the resources available.

8.4 System for Results Measurement

8.4.1 Auditors Checklist

- ✓ Use: Evidence exists of the system having been institutionalized for example in the form of a staff manual on results measurement, job description, inclusion in staff performance reviews, etc.

8.5 External Audit

8.5.1 Auditors Checklist

- ✓ Use: A summary sheet lists the control points in order, and lists, for 'Musts', the document(s) that provides evidence of compliance.

8.6 Programme Management and Decision Making

8.6.1 Auditors Checklist

- ✓ Use: Managers can explain to what extent underlying assumptions in the logic or results chain(s) are proving to be valid, and can cite decisions they have made based on the information provided by the results measurement system.

D. Glossary

Note: Where possible, the definitions given below are in line with the *Glossary of Key Terms* developed by the DAC Network on Development Evaluation[21]. Definitions taken directly from the DAC Glossary are *given in italics*. In many cases, further detail has been added, in order to give the level of specificity required for the purpose of this methodology.

Activity: A discrete piece of work, typically represented by a contract between the programme and a contractor, partner or consultant. Interventions typically consist of several activities that are intended to achieve change at various different points in the overall market system.

Aggregate: To combine the impact a programme has caused from various interventions; overlap must be taken into account when aggregating impact.

Assess: To gauge the change in an indicator using quantitative and/or qualitative methodologies.

Assumption: A supposition or best guess which forms part of the basis for calculation of an indicator value.

Attribution: *The ascription of a causal link between observed (or expected to be observed) changes and a specific intervention.*

While rigorous proof of attribution will be beyond the means of almost all programmes, attribution should always be demonstrated to a level that would convince a reasonable but sceptical observer.

Note that some programmes (for example improving the business environment) create pre-conditions for development outcomes, rather than stimulating actual change. Attribution (and measurement of impact) may be more difficult in such cases.

Baseline: *An analysis describing the situation prior to a development intervention, against which progress can be assessed or comparisons made.*

This should include the status of indicators before an intervention starts or has resulted in changes at the level being measured.

Calculate: To compute the value of an indicator based on several different pieces of information.

Collaborating programme: A public programme (donor or government) with which the programme has a written agreement outlining collaboration and which has contributed to the attributable changes claimed.

Component: A part of a programme that forms a coherent set of interventions, typically around a thematic interest.

Copying: Other target enterprises copying behaviours that those affected directly by programme activities have adopted.

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[21] http://www.oecd.org/dataoecd/29/21/2754804.pdf

Crowding in: Enterprises at levels other than the target level copying behaviours that those affected by programme activities have adopted or entering a sector or value chain as a result of improved incentives and environment created (at least partly) by the programme. This term also applies to government agencies or civil society organizations, who are not directly involved in the programme, copying behaviours of those who are directly involved in the programme, or who change their behaviour as a result of improved incentives or environment created (at least partly) by the programme.

Direct impact: Changes that can be plausibly linked in a direct line to an organization or enterprise with which the programme has had significant contact. Direct impact does not include the results of systemic changes such as copying or crowding in.

Displacement: Some enterprises may be negatively affected because others are benefiting from programme activities. Displacement is the amount of negative effect on those enterprises harmed by programme activities.

Estimate: An approximation of the value of an indicator or of attribution based on information gathered.

Final: Assessment of indicators after expected changes have likely occurred. This is the last time particular indicators will be assessed for a particular intervention.

Impact: *Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.*

This standard promotes that impact be expressed in a form that an uninformed observer would understand and relate to.

Impact Assessment: The process of estimating a programme's impact on enterprises, poverty reduction and/or other development goals.

Indirect impact: Changes caused, at least partly, by programme activities which can not be linked in a direct line to organizations or enterprises with which the programme has had significant contact. Indirect impact includes the results of systemic changes such as copying, crowding in and second order changes resulting from a programme's direct or indirect impact, for example changes in non-targeted sectors or changes in local economies resulting from the increased purchasing power of a programme's target beneficiaries.

Indicators: *Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development sector.*

Information gathering: The collection of qualitative and quantitative information to monitor the changes resulting from a programme at any level of the programme's results chain and to estimate attribution.

Intermediate indicator: An indicator of change at any level other than the goal or final level.

Intervention: A coherent set of activities that share a single results chain, and are designed to achieve a specific and limited change. An intervention is generally as subset of a component.

Level: A step in a results chain that refers to changes for a particular group of enterprises or other players; for example, levels in a results chain might include service provider level, enterprise level, sector level and target household level.

Job: Full-time equivalent, taken over one year (240 days/year); may be seasonal, paid in kind etc, but does not include unpaid family labour.

Key indicator: Indicators that relate to the "key" or most important changes described in the results chain.

Key change: The most important changes described in the results chain. Ideally, a programme assesses changes at every level of the results chain; however, at this stage, it may be too much of a burden for smaller programmes, or those with very detailed or very long results chains to assess changes at every level. In this case, programme may choose to only assess "key changes."

Measure: To assess the value of an indicator using quantitative methodologies.

Methodology: A means to assessing the value of indicators, for example a survey, focus group discussion or key informant interviews.

Overlap: When two different interventions reach the same target enterprises. If aggregating programme scale by adding up the number of enterprises reach by each intervention, the overlap must be subtracted to arrive at the correct total.

Poor: MDG1 originally referred to people living on less than $1 per day, on 1993 purchasing power parity; this has now been considerably expanded – see the revised MDGs. USAID, CGAP and others are working on country-specific baskets of poverty indicators. Many countries have their own definition.

Primary research: Information gathering directly from respondents (enterprises, service providers, government agencies etc.) in the field.

Private contributor: A private enterprise that has contributed to the impact claimed by the programme.

Programme: A programme is the typical unit of analysis for a donor, often contracted to one overall partner or company. A programme consists of several components.

Projection   A reasonable estimate of future results, based on current, informed knowledge about the overall system.

Proxy indicator: An indicator for which measurable change is clearly and reliably correlated with an indicator of change that the programme aims to achieve (but generally more practical to measure).

Reasonable: A conclusion that an external, unbiased and relatively informed observer would come to.

Results Chain: *The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired objectives beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts and feedback*.

Results measurement: The process of estimating a programme's impact on enterprises, poverty reduction and/or other development goals. In this standard, it is synonymous with impact assessment.

Secondary research: Information gathering that relies on existing studies and reports.

Survey: Gathering information from a specific number of respondents in a specific population generally using a set of questions for which the answers can be quantified.

Sustainability: *The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits*.

(For measurement purposes, sustainability will be indicated by continuation of benefits at least two years after the end of a programme).

Systemic change: Changes in market systems and the structures, such as government and civil society, that support markets that cause sustainable shifts in the way those market systems and structures operate, for example, changes in relationships within and among both private enterprises and public agencies, in incentives and in market support structures. Systemic change causes widespread indirect results such as crowding in, copying, enterprises shifting sectors and changes in enterprise start-up and exit rates.

Target enterprises: The type of enterprises that a programme aims to benefit.

Target population: The type of people that a programme aims to benefit.

Unintended impacts: Any changes that are due to a programme's activities and that were not anticipated when designing the activities. These impacts may be positive or negative.

Annex A.

Examples

Example 1.1a: Fingerling Traders Training Results Chain

Impact Poverty Level	More employment	More Income	More nutrition (increase in per capita animal protein consumption)
Impact Enterprise Level	Increase in profit		Increase in profit
	Increase in yield		Increase in yield
Outcomes	Farmers apply the knowledge in their cultivation		Other farmers are influenced to apply information in cultivation
	Farmers seek and get information on modern cultivation techniques		Other fingerling traders seek training on cultivation technique & pond management
Outputs	Fingerling traders are knowledgeable on cultivation techniques & pond management		
Activities	Fingerling traders receive training on cultivation technique & pond management		
	Company assisted in developing the training module and traders' identification		
	A private company interested to provide training to fingerling traders on fish cultivation techniques identified		

Example 1.1b: Summary of Supporting Research; ABC Fingerlings Project

Note: This table outlines the supporting research for a fictional project with a similar results chain to the intervention shown in Example 1.1 above.

