1.Overview

Alliances KK	2010-2014	
Audit visit dates	7th – 8th November 2013	
Overall final ratings[1]	MUST	419/480 = 87%
	RECOMMENDED	91/140 = 65%
Coverage	Outcomes 1 and 2.	
	Outcome 3 excluded	
	All control points checked	
DCED Standard	Version VI, January 2013	

Signed:

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[1] An overall rating of 100% implies that the project meets the compliance criteria and has a strong measurement system of acceptable quality within the boundaries of what the programme has set itself to measure, not that it is has a perfect measurement system.

2.Key Audit Findings

Articulating the Results Chain	
• The programme uses outcome-level and intervention-level results chains. The results chains reflect the intervention logic from activity levels to impact level. They are supported by research and analysis. • Gender is incorporated at multiple levels and has been thoroughly thought through by the programme in its intervention planning and analysis. • Results chains are regularly reviewed and staff use them to guide their implementation. • Risks of displacement are largely taken into account and considered at multiple levels of the results chain.	• Not all aspects of the results chains are sufficiently detailed and logical at all levels. The business models that the intervention is working to create are not always properly reflected in the results chain. • At activity level, results are often sequential rather than causal. Results sometimes combine multiple actors and multiple changes. • Supportive evidence is not always properly documented or validated.
Defining Indicators of Change	
• Indicators are specified for most, and include the universal indicators. Qualitative and quantitative indicators to assess sustainability are often included in the monitoring plan. Staff understand and use indicators to monitor progress of implementation. • Projections are in place for all indicators, including the universal impact indicators. Indicators are always disaggregated by gender.	• Not all results with multiple changes have indicators defined. Qualitative indicators to assess the depth and sustainability of the promoted business model are not always defined for every actor in the results chain. • Projections are not in place for indicators of systemic change.
Measuring Changes in indicators	
• Baseline information is collected via service providers at the start of the intervention. A detailed measurement plan is in place for each intervention. The measurement plans for quantitative and qualitative indicators include what information will be collected, when and how the information will be collected and how each indicator will be calculated or described. An end-of-phase impact assessment is planned.	• The plan to collect baseline information is not documented: part of the baseline on target beneficiaries will be reconstructed. There is insufficient verification of the data provided by the service providers. The process to obtain qualitative information is not always sufficiently documented. The monitoring plans for the interventions don't specify when and how the impact assessment will be done. The impact assessment has not taken place yet.
Estimating Attributable Changes	
• The programme obtains monthly data from its business partners and in some cases uses a multiplier to estimate (conservatively) the impact at beneficiary level. The programme verifies if other factors that influence the impact have changed and adjust those factors (like	• The monitoring plan often states that a 'before and after' comparison is applied, which is not correct for all interventions. The impact is often calculated and reported using secondary data and multipliers, not verified at beneficiary level. The planned impact assessment will take attribution into account but has not yet been

price variations) in its calculations.	developed.
Capturing Wider Changes in the System or Market	
• Systemic changes are considered and when realistic, included in the results chains, and indicators for those systemic changes are defined. Crowding in has not yet taken place in most cases, but the project investigates actively if it occurs and reports on those actors.	• The increase in the number of target beneficiaries due to the growth of the clients of one business partner is reported as indirect impact. The individual measurement plans stated incorrectly that impact would be taken as a proportion of the direct impact. The programme doesn't measure and thus does not report on impact for target beneficiaries yet.
Tracking Programme Costs	
• The accounting system in place tracks the in-country and head office costs annually and cumulatively	• The programme does not allocate overhead costs to the three outcomes.
Reporting Results	
• The project produces a comprehensive narrative report with estimates of impact achieved. The project reports disaggregated gender impacts and has researched the wider implications. • The project is able to correct for overlaps in outreach through its system of allocating unique numbers to target beneficiaries. • Overlaps in net attributable income are adjusted for by conservatively not reporting the income for some interventions. • Outcome-level systemic changes are reported. Private sector contributions are acknowledged and quantified. The reports are published on the website.	• The project reports don't highlight that income gains are based on estimations using secondary data and multipliers that are not yet sufficiently verified with an impact assessment. • The programme doesn't report impact changes for target beneficiaries as a result of crowding in, and the aggregation system is not designed to report impact due to crowding in. • The published reports do not provide information on the total project costs (including administrative / overhead costs).
Managing the System for Results Measurement	
• The programme has a clear system for results measurement through which findings are used in programme management and decision-making. Sufficient human and financial resources are available.	• The manual doesn't provide sufficient guidance on when and how to measure systemic changes, including attributable income changes for target beneficiaries.

