

**THE DCED STANDARD FOR MEASURING ACHIEVEMENTS
IN PRIVATE SECTOR DEVELOPMENT**

CONTROL POINTS AND COMPLIANCE CRITERIA

Version V, 13 January 2010



DCED

The Donor Committee for Enterprise Development

The DCED Standard for Measuring Achievements
in Private Sector Development
Control Points and Compliance Criteria

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Introduction

Pressures are growing rapidly to measure and report on the results of private sector development; current PSD programmes are often not getting credit for what they are achieving.² This Standard outlines key elements in a practical process for estimating results, that can be managed by programmes internally. The objectives are:

- To make it easier for programmes to measure and report on their results;
- To work towards a shared understanding of acceptable accuracy in the estimation of results so that programmes' reported results are both credible and useful;
- Wherever possible, to measure a small number of "universal impact indicators" (defined below) in a common way, to enable donors and others to aggregate their impact across programmes; and

¹ The rationale for the changes relative to Version IV is contained in a separate document, available from the Secretariat on request. Please note that the changes are primarily enhancing and clarifying the text in the light of feedback received, rather than altering it substantively. All Standards evolve, particularly during their early definition stage; your feedback is always welcome, to the DCED Secretariat at Results@Enterprise-Development.org

² This has been documented in detail in the 2008 PSD Reader, available at www.mmw4p.org/dyn/bds/docs/detail/649/4

- To enable programmes to use results measurement for day-to-day management, particularly to validate the assumptions on which the programme logic has been based.

The participation of PSD programmes in the Standard process offers donors:

- a common approach to results measurement, that can be applied to a variety of PSD programmes at little extra cost;
- clarity on what programmes will report, with consistent supporting documentation or 'paper trail';
- regular and credible estimates of programmes' results;
- universal indicators which donors can add together across multiple programmes; and
- potential to reduce oversight costs, particularly with smaller programmes.

Adopting the Standard offers additional benefits to programme managers:

- a means to clarify expectations with donors about results measurement;
- credibility for programmes in presenting their results;
- fewer questions about how results are measured by internally managed systems;
- clarity and uniform guidance on some of the more challenging aspects of results measurement; and
- regular and useful information for programme management.

This Standard is based on the articulation of results chains: the logic implicit in any intervention. All of the elements outlined in this document together comprise a very practical system that programmes can use to measure the results they are achieving. To ensure that the results reported are credible, the system is then audited by an external auditor. In all cases, the auditor looks for good practice and practical solutions to measurement challenges; the key test is whether the approach taken by the programme would convince a reasonable but sceptical observer.

For each element in the Standard, a control point summarises the minimum requirement that would satisfy the auditor. The compliance criteria by which the auditor would assess a programme are also given; documentation can be in any form. Those items labelled "Must" are necessary for all participating programmes to meet the Standard (and are shown in green); those labelled "Rec" (Recommended) conform to good practice, but may be difficult for some programmes to comply with at this point (shown in yellow). These Recommendations may become "Musts" as the field of results measurement improves.

At the end of this Standard are definitions of terms to help ensure that programmes, reviewers and donors have a common understanding of the control points and compliance criteria. There are also accompanying "implementation guidelines" and other documents (currently in draft form), which offer explanations of each control point and compliance criteria, advice on how to meet each control point and examples.

This Standard is the result of a field-based process of discussion, testing and consensus among programme managers and consultants during 2008, and of engagement with many

agencies and programmes during 2009 (including particularly participants in the DCED Training Course in Chiang Mai in September). The Standard has also benefited from many comments received from the staff of member agencies of the Donor Committee for Enterprise Development. It is expected that the Standard, the audit process and the support that programmes need to adopt these elements will be further developed and tested during 2010.

The Standard is not a substitute for expertise or common sense, but provides a framework within which programme managers can identify the important gaps in their current measurement work, and address those gaps effectively. It does not mandate the impossible, but rather provides an incentive to measure more of the possible, than has been measured in the past. In all cases, results should be measured through the best means available, and if possible ‘triangulated’ through more than one approach (e.g. through measurement at both micro and macro levels). However, in the words of John Maynard Keynes, “it is better to be roughly right than precisely wrong”.