No.	Box	Explanation	Sources Used	Displacement	Other considerations
1	Activities	Initial interventions driven by programme	---	---	• On fish farms, women are involved in production and in other important activities such as pond re-excavation, feeding, cleaning ponds, guarding ponds during day time, processing, etc. Improvement in the pond fish sector are therefore expected to benefit both men and women.

• Farmer training should lead to a reduction in overfeeding and inappropriate use of chemicals; the local environment should therefore benefit from the intervention.

• Management training will include information on ensuring health and safety of all employees. |
2	Nursery owners are knowledgeable on pond management and motivated to give info	Research shows that nursery owners have a far higher awareness of management issues after attending training	Survey of participants in pilot training scheme	The service market at present is weak, with plenty of room for growth. Displacement is therefore expected to be negligible.	
		Trained nursery owners understand the potential business benefits of giving info to clients			
3	Farmers seek and get info on pond management	There is a currently large demand for info on pond management from farmers.	Field visits and interviews with local producers		
		Nursery owners are an accessible and trusted source of information			
4a	Farmers apply new knowledge to their ponds	Approximately 3/5 of farmers given info on improved management apply this knowledge to their day to day activities	Report on the outcomes of a similar project in the Philippines milk fish sector		
4b	Farmers increase yields/reduce costs	Farmers who use correct mix of feeds (as advocated by nursery owners) have an average yield 20% higher than those who do not.	Pond fish sector market study, 2007	The demand for fish is growing at a rate of 15% a year; the market is not saturated, therefore displacement will be negligible.	
4c	Farmers increase profits	The pond-fish market is growing rapidly; farmers with an increased yield can therefore increase their income by selling larger quantities of fish, without triggering a drop in market prices	Pond fish sector market study, 2007		
5	Increase in fish cultivation in the area	An increase in farmer income can be expected to encourage an increase in fish cultivation in the area.	Report on the outcomes of a similar project in the Philippines milk fish sector	Positive and negative effects on other sectors are too complex for consideration by this project.	
6a	Additional employment	For every 20 hectare increase in cultivation area, an average of 2 new jobs will be created	Pond fish sector market study, 2007	Impact figures will take into consideration any benefits forgone by individuals in return for work in the pond fish sector e.g. by those who have ceased to work in a different sector.	
6b	Increased income	Increased profits will lead to increased income for the farmer.	Pond fish sector market study, 2007		
6c	More nutrition	Income growth leads to improved nutritional status.	IFPRI research		

Example 1.3a: Six-Month Market Review – An Overview

Note: In order to meet the DCED Standard, this report would need to include additional information on the system for stakeholder consultation.

Purpose:

1. Review market and intervention strategy

2. Review progress of ongoing and closed interventions during the previous six months

3. Plan interventions for the next six months

4. Analyze and learn from M&IA findings

5. Update market and intervention documents (including M&IA documents)

Who attends?

- All of the market unit members
- Coordinator or deputy manager, at least part of the time
- Division manager, at least part of the time
- Member of the M&IA team
- M&IA manager

How long is the meeting?

The meeting can take several days.

Meeting Agenda

While there is some flexibility on the meeting agenda, it generally covers the following points:

Step 1: Review Market Strategy

Review the market strategy: *Are we doing the right things?* Based on

- **Market dynamics:**

  Does the market function as we thought it would and recorded in our Market Plan in terms of players, volumes, dynamics, etc., or are we surprised?

  Do we see the market changing?

- **Market vision:**

  - Is the market potential identified in our vision still valid?

  - Can we unlock it by addressing the intervention areas?

- **Leverage points** (private sector or public sector organizations):

  Can we get sufficient outreach?

  Do we find enough market opportunities on which to work?

  Are we able to hit the right incentives?

- **Learning from M&IA information** collected over the last six months:

  To what extent are service providers changing their behaviour and reaching more SMEs?

What are the indications that targeted service markets are starting to function or continuing not to function?

Are there signs of crowding in at the service market level or entry point? If so, to what extent?

Are there signs of changing practices and/or technical innovation at the enterprise level? If so, to what extent?

Are there signs of productivity, sales or other performance gains at the enterprise level? If so, to what extent?

Did we gain new insights in terms of what the key elements for better SME performance are?

Did we gain new insight in terms of relevant benchmark data and hence maximum feasible productivity or other performance increases?

Are there signs of increased profitability at the enterprise level? If so, to what extent?

Are there signs of SME copying, new entrants to the sector and/or increased sector growth? If so, to what extent? Are there signs that the sector becomes relatively more attractive to work in compared to other sectors?

Are there signs of relevance for reaching the very poor, gender equity, ESRB, empowerment of the poor and/or improved working conditions?

- **Addressing outstanding questions/issues:**
  Have all the questions or issues from the previous six-month market review been addressed? If not, why not? How will they be addressed?

Step 2: Prepare to update Market Plan

- Discuss revisions to the market strategy and/or market logic boxes (if necessary)

- Discuss updates to the market logic figures based on new M&IA information (if necessary)

- Discuss updates to the Market M&IA Plan (if necessary)

- Brainstorm new interventions (if necessary)

Step 3: Analyze interventions: progress, design and planning

Assess progress in existing interventions; review interventions closed (either activities or monitoring) in the last six months; discuss, design and plan new interventions

- **Discuss progress of ongoing interventions:**
  Are ongoing interventions on track? If not, why not? What remedial action is required?

- **Discuss closed interventions:**
  How did the intervention go? Was it successful? Why or why not?

  What were the key results of the intervention?

  Has the particular constraint or opportunity been adequately addressed? If not, are more actions required?

What did we learn from the intervention? How might those lessons be applied in this market or other markets?

▪ **Design and plan new interventions:**

What are the new interventions to start in the next six months, and when?

What does the programme plan to do under each new intervention? Why?

What are the changes expected at each level for each new intervention? (Draw a rough draft of the intervention results chain(s)

Specify if new interventions have a particular relevance for reaching the very poor, gender equity, ESRB, empowerment of the poor and/or improved working conditions

Step 4: Prepare to update/write Intervention Plans and Intervention Reports

- Discuss revisions to on-going Intervention Plans, particularly the activities

- Discuss updates to the intervention logic numbers based on new M&IA information

- Discuss updates to the intervention M&IA Plans, particularly dates and methods

- Identify any overdue Intervention Reports and discuss content

- Identify any new Intervention Plans that need to be written and discuss content

Step 5: Plan for next six months

- Summarize intervention-related plans for the next six months including changes to on-going interventions, new interventions, and interventions expected to be closed

- Identify any specific questions or issues to be addressed in the next six months

- Outline plans for M&IA activities in the next six months

- Plan to complete all necessary documents (updated Market Plan, updated or new Intervention Plans, Intervention Reports and Market Progress Report); include who will do what by when

- Identify if the market as a whole or particular interventions have good material for:

  .1. Cases

  .2. Mini-cases

  .3. Particular relevance to reaching the very poor, gender equity, ESRB, empowerment of the poor and/or improved working conditions

Plan for another meeting to tackle specific issues identified during the review (if necessary)

Example 1.3b: Six-Monthly Market Management Meeting: Recording Form

Date of Plan:_____

Intervention Plans

On-going Interventions

Int. #	Summary of Changes	Update plan?	Who?	By when?

Questions/Issues to Address in Next 6 Months

Question/Issue	Who?	By when?

M&E Activities in the Next 6 Months

Activity	Tasks	Who?	By when?