Final ratings

"Must" control points:

Percentage	Description	Programme Rating
91-100	Strong results measurement system	
81-90	Reasonable results	√
71-80	measurement system	
61-70	Moderate results	
51-60	measurement system	
41-50	with notable weaknesses	
31-40		
21-30	Weak results	
11-20	measurement system	
0-10		

"Recommended" control points:

Percentage	Description	Programme Rating
81-100	Results measurement system with strong additional features	
61-80	Results measurement system	√
41-60	with some additional features	
21-40	Results measurement system	
0-20	with few additional features	

3.Brief Review of the Programme and Measurement System

The Market Alliances Against Poverty (hereafter called 'Alliances KK') programme operates in the Dmanisi, Tsalka and Tetritskaro municipalities of the Kvemo Kartli Region in South East Georgia. It is implemented by Mercy Corps in partnership with two Georgian NGOs: the International Association of Agricultural Development (IAAD) and the International Centre on Conflict and Negotiation (ICCN). Funded by the Swiss Agency for Development and Cooperation (SDC), it uses the M4P methodology in the design and execution of its activities, focusing on the beef, sheep and dairy value chains. These value chains are extremely important for the economies of those municipalities. The program duration is February 2011 to February 2014 and has a budget of CHF 2,258,035. KK and SJ Alliances Programmes will be merged and expanded to include a new region (Ajara) under the SDC Alliances Lesser Caucasus Programme in February 2014. This provides a great opportunity to further develop the measurement system that will be able to track changes over a prolonged period for both KK and SJ programmes and to institute a streamlined and quality controlled system from the beginning in Ajara.

The goal of Alliances KK is "to contribute to poverty alleviation and the transition to a durable market economy for the livestock sector in the Kvemo Kartli by creating sustainable changes in the dairy, beef and sheep market systems for the ultimate equitable benefit of small, poor farmers, regardless of gender or ethnicity." It aims to reach 4,000 households with increased income, reduced costs and higher employment. Alliances KK have three primary outcomes:

1. Increased outreach, information dissemination and quality of target services to SSLP's; increasing access and enabling SSLP's to make informed decisions on animal health, breeding and nutrition
2. Access & Terms of Trade are made more advantageous for small-scale livestock producers.
3. Local government has enhanced capacity to support the growth of a robust and durable agricultural sector that is more resilient to natural disasters.

Alliances KK have articulated results chains for each of these outcomes. It also has results chains at intervention level, as well as monitoring plans documenting background research and other documentation.

Alliances KK has several crosscutting themes:

- *Women's Economic Empowerment (WEE)*. Alliances KK focused on incorporating a focus on WEE throughout its operations. It implements gender-sensitized interventions (GSIs). These interventions are highlighted in pink boxes in the program's results chains.
- *Governance*. Alliances KK emphasizes transparency, accountability and participation through the program's operational structure, advisory committee and information dissemination. Stakeholder analysis is regularly updated to inform the program's strategy vis-à-vis its governmental and non-governmental partners.
- *Disaster Risk Reduction*. Alliances KK is supporting an advisory committee that is managing an animal movement route, database of anthrax cases, and DDR working groups in the municipalities.

A Programme Director heads the team responsible for implementing Alliances KK. The Deputy Programme Director manages a team of 3 Business Development Officers (BDOs) focused on Food Safety and Hygiene, Access to Information and Nutrition, and Animal Health and Breeding. The BDOs are responsible for collecting data from clients and for verifying its accuracy. An M&E Research

Officer takes overall responsibility for the results measurement system and particularly the methods used for quantitative data collection. She is supported by an Information Management Officer develops qualitative research tools, applies them and analyses the findings. An IT manager enters most of the manual data received from clients, which is verified by the M&E Assistant. The IT manager also is responsible for backing up the data collected and managing the document sharing system using DropBox. Staff from partners IAAD and ICCN provide technical capacity in agriculture and cross-cutting issues respectively.