Note: At the current time, programmes may choose to implement the DCED methodology either for their entire programme, or for selected components or interventions. Each intervention consists of all of the activities needed to achieve one, coherent results chain; it is therefore taken as the main unit of analysis for this Standard. In the terminology used, several interventions may make up a component, and several components may make up a programme.

Universal Impact Indicators

These indicators are recommended for use by all participating programmes so that donors and other stakeholders can aggregate impact across programmes, wherever possible.

Scale: Number of target enterprises who realize a financial benefit as a result of the programme’s activities per year and cumulatively. The programme must define its “target enterprises.”

Net income: Net additional income (additional sales minus additional costs) accrued to target enterprises as a result of the programme per year and cumulatively. In addition, the program must explain why this income is likely to be sustainable.

Net additional jobs created:³ 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 program must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

The focus on impact that the Standard brings is much appreciated by those in the field. Clearly, however, there are some situations and activities where impacts cannot be credibly

³ Some programs are uncomfortable with this indicator because job creation per se does not lay the foundation for long term, pro-poor growth. These programs would prefer an indicator related to labor productivity and/or competitiveness. However, due to the challenges of designating an indicator of this type applicable across many programs as well as adding up this kind of indicator, and in recognition of the interest of many partner governments and donors for this indicator, it has been retained.

estimated or attributed, and in those situations, the Standard does not require it. Furthermore, the final choice of impact indicators is somewhat agency-specific, and the Standard allows for the list given above to be tailored to the needs of individual agencies and programmes – for example to focus on the development goals they already have. Publication of results remains the responsibility of the programme or agency; the DCED may use aggregated numbers across several programmes in its publications, but will not otherwise make any information about individual programmes publicly available.

Note that the Universal Impact Indicators refer to enterprise-level impact; mapping this onto household-level impact is a demanding process, particularly with respect to attribution, because households may have multiple income streams. It is anticipated, therefore, that funding agencies commission separate research by specialists, to measure attributable household-level impacts, if they need that information.

The DCED Standard for New Initiatives

The Standard is written for people and agencies that believe that their work is leading to impact; it assesses *inter alia* whether programmes have introduced a system and are using it. New initiatives, however, also wish to know if the system that they are establishing is likely to be compliant with the Standard – before they have had time to use that system with any regularity. Some of the compliance criteria have therefore been marked “**Use**”, in which case compliance is not required for initiatives that have been established for less than one year. In that case, auditors will only certify that the system in place is compliant, not that it is in regular use, or generating credible information on results being achieved.

1. Articulating the Results Chain⁴

No.	Control Point	Compliance Criteria	Level
1.1	A results chain(s) is articulated explicitly for each of the selected interventions.	A documented results chain is developed for each intervention selected. 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.	Must
		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.	
1.2	Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities.	Programme staff can describe the respective results chain(s) covering their work.	Must
		Use: Programme staff can give examples of how they use the results chain(s) to guide their decisions.	
1.3	The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	The programme has a clear system for reviewing the results chain(s) at least once a year.	Must
		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).	
1.4	The review process includes adequate consultation with programme stakeholders.	A clear system is in place for consulting programme stakeholders during the review process.	Rec

⁴ Results Chains can also be known by a variety of other names, including impact model, impact logic, causal chain or causal model. The term 'Results Chain' will be used throughout this methodology, in accordance with the definitions agreed by the DAC Network on Development Evaluation.

No.	Control Point	Compliance Criteria	Level
		Use: The programme can cite or produce evidence of stakeholder engagement during previous reviews.	
1.5	The results chain(s) include the 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.	Rec
1.6	The research and analysis underlying the results chain(s) 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).	Rec

2. Defining Indicators of Change

No.	Control Point	Compliance Criteria	Level
2.1	There is at least one relevant indicator associated with each key change described in the results chain(s). ⁵	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.	Must
2.2	The universal impact indicators are included in the relevant results chain(s).	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.	Must
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.	Must
2.4	Anticipated impacts are projected for key indicators, to appropriate dates. ⁶	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	Rec

⁵ A programme may choose either to designate all changes described by the model(s) as “key changes,” or (if that is too complex to be practicable) to highlight the most important, “key changes” and explain why these are the “key changes” On which the measurement system will focus.