Document Updates			
Document	Need update?	Who?	By when?
Market strategy			
Market results chain			
Market M&E plan			
	Int. #s need updating/writing		
Intervention plans			
Intervention logics			
Intervention M&E plan			
Intervention reports			
Market progress report	■■■■■■■		

Plan for Further Meetings		
Issue to Discuss	Who will attend?	Date/Time

Summary of Six Month Market Review

Review of Market Strategy:

Analysis of Interventions:

Example 1.6: Guidelines on Displacement

Level of Analysis	What might happen in the market	How displacement is handled
Service market level	The programme may encourage a monopoly by working with just one service provider which will make it more difficult for other service providers The programme may help some service providers while others lose out	**Only if judged significant:** As the programme generally works in weak service markets, there is considerable room for growth. The programme expects that it is rare for displacement to be significant. However, if the market unit thinks displacement is significant then the effect is estimated and impact figures are reduced accordingly.
Enterprise level	Enterprises affected by the programme benefit and grow; as a result others suffer and shrink	**Only if judged significant:** The programme expects that displacement is not significant in fast growing markets. As markets become saturated, it will become significant. When staff thinks that displacement is significant, then the effect is estimated and impact figures are reduced accordingly.
	Enterprises switch from another sector to the one the programme is targeting	**Displacement included:** Impact figures estimate the *additional* income and *additional* jobs created, in other words the total income and jobs created minus what entrepreneurs and workers were earning in the other sector.
sector and Market level	As a result of the programme helping one sector, a related sector might shrink. For example, the wood sector might shrink as a result of the programme helping the plastics sector.	**Only when the programme's work in one sector affects its work in another sector:** Competition is the basis for growth and development. This issue needs to be considered when choosing sectors. However, this effect will generally not be taken into account in impact assessment because the programme also does not take into account when work in one sector benefits a related sector. This level of analysis is too complicated for the programme's system to handle. It will only consider this effect when it's works in one sector affects its work in another sector.
Copying	More enterprises entering a sector may lead to more supply which results in prices dropping and, therefore, less benefit to all enterprises in the sector	**Not taken into account:** This is a positive change for the economy and will encourage increases in productivity. As the programme is working in growing sectors, this effect will probably not be significant in the three year time horizon of measurement. Therefore, it is not taken into account in impact assessment.

Example 2.1a: M&IA Plan for Pond Fish; Indicators and Measures

			Results chain (impact logic)	Questions	Indicators/Measures
Poverty Reduction	Box 13		More nutrition	Has per capita consumption of animal protein increased?	Per capita fish consumption increased (number of farm HHs reporting more fish consumption)
	Box 12		More employment	How many new people enter into fish culture? How many new labourers are employed in fish culture?	Increased number of new entrants in fish culture (pond acres in use for fish cultivation) Increased number of labourer employed by farms (average # of man days of labour used per pond acre per cultivation cycle)
	Box 11		More income	Has farmers' income increased?	Increase in farmers' income (average profits per pond acre per cultivation cycle)
Sector	Box 10		Increased cultivation	Has the production of fish increased?	Increases in terms of volume, taka and coverage (kg fish sold in past month; sales in taka in past month)
Enterprises	Box 8		Increased profit	How much has farmers' profit increased?	Increase in farmers' profit (Sales less costs per pond acre per cultivation cycle)
	Box 9		Other farmers are influenced to apply information on pond management	Are other farmers applying information on pond management?	# of other farmers applying information (total number of new farmers applying specific pond management practices in the last cultivation cycle) # of other farmers approaching nurseries for information
	Box 7		Increased yield	How much has farmers' yield increased?	Increase in yield (kg per pond acre per season)
	Box 6		Farmers apply the knowledge in their pond management	Do the farmers cultivate in a proper manner? Do the farmers achieve higher growth rates for fish? Do the farmers experience a lower mortality rate? Do the farmers use inputs properly?	Fish growth(kg/month harvested) Lower Mortality rate of fish (% fish died per cultivation cycle) % farmers who use inputs properly (with specific definition) % farmers who apply proper cultivation technique (with specific definition)

			Results chain (impact logic)	Questions	Indicators/Measures
Service Markets	outcomes	Box 5	Farmers seek and get information on pond management	From whom did the farmers get information on pond management and usage of inputs? What information on pond management and input usage did they get from the nurseries? Are the farmers satisfied with the information? How frequently did they go to the nurseries to get information?	Source of information (# farmers obtaining information by source) % farmers satisfied with the information (% farmers who found the information useful) % farmers understand the benefits of proper pond management and inputs use (% farmers who can cite three benefits of proper pond management) Repeated visit to the retailers (# visits to retailer in last cultivation cycle)
	Outputs	Box 4	Nursery owners' knowledge on pond management improved	Did nursery owners appreciate the training? Do the nursery owners have knowledge on pond management and input usage to disseminate to the farmers? Do nursery owners understand the benefits of giving information?	Nursery owners' satisfaction with training (post training evaluation) Change in knowledge of the nursery owners (post training assessment) Incentive (% nursery owners trained who can cite three benefits of providing information to customers)
Activities		Box 3	Nursery owners are trained in how to embed knowledge and information on pond management during their sales of fingerlings	How many and who are the nursery owners that attended the training program?	Training attendance (# nursery owners who complete the training)
		Box 2	Training module prepared	Has the training module been prepared?	Training module
		Box 1	Potential organization(s)/partner(s) identified	Which organization is interested in providing training to input retailers?	Name of the organization(s) Their network (outreach)

Example 2.1b: Kenya Study: Framework for Studying Impacts

Source: [USAID. December 2006. Collecting and Using Data for Impact Assessment, Impact Assessment Primer Series, Publication #3](#) p3

Levels of Analysis	Domains of Impact	Impact variables	Sources of Information
Tree fruit Smallholder MSEs	Increased integration of smallholder MSEs into tree fruit value chain	Increased sales/marketing linkages Increased price received Increased marketing channels used Increased/improved use of agricultural inputs Increased/improved use of extension services	Survey Case studies
	Improved production processes	Skills, knowledge and practices Use of market information Use of technology Capital investment (tools and equipment)	Survey Case studies
	Improved smallholder MSE performance	Increased revenues Increased productivity Increased employment	Survey Case studies
Smallholder MSE Households	Increased incomes	Proxy measure of increased household Income (consumption/expenditure) Higher ranking of tree fruit income as source of household income	Survey Case studies
	Reduced vulnerability	Diversification of household income sources Income smoothing Increased assets	Survey Case studies
Markets	Provision of commercially viable solutions to recurrent constraints of MSEs in the value chain	Improved and sustainable market access Improved and sustainable input supply Improved and sustainable extension, advisory and information services	Survey Secondary market level information Interviews with buyers (brokers and lead firms), input suppliers, extension service providers
	Growth of tree fruit sub-sector	Increased production Increased productivity Increased employment Increased sales Increased exports Improved inter-firm collaboration	Secondary market level information Interviews with buyers (brokers and lead firms)

Example 2.1c: Research Plan for the Beef Cattle Sector

Source: USAID. January 2007. Developing a Causal Model for Private Sector Development Programs, Impact Assessment Primer Series, Publication #4; p6