The basis of the management and results measurement system is a Monitoring Action Plan meeting that takes place monthly. All interventions are reviewed in depth during this half-day meeting, with results chains and data collection frequently consulted to inform the discussion. Changes are frequently made to the results chains or other monitoring tools as a result of these meetings. Management decisions are supported by the collection of both quantitative and qualitative information. Alliances KK regularly undertakes studies to examine issues of particular relevance to its performance, including women's economic empowerment and the informal economy.

An important aspect of the Alliances KK results measurement system is that their use of an M4P approach implies limited or no direct contact with their ultimate beneficiaries, small-scale livestock producers. This makes it more challenging to collect data directly from them. As a result, Alliances KK relies on their partner enterprises (input providers) to capture the vast majority of their monitoring data, including their baseline information and projections about profitability of the business model and the number of clients to be served. This is a requirement stipulated in their agreements and necessary for the disbursement of payment tranches. Estimates of changes in animal weight gain or income for small-scale livestock producers draw from a mix of expert opinion, secondary source research and control groups. Alliances KK plans to validate these figures with an impact assessment.

Alliances KK has been working to comply with the DCED Standard since May 2011. Prior to requesting this audit, Alliances KK contracted a pre-audit review in February 2012 that was conducted by a consultant familiar with the DCED Standard.

4.Summary of the audit process

The audit scope covered outcomes 1 and 2 in the Alliances KK portfolio. It excluded the third outcome.

The audit has reviewed representative samples of the above scope. The square root of the number of interventions in each component (8 in outcome 1, 7 in outcome 2) was selected at random for the audit, using a list of interventions provided by Alliances KK. This resulted in two interventions being selected for each outcome. No stratification by size of budget or outreach has been made, but the randomly selected sample represents projects of various sizes. The list of resulting interventions is provided here:

Outcome	**Interventions**
1 - Increased outreach, information dissemination and quality of target services to SSLP's	1.1.1 Roki Veterinarian services. 1.2.3 GeoStat Bulls
2 - Access & terms of trade are made more advantageous for small-scale livestock producers	2.2.3 BMB Milk 2.3.4 Ravil Wool

For each audited intervention, the monitoring framework was reviewed, including results chain, supporting research, monitoring plan, key quantitative changes, key qualitative changes, and supporting documents. Other intervention-specific documents included investment plans, secondary data, data sheets, and their aggregation system.

For Alliances KK as a programme, we reviewed the M&E manual, progress reports, job descriptions, organizational chart, background research (e.g. sector analysis), list of interventions and logframe. A list of documents reviewed is included as Annex 3.

For Alliances KK as a programme, interviews were held with the Programme Director, Deputy Programme Director, IT/Database Officer, M&E Assistant, and Information Management Officer. For the selected interventions, interviews were held with the BDOs, M&E & Research Officerand database manager. The list of interviews conducted is included in Annex 4.

5.Detailed scoring of the Control Points

The program scored 419/480 points for the MUST control points and scores 91/140 for the RECOMMENDED control points. The maximum scores have been adjusted to exclude the "Not Applicable" compliance criteria. All compliance criteria were verified.

Control Point	**M/R**	**Max. Score**	**Rating**	**Justification**
Section 1: Articulating the Results Chain				
1.1 An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	M	30	24	• Not all results chains are logical and detailed. At activity level, results are often depicted sequentially instead of demonstrating causal linkages. The business models are often not correctly reflected. Results for different actors are sometimes incorrectly combined.
1.2 Each results chain is supported by adequate research and analysis.	M	30	29	• Result chains are supported by adequate research and analysis but not in all cases sufficiently documented or validated. Sustainability has been analysed for all interventions.
1.3 Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	M	30	30	• Staff are familiar with the result chain and use them to guide their activities.
1.4 The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players	M	20	17	• Result chains are reviewed at least annually. In most cases they are updated for second phases (after one year) and those changes are recorded.