⁶ This Control Point is particularly important for initiatives aiming for market-wide impacts, since their impacts in the short term may be lower than those for initiatives that are giving away large subsidies. See also Section 5.

No.	Control Point	Compliance Criteria	Level
		programme or to two years after the end of the programme.	
		Use: Documents show that 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.	
2.5	Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	Mid and senior level programme staff can describe the indicators related to their work.	Rec
		Use: Staff can give examples of how changes in indicators have affected their strategy and implementation decisions	

3. Measuring Changes in Indicators

No.	Control Point	Compliance Criteria	Level
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.	Must
		Use: The programme has collected baseline information and outlined the status of key indicators before activities have led to changes	
3.2	All research is in line with established good practices (in terms of research design, sampling, quality control etc.).	The plan to measure indicators conforms to established good practices.	
		Use: The programme can demonstrate that research conducted conforms to established good practices.	Must
		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.	
3.3	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.	Rec
3.4	Reported changes in	When changes in indicators are calculated	Rec

No.	Control Point	Compliance Criteria	Level
	indicators that are extrapolated from pilot figures are regularly verified.	for large numbers of enterprises using data from small samples or a pilot phase, a method for regularly validating the extrapolation is in place. Use: The method for validating the extrapolation is in regular use	

4. Estimating Attributable Changes

No.	Control Point	Compliance Criteria	Level
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. 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 attribution were applied in the research conducted.	Must
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 .	Must
4.3	The contributions of collaborating programs are estimated.	The financial value of the contribution of contributing programmes is estimated.	Rec
4.4	All private contributors to the changes claimed by the program are acknowledged.	Private contributors to the changes claimed by the programme are acknowledged .	Rec

5. Capturing Wider Changes in the System or Market

No.	Control Point	Compliance Criteria	Level
5.1	The results of systemic change at key levels in the results chain(s) are assessed.	The programme has a documented description of how the results of systemic change will be assessed (through quantitative and/or qualitative means).	Rec
		The methodology used takes attribution into account.	
5.2	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.	Rec

6. Tracking Programme Costs

No.	Control Point	Compliance Criteria	Level
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.	Must
		Use: The programme has annual and cumulative totals of all programme-related costs spent in country.	
6.2	Costs are allocated by major component of the programme. (Applicable only to programmes with more than one main intervention)	The accounting system enables management to estimate costs spent on each major component of the programme for which impact is estimated.	Rec
		Use: The programme has annual and cumulative estimates of costs for each component for which impact is estimated.	

7. Reporting Results

No.	Control Point	Compliance Criteria	Level
7.1	The programme documents estimate changes in key indicators due to the programme at least annually (N.b. external	The programme's system describes how such reports will be produced at least annually. Use: The programme has a report(s)	Must

No.	Control Point	Compliance Criteria	Level
	publication remains at the discretion of the programme; see also 7.6).	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	
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.	Must
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.	Must
7.4	When the results of systemic change and/or other 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.	Rec
7.5	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.	Rec
7.6	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.	Rec

8. Managing the System for Results Measurement

No.	Control Point	Compliance Criteria	Level
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: <ul style="list-style-type: none"> ○ What information will be gathered for each key indicator ○ How the information will be gathered ○ How each key indicator will be calculated or described ○ At what interval each key indicator will be measured or assessed 	Must
8.2	Tasks and responsibilities for impact assessment have	Tasks and responsibilities in relation to results measurement are documented	Must

No.	Control Point	Compliance Criteria	Level
	been specified	Staff are able to accurately describe their responsibilities in results measurement.	
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.	Must
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.	Must
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	Must
8.6	The findings of the system are used in programme management and decision-making	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	Rec

Definitions

Note: Where possible, the definitions given below are in line with the *Glossary of Key Terms* developed by the DAC Network on Development Evaluation⁷. 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 either or both quantitative 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) are creating 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.

⁷ <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 a change that the programme aims to achieve (but is 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.