Level of Analysis	Outcome/Impact	Indicator of Change	Source of Information
Sub-sector	Improved animal health	Mortality & morbidity	• Secondary data • Interviews
	Improved quality	Value/animal or per kg.	• Interviews • FGDs
	Improved access to finance	# of financial providers	• Interviews
	Development of vet industry	• # of vet services provided • Types of vet services provided	• Interviews • FGDs
	Growth of beef industry	Volume of production	Secondary data
	Increased participation of smallholders	percent of output from smallholders	• Secondary data • Interviews
	Improved quality of smallholder beef	• # of animals sold at feed lots • Mean weight at sale • Calving rate • Smallholder beef graded choice	Interviews
	Improved price for smallholders	Producer price for smallholder as a percent of price received by commercial producers	Interviews
	Improved ability to withstand shocks	• Savings (preferably monetary, but also cattle) • Uptake of insurance products	Interviews
Smallholder MSEs	Increased sales	# of animals sold	Survey
	Increased profits	Value of sales minus cash costs	Survey
	Higher productivity	• Herd size • Mortality • Mean weight at sale • Calving rate • Quality (do any move up from standard to choice?)	Survey
MSE households	Higher income	• Annual income from beef sales • Household consumption expenditure per capita	Survey
	Increasing assets	Stocks of selected household assets	Survey

Example 6.1: Total and Cumulative Programme Costs

Country:
Project No:
Title:
Date:

Budget Line		2006	2007	Total
Code	Title			

Project Personnel

9.1	Project Staff			
12.4	Travel Costs			
15.6	External Consultants			

Sub Total				

Support Costs

27	In-country overheads			
94	Direct costs			

Sub total				

Authorized by:	Prepared by:
Resp. Officer	Checked by:

Example 8.1a: Research Design: Survey of Smallholders

Source: Adapted from [USAID. July 2006. Profit Zambia Impact Assessment: Baseline Research Design](); p18

Panels of participating MSEs and the households to which they are related will be surveyed in two rounds. The first or baseline round will take place in May/June 2006, while the follow-up round will be scheduled for two years later. The sample frame for the survey is shown in Table 7.

TABLE 7. SAMPLING FRAME FOR SURVEY

Intervention area	Participant sample	Control sample
Cotton	Dunavant farmers	Continental farmers
Beef	Communities with vet contracts (actual or anticipated)	List obtained from district livestock officer or community leaders
Retail	Communities where retailers have established relationships	Farmer population (2 stages: villages first, then individual farmers within selected villages)

From the populations defined in Table 7, samples of program participants and matched non-participating smallholders will be drawn. Where possible, participants will be drawn from lists of participants provided by PROFIT or its implementation partners. Non-participants will be drawn from separate districts that are matched to the districts of participants in terms of agricultural activities and size of smallholdings. The control cells (in districts that PROFIT will not enter in the coming two years) will be geographically separated from the participant cells so as to minimize "spill-over" of project benefits to non-participants (although it will not be possible to preclude spill-over). Non-participants will be matched to participants on a limited set of variables including type of agricultural activity, size of landholding, gender of farmer, location, and (to the extent possible) poverty level.

The follow-up survey will revisit as many of the respondents from the baseline round as possible. Accordingly, information must be collected in the baseline that will facilitate finding and identifying respondents for the repeat interviews. Another implication of the panel approach is that some over-sampling in the baseline round is advisable, since there inevitably will be some attrition between survey rounds as respondents from the baseline round die, move away, change their lines of business, or decline to participate. To obtain results at a meaningful level of significance, the sample should include at least 1,200 smallholder MSEs at the end line. Anticipating attrition of 20 percent, the baseline survey should cover at least 1,500 respondents.

To facilitate surveying, respondents in the participant and comparison group samples will be concentrated in pre-selected districts. The participant samples will be drawn in selected districts served by PROFIT. The comparison samples will be drawn in different districts regarded as similar in significant ways (for example, in the same ecological zone) to the intervention districts. Since cotton growing, livestock rearing, and retail input supply are all widespread activities in Zambia, an abundance of potential control groups is available. PROFIT cotton interventions will take place in Central and Southern Provinces initially, and later in Eastern Province. Beef interventions will also be in Central and Southern Provinces initially, and later in Western Province. Retail service interventions will take place in Central and Northwest Provinces. Table 8 shows the districts that have been selected as appropriate sites for participant and control surveys..

TABLE 8. DISTRICTS PROPOSED FOR SURVEYING

Sub-Sector/Region	Participant Sample Site	Control Sample Site
Cotton	Choma (Southern)	Monze (Southern)
Beef	Kalomo (Southern)	Choma (Southern)
Retail input supply	Mkushi (Central)	Chibombo (Central)

In principle, each of these samples should consist of randomly selected representatives of their respective populations (e.g., participating cotton growers in Choma District). Lists of program participants can be used to draw participant samples where such lists exist. There may be no such list for some participants, and censuses of control groups are unlikely to exist. Accordingly, means must be devised to draw up lists from which the survey samples will be drawn. One possibility is to use the "walking method," which involves selecting control group respondents located in some predefined geographic relationship to participant group sample members (e. g, the third farm to the west of a participant respondent's farm). Small deviations from strict randomness are, however, permitted for practical reasons. For example, enumerators need not travel several miles to interview a single respondent. Care must be taken, however, to ensure that significant bias is not introduced in this way. It is NOT acceptable to select a sample purely on the basis of interviewing convenience, since this might introduce a "main road bias" as only the relatively better-off farmers near the main arteries are included in the survey.

In the baseline round, each of the three participant samples should consist of 300 respondents. The control group sample size in the baseline round will be 200 in each district, for a total of 1,500 respondents in all in the baseline survey.

In picking districts for inclusion in the survey, attention was paid to the potential cost of field operations, as well as to the need to avoid having to work in too many languages. According to local intelligence, the selections proposed above will require the use of three languages: English, Bemba, and Tonga. Questionnaires will be written in English, translated into Bemba and Tonga, and then back-translated to ensure accuracy.

As indicated in Tables 4-6 (above), the survey will be the primary means of measuring impacts at the firm and household levels. It will therefore collect data on:

• Enterprise sales and profits

• Productivity

• Household income

• Household assets

• Household poverty status

Because of anticipated difficulty in obtaining direct measures of enterprise profits and household income, proxies will be used. In the case of profits, identifiable purchases of inputs and services as well as payments for hired labour and taxes (if relevant) will be deducted from reported sales to obtain a figure for gross profits. No deduction will be made for household labour or depreciation on any equipment that may be used. Instead of asking sensitive questions about household income, consumption data will be collected. We will also collect information on household assets and investigate the possibility of using this information as a proxy for income.

The baseline survey will provide information about the values of the impact variables in sampled enterprises and households that prevailed early the project's implementation history. Comparison of

the results for the participant and control samples will also afford an opportunity to analyze potential mediating variables – influences on individual values of the impact variables other than program participation. The findings of this analysis will be used to make appropriate allowances for mediating variables when the time comes to measure the program's impact through the interventions studied.

Basic descriptive tables will be assembled from the data obtained in each survey round. These tables will contain three types of information:

• Descriptive information on the respondents (managers of smallholder MSEs)

• Information on the smallholder MSEs included in the survey

• Information on the households associated with the samples smallholder MSEs

A detailed analysis plan has been prepared, describing the tabulations to be performed in each of these categories. Grouped data displayed in the tables will be backed up by raw counts that show the full (ungrouped) frequency distributions so that alternative analyses can be performed if indicated.

Following tabulation of the survey data and examination of the pre-defined tables, additional cross-tabulations and correlations will be specified, for example to determine the relationship between personal or household-level variables and enterprise-level impact variables. The database will be organized to make such inquiries easy to perform.

Example 8.1b: Scheduling When to Measure

The programme aims to create a lasting basis for growth. Impact does not happen only at one moment, but continues over time. It also takes time before substantial impact on enterprises and poverty is visible. Managers think that in most cases, enterprise and related poverty reduction impacts become visible between one and three years after an intervention. Certain types of impacts will continue after this, but the longer the timeframe, the more difficult it is to isolate the impact of the project from other factors in markets.

For simplicity, the programme assesses and estimates its poverty reduction impact only for three years after starting an intervention. Therefore, indicators are only measured during this timeframe taking the following into consideration:

- Assessment of changes at the service provider and enterprise levels are scheduled at points in time when significant impact can be expected

- Direct change at the service market level can often be expected quite soon after an activity is completed. Crowding in takes longer.