and the programme circumstances.				Other changes are not always properly recorded.
1.5 The results chain(s) include the results of broader systemic change at key levels.	REC	10	10	• The result chains include copying and crowding in where appropriate, but in one case the increase in the number of target beneficiaries due to the growth of the clients of one business partner is shown as wider impact.
1.6 The research and analysis underlying the results chain(s) take into account the risk of displacement.	REC	10	9	• Risks of displacement have been taken into account in most cases for service provider and target beneficiary level.
Section 2: Defining Indicators of Change				
2.1 There is at least one relevant indicator associated with each key change described in the results chain(s).	M	30	25	• There are relevant indicators for most changes, but no activity indicators for the interventions and not all results are sufficiently covered by appropriate indicators.
2.2 The universal impact indicators are included in the relevant results chain(s).	M	10	10	• Income and outreach for target beneficiaries are included. Job creation due to growth of the service level actors is reported.
2.3 There are specific Indicators that enable the assessment of sustainability of results.	M	20	15	• Indicators to assess the depth and sustainability of the promoted business model are not always defined for every actor in the results chain. In some cases sustainability is assessed using quantitative indicators only.
2.4 Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	20	19	• Staff understand and use indicators to monitor the progress of interventions.
2.5 Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	REC	30	30	• Projections are made for all key changes and universal indicators based upon investment plans and reviewed when necessary.
Section 3: Measuring Changes in Indicators				
3.1 Baseline information on key indicators is collected.	M	20	17	• Baseline information is collected via service providers, but the plan itself is missing, especially important when part of the baseline is to be reconstructed.
3.2 Information for each indicator is collected using methods that conform to good research practices.	M	40	37	• The detailed monitoring plans to gather quantitative and qualitative information are being used but the data obtained from the services providers on the target beneficiaries are insufficiently verified. An impact assessment is planned but has not yet

				been developed.
3.3 Qualitative information on changes at various levels of the results chain is gathered.	M	20	18	• Qualitative information has been regularly gathered but the process of collecting information is not always sufficiently documented.
3.4 Reported changes in indicators that are extrapolated from pilot figure are regularly verified.	REC	N/A	N/A	• Not applicable.
Section 4: Estimating Attributable Changes				
4.1 Attributable changes in all key indicators in the results chains are estimated using methods that conform to established good practice.	M	50	32	• The programme obtains monthly data from its business partners, and in many cases uses a multiplier to estimate an impact for target beneficiaries using before and after comparison. This is not always correct, and the calculated and reported impact is insufficiently verified at beneficiary level. The planned but not yet developed impact assessment will compare target beneficiaries with control groups.
Section 5: Capturing Wider Changes in the System or Market				
5.1 The results of systemic change at key levels in the results chain(s) are assessed.	REC	50	14	• The plan assumes an equal or proportional impact ratio as a result of crowding in, without verifying the impact. The increase in the number of target beneficiaries due to the growth of the clients of one business partner is reported as indirect impact. The guidance in the manual is insufficient.
Section 6: Tracking Programme Costs				
6.1 Costs are tracked annually and cumulatively.	M	20	20	• The accounting system in place tracks the in-country and head office costs annually and cumulatively.
6.2 Costs are allocated by major component of the programme.	REC	20	18	• The accounting system is capable of allocating costs by intervention and outcome but does not allocate overhead costs to the different outcomes.
Section 7: Reporting Results				
7.1 The programme produces a report at least annually, which clearly and thoroughly describes results to date.	M	30	24	• The reports provide a detailed overview and substantial narrative information. • There are corrections for overlaps in terms of outreach (at user level) and the estimated income changes have no overlaps at his moment. • The reports provide estimations of impact without clearly stating that