- Change at the enterprise level usually takes longer – at least one business cycle after enterprises have used more or better services

- Assessment of changes at the service provider and enterprise levels may happen once or several times but does not continue beyond three years after an intervention is started

- Changes at the sector and poverty levels are generally measured every two years at the market level

The following table summarizes the typical schedule of assessments:

TABLE 4: SCHEDULE OF ASSESSMENTS

Level of Assessment	Typical Schedule
Service Markets	Shortly after activity is completed – assess one or several times up to three years
Enterprises	At least one business cycle after services used – assess one or several times up to three years
Markets	Every two years at the market level
Poverty Reduction	During three years after starting an intervention – every two years at the market level

Example 8.2a: Getting Ready - Planning Your Research Team

Source: [Alexandra Miehlbradt and Linda Jones. December 2007. Market Research For Value Chain Initiatives - Information to Action: A Toolkit Series for Market Development Practitioners. MEDA](#); p27

Name (or organization if outsourcing)	Key Skills	Roles in Market Research
Fernando Olivera, MEDA	Solid understanding of sub sectors and how they function in the Peruvian context Knowledge of coffee sub sector Strong research design skills Extensive experience conducting and leading market research teams	Lead Researcher Lead Market Research Team Define research questions Conduct Interviews and Focus Group Discussions Review all information collected
Carlos Tejada, MEDA	Extensive experience formulating interview questions, and conducting interviews Strong organizational skills Excellent communication skills Good understanding of local cultures	Assistant Moderator Introduce project to respondents Coordinate some of the logistic Assist during interviews to ensure sessions are kept on track Add questions when needed Operate recording device and take notes
Carmen Valdez, MEDA	Excellent organizational skills Logistical specialist	Organizational Assistant Contact and Schedule respondents Prepare materials for market research All logistical components
Jenniffer McGregor, MEDA	Good understanding of sub sectors and the Peruvian context Extensive experience conducting market research especially with small scale producers Entrepreneurial insight	Researcher Lead Market Observation component Assist in determining entrepreneurial opportunities

Example 8.2b: Overview of Staff Roles and Responsibilities

Note: This table summarizes staff roles and responsibilities. Detailed TORs for each type of staff are included on the following pages.

Task/Activity	Responsible	Involved/Reviews	Approved by
Planning			
Market Plans: strategies and market logics	Market teams Deputy / Coordinators Division Manager	M&IA team if required	Division Manager M&IA Manager
Market M&IA Plan	M&IA team	Market teams	M&IA Manager
Intervention Plan: designs and logics	Market teams Deputies / Coordinators	M&IA team if required	Division Manager M&IA Manager
Intervention M&IA Plan	M&IA team	Market teams	M&IA Manager
Data Collection			
Baseline data (if not in Inception Report)	Market team M&IA team	Market teams	M&IA Manager
Intervention level data	M&IA team leads the design and work with market teams on data collection; larger activities may be contracted out and supervised by the M&IA team	Market teams comment on design and help with data collection	M&IA Manager
Market level data including GMS	M&IA team leads the design, contract out and supervise contractors	Market teams comment on design and help supervise contractors in the field	M&IA Manager
Special Studies and Cases	M&IA manager leads, contracts out and supervises contractors	Market teams and M&IA team as appropriate	General Manager M&IA Manager or C&C Manager
Mini-Cases	Market teams	with assistance of M&IA units	Division Manager
Data Processing and Preliminary Analysis			
Baseline Data	M&IA team	Market teams as required	M&IA Manager
Intervention Level Data	M&IA team	Market teams actively assist	M&IA Manager
Market Level Data	Contractors and M&IA team	Market teams	M&IA Manager
Reporting			
Market Progress Report	Market teams	M&IA team	Division Manager

Task/Activity	Responsible	Involved/Reviews	Approved by
	Deputies / Coordinators		M&IA Manager
Intervention Report	Market teams	M&IA team	Division Manager M&IA Manager
Mini-Cases	Market teams	M&IA team	Division Manager M&IA Manager
Annual Report	Managers / Deputies	Coordinators	M&IA Manager
Cases	Contractor	M&IA Manager	C&C Manager
Special Studies	Contractor	M&IA Manager	General Manager M&IA manager C&C Manager
Analysis and Decision Making			
Market Level	Market teams Deputies / Coordinators	M&IA team if required	Division Manager
Intervention Level	Market teams	M&IA team if required	Division Manager
Portfolio and Strategic Direction	Managers / Deputies	M&IA team if required	General Manager
Impact Management System Management			
Direct Impact Management System	M&IA Manager	M&IA team	General Manager
Coordinate M&IA Activities at the Division level	M&IA team / Market teams	Deputies / Coordinators	Division Manager
Coordinate Annual Aggregation	M&IA Manager	M&IA team Market teams	General Manager

Example 8.2c: Roles and Responsibilities for the Impact Management System: ToRs

<u>MARKET TEAMS</u>

Scope

Market teams play a key role in operationalising the Impact Management System. The Market teams work in collaboration with upper management to identify markets, assess market constraints and opportunities, and develop market strategies. They plan, design and implement interventions. They work closely with the M&IA Unit to develop M&IA plans and to track their progress towards the achievement of desired outcomes and impacts on ongoing basis.   They analyze use information from the Impact Management System to adjust interventions and market strategies and to apply lessons learned to new interventions. Active and frequent collaboration between the Market teams and the M&IA Unit is essential to maximizing the effectiveness and efficiency of the Impact Management System. The Impact Management System is integral to core activities – in foundation markets, value chains and governance initiatives – which aim to promote private sector growth and poverty reduction in Bangladesh.

Tasks and responsibilities

Identify markets

- Assist Division Manager and Deputies to select markets in which to intervene
- Conduct sub-sector/market analysis
- Draft inception report (research findings and initial market strategy)

Design Interventions

- Intervention plans
- Intervention logics and predictions
- Review M&IA plan (developed by M&IA Unit)

Design Market Plans

- Market strategies
- Market logics and predictions
- Review market M&IA plan (developed by M&IA Unit)

Collect M&IA data as per the M&IA plans

- Carry out in-house data collection on service market and enterprise level changes
- Assist M&IA unit to plan and supervise outsourced data collection for interventions (as appropriate) and markets

- Keep field diaries noting changes and impact observed

- Identify and gather information for mini case studies

- Give M&IA data to M&IA Unit

Analyze and use M&IA findings

- Review M&IA monitoring reports

- Document use of information for decision-making

- Meet with division manager or deputy and M&IA staff to analyze progress and findings on interventions and markets and plan for next six months

- Document key decisions from six monthly review

Collaborate with the M&IA Unit

- To plan M&IA activities

- To report on M&IA activities

- To provide feedback on M&IA manual and system

Oversee partner M&IA activities

- Review M&IA capacity of partners

- Recommend to Division C areas for needed capacity building in M&IA for partners

- Oversee M&IA activities of partners

Reporting responsibilities

- Six monthly review and update of market strategies and logics

- Six monthly review and update of intervention plans and logics

- Six monthly review and update of impact predictions

- Write market progress report every six months

- Write closure report upon completion of interventions and markets

M&IA Unit

Scope

M&IA Unit members are responsible for integrating M&IA activities into the project cycle. They are responsible for designing M&IA plans for each intervention and market strategy, and working with the Market teams to implement the plans. They are responsible for overseeing the General Market Survey, collecting market and intervention level data at several points in time, and designing and conducting special studies, case studies, and mini-cases. The M&E Unit also ensures effective management of the M&E data by processing it and making is accessible for use. They play a key role in working with Market teams and

deputy managers in analyzing the M&IA data and reporting on the outcomes and predicted impacts of activities.

Tasks and responsibilities

Planning

- Support the development of intervention and market plans

- Work with Market teams to develop the market logics and intervention logics

- Take the lead in developing M&IA plans for each intervention and market

- Work with Market teams to review and revise the market logics, intervention logics and intervention plans every six months

- Develop and monitor M&IA calendars at the division level for all markets and interventions

- Maintain a pool of consultants and research firms to carry out M&IA work

Data collection

- Design and conduct baseline studies (with Market teams or research firms)

- Design intervention and market level data collection in consultation with the Market teams

- Support Market teams in collecting data for interventions and markets

- Design, contract out, and supervise the General Market Surveys and other outsourced studies

- Support consultants in conducting special studies and case studies

- Gather information for mini cases

Data management

- Manage baseline and follow up data

- Process quantitative data to be accessible to Market teams

- Compile qualitative research results

- Keep an accessible set of monitoring data and research results (quantitative and qualitative) on each intervention and market

Analysis and use of M&IA findings

- Summarize M&IA findings for each market every 6 months in preparation for the six monthly review

- Support Market teams to analyze data gathered

Reporting

- Review and compile information on interventions and markets from Market teams for external reports

- Write mini cases

- Support Market teams in preparing intervention reports and market progress reports

- Review and verify findings from the Impact Management System in reports

- Ensure that findings generated by the M&IA system are incorporated into reports for management and donors

- Respond to other M&IA data needs of the programme

System management

- Coordinate all M&IA work with the divisions

- Tracks all M&IA plans and reports approved and those pending per market

- Prepare a periodic summary of the status of all M&IA activities for the senior management team. The summary notes which markets are completely up to date with their M&IA activities and which are behind on their M&IA activities, and what they need to do to catch up.

- Liaise with partners regarding M&IA work

- Assist with annual project-wide aggregation of impact predictions and estimates

- Update Impact Management System manual

- Meet regularly with divisions to discuss, provide feedback, and solve common M&IA problems

DEPUTY MANAGERS AND COORDINATORS

Scope

The Deputy Managers and Coordinators play a key role in the Impact Management System by supporting, reviewing, and supervising the M&IA activities within their divisions. They are the main channel of communication between the Market teams and the M&E Unit. They are responsible for ensuring that the M&IA activities are well planned and implemented, that Market teams carry out their roles effectively, and that the M&IA findings are used to improve impacts at the market and intervention levels.

Tasks and responsibilities

Planning

- Guide Market teams in designing the market strategies and market logics

- Guide Market teams in designing the intervention plans and intervention logics

- Review M&IA plans and provide feedback to the M&IA Unit

- Monitor and guide M&IA activities within their divisions

- Regularly update M&IA Unit on the status of interventions within their divisions (start and end dates of all interventions)

Data management

- Ensure Market teams keep their M&IA documents organized, up to date, and in usable form

Analysis and use of M&IA findings

- Review M&IA monitoring reports
- Analyze the market level M&IA findings and use them to make decisions and adjust market strategies as needed to improve impact
- Guide Market teams in using the M&E system to improve impact
- Meet with division manager, each Market Unit and M&IA staff to analyze progress and findings on interventions and markets and plan for next six months
- Guide Market teams to review and revise the market logics, intervention logics and intervention plans
- Ensure projected impact figures are updated every six months by the Market teams with support from the M&IA Unit

Reporting

- Work with Market teams to write market progress reports
- Guide Market teams in writing intervention reports
- Contribute to the Annual Report, and Semester Reports
- Review and provide feedback on mini cases

System Management:

- Build capacity of Market teams to carry out M&IA activities
- Work with other divisions and managers to ensure good communication and sharing around M&IA
- Work with the M&IA Unit to coordinate M&IA activities at the division level

DIVISION MANAGERS

Scope

Division Managers have responsibility for coordinating all M&IA activities within their divisions and ensuring they support the programme's overall mission and aims. They are responsible for adapting elements of the system, as required, to meet the needs of their divisions.

Within the programme, Division Managers are responsible for working together to develop the overall portfolio of activities and define the strategic direction of the project. Within M&IA, they provide feedback and suggestions to the M&IA Manager on how to improve the Impact Management System. They lead and encourage sharing among divisions on M&IA work and findings.

Within each Division, Managers are responsible for selecting markets and guiding deputies and market teams in market studies and development of market strategies. They take an active role in preparing market plans. Division managers are responsible for reviewing and approving all intervention plans, market progress reports, intervention reports, and mini cases. They review and make decisions about whether to approve changes in market strategies or interventions recommended by their Deputies and Market teams based on information generated on outcomes and projected impacts by the M&IA system.

They communicate regularly with Deputy Managers on the status of M&IA activities and with other division managers and the general manager on the overall outcomes and impacts of activities. They are tasked with analyzing the information generated by the M&IA system to develop strategies for improving impacts. They are responsible for reporting to the General Manager and to donors on the outcomes, projected impacts, and lessons of the programme's overall portfolio of work in markets.

In addition, they carry out the following M&IA related tasks and responsibilities:

- Approves market plans

- Technical support on M&IA with their divisions

- Lead and guide six monthly review on each market

- Put M&IA on agenda of division meetings

- Update predicted impact figures annually

- Provide overall direction and inspiration for M&IA activities within their divisions

M&IA MANAGER

Scope

The M&IA manager is responsible for directing the Impact Management System. He/she ensures that activities are well designed, the system generates high quality data, analysis, and reports, and the information is useful for improving performance and impacts, reporting to donors, and meeting internal and external information needs.

He/she directs the activities of the M&IA unit, manages unit staff involved in planning, designing, and implementing M+IA activities, and ensures that the unit operates at a high standard of performance. He/she ensures quality and timeliness of data generated by the system.

He/she facilitates good communication and coordination with the divisions and other units. He/she provides guidance on technical and methodological issues in implementing the Impact Management System. He/she ensures that staff have the knowledge and skills, and tools and resources to implement the system effectively and efficiently. He/she ensures that the data, information, and research findings generated by the M&E system are useful (and used) internally for management purposes, and externally for reporting results to donors and disseminating lessons to the wider development community. The M&IA manager works with the General Manager to ensure that the programme meets the information needs of key stakeholders.

Tasks and responsibilities

Planning

- Approves the market strategies and intervention plans
- Approves the market logics and intervention logics
- Approves the market and intervention level M&IA plans
- Harmonizes M&IA planning across the programme

Data gathering

- Approves all baseline data collection activities
- Approves all intervention level data collection activities
- Approves all market level data collection activities
- Takes the lead in designing and implementing special studies and case studies
- Approves all mini-cases

Data processing and analysis

- Manages and reviews the processing and analysis of the baseline data, intervention level data and market level data

Reporting

- Leads preparation of the annual report and semester reports
- Leads preparation of reports and inputs for the mid-term review
- Reviews and approves market progress reports
- Reviews and approves intervention reports
- Reviews and approves mini-cases
- Reviews and provides feedback on case studies
- Reviews and provides feedback on special studies
- Ensures easy access to M&IA reports and data

Analysis and decision making

- Ensures that the M&IA findings are shared and acted upon

- Supports management, as necessary, in using M&IA data for decision-making related to specific interventions, markets strategies, and the direction of the overall the portfolio

- Participates in six monthly reviews of each market

Management

- Works with staff to resolve M&IA issues of concern as they emerge

- Updates impact figures for the overall project on an annual basis

- Coordinates M&IA activities across divisions

- Coordinates M&IA Unit's work with the divisions

- Provides technical support to M&IA unit and divisions

- Leads M&IA retreats

- Keeps the Impact Management System manual up to date

- Manages the M&IA internal reporting process within the programme

- Ensures M&IA responsibilities of partners are spelled out

- Reviews staff performance and provides feedback and support to enable them to improve their M&IA work

GENERAL MANAGER

Scope

The General Manager (GM) has ultimate responsibility for the Impact Management System. The GM ensures that the system is implemented in a timely manner, generates information that is useful for improving impacts, and meets the information needs of key stakeholders (donors and government). The GM ensures that sufficient and appropriate human and financial resources are available for M&IA. He/she is responsible for ensuring the findings are generated, shared, and used at appropriate points in the project cycle. The GM approves decisions relevant to the overall direction of the Impact Management System. He/she is responsible for reporting to donors and disseminating lessons learned to the wider development community.