				these are adjusted projections and that these will be verified through impact assessment later. • The project aims to report on systemic changes, but the aggregation system doesn't have a provision to report on direct and indirect impact.
7.2 Contributions of other publicly funded programmes and private contributions are acknowledged.	M	10	10	• The private contributions are acknowledged and there is no other publicly funded project working to address the same issues.
7.3 Reported changes in key indicators are disaggregated by gender.	M	10	10	• Results are disaggregated by gender. • Various studies report on the wider effect of the interventions on gender.
7.4 Results of systemic change and/or other indirect effects are reported.	REC	10	3	• The report documents where systemic change has occurred, but doesn't report on the changes for target beneficiaries at impact level.
7.5 Results are published.	REC	10	8	• The progress reports are published on the website and contain information on the activity costs, but do not present the total project costs.
Section 8: Managing the System for Results Measurement				
8.1 The programme has a clear system for results measurement through which findings are used in programme management and decision-making.	M	40	36	• The system for using the information generated from the result measurement system is being used by staff for management decision-making. The manual needs to provide more guidance on measuring systemic change.
8.2 The system is supported by sufficient human and financial resources.	M	30	30	• There are sufficient human and financial resources. • Tasks and responsibilities for measuring changes are appropriate and clearly documented. • Staff can accurately describe their tasks and responsibility in result measurement.
8.3The system is integrated with the management of the programme.	M	20	20	• The system is institutionalised. • Staffs consider result measurement tasks as part of their job.

6.Summary of areas with potential for improvement

Articulating the Results Chain

Results chains should use different boxes for each level actor to ensure the business models are explicitly shown (e.g. between input supplier and service provider, between service provider and beneficiary). The second phase interventions should not be inserted at activity level as sequential, but start from the bottom and additional results from those activities (like outreach to more remote areas) should be added as separate boxes. The results statements should be more clearly articulated by avoiding long and vague phrases and distinguishing between use of a product or service, and the result of doing so. Crucial research that is being used for estimating impact for target beneficiaries should be well documented and regularly validated. The type and reasons for changes made during reviews should be recorded in the monitoring plan.

Defining Indicators of Change
Activities that are specified in the grant agreement, business plans and budgets, are best measured through indicators that should be included in the measurement (monitoring) plan. Ensure that indicators are relevant to the results chain boxes. Ensure that qualitative indicators are properly defined. Ensure that a combination of qualitative and quantitive indicators are defined to assess the sustainability and the character of changes for both actors in each business model.

Measuring Changes in Indicators
The monitoring plans should include a section on when and how baselines are constructed, as well as a section on which attribution methodology is applied, including a more detailed plan of when and how impact assessments will be done. These sections (baselines, attribution, systemic changes, impact assessments) are better described in rows underneath the list of indicators rather being repeated for each and every indicator. Ensure that the documentation (research protocols) for the periodic qualitative assessments is readily accessible (hyperlinks) and reports only key findings in the monitoring plan.

Estimating Attributable Changes
Specify the attribution methodology for the intervention rather than only repeating the 'counterfactual and attribution' for each indicator in the monthly data collection plan. Don't report on impact changes on a monthly basis, but only measure and report on outcome levels (usages) until impact assessments have measured attributable impact level changes. Plan impact asssessments for interventions at appropriate times. Plan early impact assessments for interventions earlier during the intervention period (e.g. after one business cycle, possibly using less respondents than the final impact assessment if resources don't permit).

Capturing Wider Changes in the System or Market
Clarify at which levels and by which businesses crowding in will happen. Develop separate boxes for the different levels of potential crowding in and copying, distinguishing between growth of the number of users and new entities crowding in. Specify in the monitoring plan when and how systemic impact will be assessed, which is likely to be periodic and not on a monthly basis.

Tracking Programme Costs
Consider allocating overhead costs to each component to determine total costs per outcome.

Reporting Results
Ensure that the aggregation system is well documented, specifies how overlaps are taken into account and how reported income changes from each intervention lead to the overall impact at project level. If impact estimations are made on a monthly basis using data from service providers, highlight how these impacts are estimated, report them as projections and state that these will be verified through impact assessments in the course of the programme. Publish impacts together with costs by component, including all project costs.

Managing the System for Results Measurement
Consider updating the M&E manual to provide more guidance on systemic change.

Annexes

1. Overall and market specific ratings
2. Intervention specific findings
3. List of documents reviewed
4. Schedule of meetings