Tasks and responsibilities:

System Design

- Ensures the design of the Impact Management System incorporates up-to-date thinking on M&IA for private sector development projects

- Ensures that the Impact Management System responds to the reporting needs of donors

- Ensures that the system generates information that is reliable, useful, and practical to collect
- As the programme's strategies change, updates the system to meet any new information needs and ensures that this information is shared

System Implementation

- Approves implementation of special studies and case studies

Reporting

- Approves annual report and semester reports
- Approves case study reports
- Approves special study reports
- Approves the annual aggregation of impact predictions and estimates

Analysis and decision-making

- Oversees the overall composition and strategic direction of the portfolio

Management

- Allocates sufficient and appropriate human resources, financial resources and management support to implement the Impact Management System effectively and efficiently

Communication

- Reviews and approves reports to donors
- Communicates regularly with staff on lessons learned from the field
- Communicate regularly with donors on M&IA issues
- Leads dissemination of the results and lessons of interventions and strategies to the broader development community

Example 8.5: Illustrative Documentation List Prepared for Audit

Compliance Criteria	Name of documents
1.1 A results chain is articulated explicitly for each of the selected interventions	
A documented results chain is developed for each intervention selected.	Results chain and supporting notes
The results chain(s) is thorough, logical and realistic, showing as far as possible how the selected intervention(s) lead to achievement of development goals.	
Relevant contributions of other initiatives are mentioned.	Results chain and supporting notes
The results chain(s) are sufficiently detailed that changes at all key levels can be assessed quantitatively and/or qualitatively.	
The programme has clear documentary evidence of research and analysis that underlies the logic of the steps in the results chain(s) and explains how changes are likely to lead to lasting impact. Significant assumptions are explicitly identified.	Sub-sector analysis, initial market research etc.
1.2 Programme staff are familiar with the results chain and use it to guide their activities	
Programme staff can describe the respective results chain(s) covering their work.	No document required – auditor interviews
Use: Programme staff can give examples of how they use the results chain(s) to guide their decisions.	
1.3 The results chain is regularly reviewed to reflect changes in strategy, external players, circumstances	
The programme has a clear system for reviewing the results chain(s) at least once a year.	Planning documents, meeting Minutes
Use: The programme has evidence to show that the results chain(s) have been reviewed at least once in the last year.	Progress reports, updated versions of results chain
Use: The programme has evidence to justify changes or lack of changes made to results chain(s).	
1.4 (Recommended) The review process includes adequate consultation with stakeholders	
A clear system is in place for consulting programme stakeholders during the review process.	Progress reports, meeting minutes, auditor interviews
Use: The programme can cite or produce evidence of stakeholder engagement during previous reviews.	
1.5 (Recommended) The results chain includes results of broader systemic change at key levels	
The results of expected systemic or market-wide changes are included in each results chain in the early stages of activities, to achieve scale for that intervention.	Results chain and supporting notes
1.6 (Recommended) The research and analysis take into account the risk of displacement	

The programme can cite or produce evidence that displacement has been taken into account in the development of the results chain(s).	Subsector analysis, market research, auditor interviews
2.1 There is at least one relevant indicator associated with each key change described in the results chain	
The document(s) outlining the results chain(s) includes relevant quantitative and/or qualitative indicators for each key change in the results chain(s). Validation is provided for proxy indicators used.	Results chain and supporting notes
2.2 The universal impact indicators are included in the relevant results chain	
The results chain(s) include the universal impact indicators at the relevant level wherever possible, or written justification is provided for each such indicator not included.	Results chain and supporting notes
2.3 Indicators incorporate ways to assess the likelihood of lasting impact	
There are qualitative and/or quantitative, intermediate indicators that will provide information on the likelihood that key changes described in the results chain(s) will continue after the programme ends.	Results chain and supporting notes
2.4 *(Recommended)* **Anticipated impacts are projected for key indicators, to appropriate dates**	
There are projections for key indicators to specific dates during or beyond the intervention.	Results chain including projections to appropriate dates, Planning documents
Wherever possible, there are projections for the universal impact indicators to either the end of the programme or to two years after the end of the programme.	Results chain including projections to appropriate dates, Planning documents
Use: Documents show that projections have been reviewed at least once in the last year.	Progress reports, updated versions of results chain
Projections are expressed as a change in the indicator due to the programme by a specific date.	Results chain including projections to appropriate dates, Planning documents
2.5 *(Recommended)* **Programme staff understand the indicators and how they illustrate progress**	
Mid and senior level programme staff can describe the indicators related to their work.	No document required – auditor interviews
Use: Staff can give examples of how changes in indicators have affected their strategy and implementation decisions.	
3.1 Baseline information on key indicators is collected	
A clear plan is in place, based on good practice, to gather baseline information, or if necessary to construct baseline information retroactively.	Planning documents (Measurement plan for results chain, baseline plan)

Use: The programme has collected baseline information and outlined the status of key indicators before activities have led to changes.	Baseline research reports, published documents (household surveys etc.)
3.2 All research is in line with established good practices	
The plan to measure indicators conforms to established good practices.	Planning documents
Use: The programme can demonstrate that research conducted conforms to established good practices.	Research reports
Use: Those involved in the research (both inside the programme and any external contractors) can explain how research was conducted; the questionnaires used are made available, etc.	No document required - auditor interviews
3.3 *(Recommended)* Qualitative information on changes at various levels of the results chain is gathered	
Assessment of changes includes qualitative information gathering to explore the character, depth and sustainability of changes at various levels of the results chain.	Research, progress and results reports
3.4 *(Recommended)* Reported changes in indicators that are extrapolated from pilot figures are regularly verified	
When changes in indicators are calculated for large numbers of enterprises using data from small samples or a pilot phase, a method for regularly validating the extrapolation is in place.	Planning documents
Use: The method for validating the extrapolation is in regular use	Progress reports, auditor interviews
4.1 A clear and appropriate system for estimating attributable changes in all key indicators is in place	
The programme has documented plans for estimating the attribution of observed changes to programme activities.	Planning documents
The methods used are appropriate to the programme context, link back to the results chain and conform to good practice.	Planning, research and results reports, auditor interviews
The methods chosen distinguish, where possible, the programme's impact from the impact created by other programmes working in the same area.	
Use: The programme can provide evidence that the methods for attribution were applied in the research conducted.	
4.2 Where the measured changes are due in part to the work of other, publicly-funded programmes, then those contributions are acknowledged	
All public programmes (donor and government) which have contributed to the changes claimed are acknowledged.	Results reports
4.3 *(Recommended)* The contributions of collaborating programmes are estimated	
The financial value of the contribution of contributing programmes is estimated.	Results reports
4.4 *(Recommended)* All private contributors to changes claimed by the programme are	

acknowledged	
Private contributors to the changes claimed by the programme are acknowledged.	Results reports
5.1 *(Recommended)* **The results of systemic change at key levels in the results chain are assessed**	
The programme has a documented description of how the results of systemic change will be assessed through quantitative and/or qualitative means).	Planning documents
The methodology used takes attribution into account.	Planning, research and results reports
5.2 *(Recommended)* **Findings on impact include the results of systemic change at key levels**	
Use: The results of systemic change are estimated using quantitative indicators wherever possible. All figures are supported by clear calculations; any assumptions or estimates are outlined.	Research and results reports
6.1 Costs are tracked annually and cumulatively	
An accounting system is in place to track costs and produce annual and cumulative totals of all programme-related costs spent in country.	Planning and financial reports
Use: The programme has annual and cumulative totals of all programme-related costs spent in country.	Financial and progress reports
6.2 (*Recommended***) Costs are allocated by major component of the programme**	
The accounting system enables management to estimate costs spent on each major component of the programme for which impact is estimated.	Planning and financial reports
Use: The programme has annual and cumulative estimates of costs for each component for which impact is estimated.	Financial and progress reports
7.1 Programme documents estimate changes in key indicators due to the programme at least annually	
The programme's system describes how such reports will be produced at least annually.	Planning reports
Use: The programme has a report(s) produced in the last year which provides clear estimates of the changes in key indicators due to the programme. It should also outline the context, and any qualitative information needed to understand the numbers presented	Progress and results reports
7.2 Reported changes in key indicators are disaggregated by gender	
All reported changes in key indicators, and particularly in impact indicators, are disaggregated by women and men. Where figures are not disaggregated, justification is provided as to why this was not possible or appropriate.	Progress and results reports
7.3 Costs are reported together with impact	
Annual and cumulative totals of all project-related costs spent in country are reported in at least one report in the last year.	Financial reports
7.4 (*Recommended***) When the results of indirect effects are estimated, change figures are divided into "direct" and "indirect"**	

Where applicable, changes in key indicators are appropriately divided into "direct" results and "indirect" results.	Results reports
7.5 *(Recommended)* Results and related costs are reported per component	
The report(s) related to 7.1 above include impact and total related costs together per component.	Results reports
7.6 *(Recommended)* Results are published	
A document with the results and costs described in sections 7.1-7.4 is made publicly available. The auditor may choose to 'sign off' on this report explicitly.	Results reports
8.1 A clear and reliable system for measuring key indicators at appropriate intervals is established	
The programme has documented the system for measuring changes in key indicators, including: o What information will be gathered for each key indicator o How the information will be gathered o How each key indicator will be calculated or described o At what interval each key indicator will be measured or assessed	Planning reports (Measurement plan for results chains)
8.2 Tasks and responsibilities for impact assessment have been specified	
Tasks and responsibilities in relation to results measurement are documented	Job descriptions
Staff are able to accurately describe their responsibilities in results measurement.	Auditor interviews
8.3 The system is supported by sufficient human and financial resources	
The program can show that sufficient human and financial resources have been allocated to manage and implement the results measurement system.	Planning and financial reports
8.4 The system is institutionalised	
Use: Evidence exists of the system having been institutionalised, for example in the form of a staff manual on results measurement, job descriptions, inclusion in staff performance reviews etc.	Staff manual, job descriptions, planning documents
8.5 The results measurement system is organised to facilitate external audit	
A summary sheet lists the control points in order, and lists, for 'Musts', the document(s) that provides evidence of compliance	Document similar to this example
8.6 *(Recommended)* The findings of the system are used in programme management	
Use: Managers can explain to what extent underlying assumptions in the logic or results chain(s) are proving to be valid, and can cite decisions they have made based on the information provided by the results measurement system	Auditor interviews

Annex B.

Official List of MDG Indicators

All indicators should be disaggregated by sex and urban/rural as far as possible.
http://unstats.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm

Effective 15 January 2008

Millennium Development Goals (MDGs)	
Goals and Targets **(from the Millennium Declaration)**	**Indicators for monitoring progress**
Goal 1: Eradicate extreme poverty and hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1.1 Proportion of population below $1 (PPP) per day[22] 1.2 Poverty gap ratio 1.3 Share of poorest quintile in national consumption
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	1.4 Growth rate of GDP per person employed 1.5 Employment-to-population ratio 1.6 Proportion of employed people living below $1 (PPP) per day 1.7 Proportion of own-account and contributing family workers in total employment
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	1.8 Prevalence of underweight children under-five years of age 1.9 Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	2.1 Net enrolment ratio in primary education 2.2 Proportion of pupils starting grade 1 who reach last grade of primary 2.3 Literacy rate of 15-24 year-olds, women and men
Goal 3: Promote gender equality and empower women	
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	3.1 Ratios of girls to boys in primary, secondary and tertiary education 3.2 Share of women in wage employment in the non-agricultural sector 3.3 Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	4.1 Under-five mortality rate 4.2 Infant mortality rate 4.3 Proportion of 1 year-old children immunised against measles
Goal 5: Improve maternal health	
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	5.1 Maternal mortality ratio 5.2 Proportion of births attended by skilled health personnel
Target 5.B: Achieve, by 2015, universal access to reproductive health	5.3 Contraceptive prevalence rate 5.4 Adolescent birth rate 5.5 Antenatal care coverage (at least one visit and at least four

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[22] For monitoring country poverty trends, indicators based on national poverty lines should be used, where available.

	visits)
	5.6 Unmet need for family planning
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	6.1 HIV prevalence among population aged 15-24 years 6.2 Condom use at last high-risk sex 6.3 Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS 6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	6.6 Incidence and death rates associated with malaria 6.7 Proportion of children under 5 sleeping under insecticide-treated bed-nets 6.8 Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs 6.9 Incidence, prevalence and death rates associated with tuberculosis 6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment short course
Goal 7: Ensure environmental sustainability	
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	7.1 Proportion of land area covered by forest 7.2 CO2 emissions, total, per capita and per $1 GDP (PPP) 7.3 Consumption of ozone-depleting substances 7.4 Proportion of fish stocks within safe biological limits 7.5 Proportion of total water resources used 7.6 Proportion of terrestrial and marine areas protected 7.7 Proportion of species threatened with extinction
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	7.8 Proportion of population using an improved drinking water source 7.9 Proportion of population using an improved sanitation facility
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	7.10 Proportion of urban population living in slums[23]
Goal 8: Develop a global partnership for development	
Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system	*Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States.* Official development assistance (ODA)
Includes a commitment to good governance, development and poverty reduction – both nationally and internationally	8.1 Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income 8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)
Target 8.B: Address the special needs of the least	8.3 Proportion of bilateral official development assistance of

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[23] The actual proportion of people living in slums is measured by a proxy, represented by the urban population living in households with at least one of the four characteristics: (a) lack of access to improved water supply; (b) lack of access to improved sanitation; (c) overcrowding (3 or more persons per room); and (d) dwellings made of non-durable material.

developed countries	OECD/DAC donors that is untied
	8.4 ODA received in landlocked developing countries as a proportion of their gross national incomes
	8.5 ODA received in small island developing States as a proportion of their gross national incomes
Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction	**Market access**
	8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty
	8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries
	8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product
Target 8.C: Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)	8.9 Proportion of ODA provided to help build trade capacity
	Debt sustainability
	8.10 Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)
	8.11 Debt relief committed under HIPC and MDRI Initiatives
Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	8.12 Debt service as a percentage of exports of goods and services
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	8.13 Proportion of population with access to affordable essential drugs on a sustainable basis
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	8.14 Telephone lines per 100 population 8.15 Cellular subscribers per 100 population 8.16 Internet users per 100 population

The Millennium Development Goals and targets come from the Millennium Declaration, signed by 189 countries, including 147 heads of State and Government, in September 2000 (http://www.un.org/millennium/declaration/ares552e.htm) and from further agreement by member states at the 2005 World Summit (Resolution adopted by the General Assembly - A/RES/60/1, http://www.un.org/Docs/journal/asp/ws.asp?m=A/RES/60/1). The goals and targets are interrelated and should be seen as a whole. They represent a partnership between the developed countries and the developing countries "to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty".