

Input paper for the e-discussion on 'Assessing Change' in M4P programmes

Compilation by Daniel Roduner, AGRIDEA, 2010¹

This input paper provides a short but solid background on the key elements of assessing change and therefore measuring results in M4P programmes for the participants of the SDC online exchange forum on M4P. No examples are quoted or used, as two specific case studies were prepared for adding value to the e-discussion cycle (Samriddhi from Bangladesh; and the South Caucasus Portfolio).

The views of the author do influence the paper, however, most content has been copied from existing documents, websites, etc. – a list for further reading is provided at the end of the paper.

Why do we need to assess change?

When planning interventions we always develop certain hypotheses – impact hypotheses as well as hypotheses on cause and effect of our own intervention strategies. In the M4P approach, the development of a strategic framework including the establishment of a clear results chain is a crucial step in the planning process.

*"It does not help to run faster, if you run into the wrong direction."
Unknown source*

Therefore, having based our intentional design explicitly on objectives, logics and underlying hypothesis, we must assess them in order to verify if we are on the right track.

Assessing change serves two main objectives: • **To prove.** So that programmes can be transparent and accountable to their funders and other stakeholders. • **To improve.** To provide programmes with feedback on implementation so that they can improve their performance and contribute to wider learning.

Learning is therefore at the core of any results measurement, whether the information is needed for improving or accountability reasons; in many cases it is a mix of both. Funders do not just want to hear about highest level change; they are also interested in learning about what interventions have (not) worked, and how this can be useful information for adapting the programme and for sharing with other programmes.

What do we need to assess?



The influence of any intervention (i.e. development programme) will be enhanced, fostered, multiplied, hindered or even made un-effective by a multitude of external factors. These factors might be known in advance and are therefore considered as potentials or risks; but in reality we will always face unknown or unplanned events that influence the high level impact of our M4P programme. However, we can not limit ourselves and not look at the higher level impact; but we need to do so in a cautious and logic way.

*"It is better to be roughly right than precisely wrong."
(John M. Keynes)*

First, we need to assess what we can influence: **the direct effect of programmes on market systems.** M4P programmes should focus on developing market systems – systems that surround and affect the poor –

Source: The operational guide for the making markets work for the poor (M4P) approach.

but the M4P programmes do not directly work with each 'beneficiary'. It is crucial *to rigorously assess the direct effect of programmes on market systems* – also as basis for assessing wider impact on beneficiaries.

¹ Many thanks go to the reviewers of the paper: Jim Tanburn, DCED; Mathias Herr, Springfield Centre; Isabelle Dauner, Intercooperation; Adrian Maître and Peter Tschumi, SDC.

Second, the results chain of the programme needs to be reviewed and their plausible contributions to the higher level goals need to be assessed (i.e. to improved access and growth and to poverty reduction).

Third and last, programme managers as well as donor representatives are under pressure to show their contribution to change (i.e. the change that is attributable to one or several programmes) in a credible way. Traditionally, there seems to be a gap between the self-reported results of a project team (which are not always trusted by outsiders) and the externally conducted evaluations (which are too costly for replacing internal monitoring efforts and are much more focused on accountability and 'proving' issues than 'learning and improving'). A solution for closing this gap is the use of a Standard for M and E, which is audited externally (see also last paragraph of this paper on "Why do we need a Standard for Result Measurement").

Furthermore, the Donor Committee for Enterprise Development (DCED) is promoting to

The three universal impact indicators

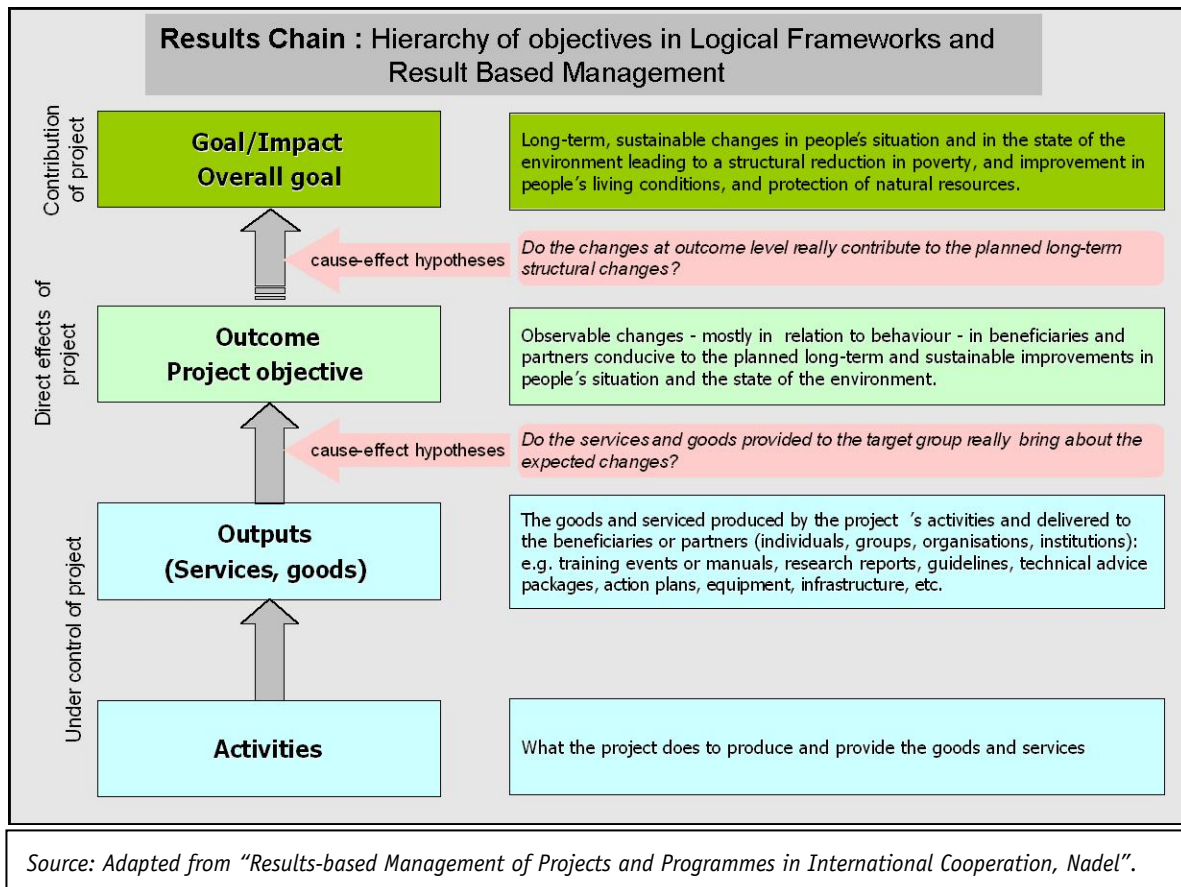
- **Scale:** Number of target enterprises who realize a financial benefit as a result of the programme's activities per year and cumulatively. The programme must define its "target enterprises."
- **Net income:** Net additional income (additional sales minus additional costs) accrued to target enterprises 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:** 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.

measure a small number of "universal impact indicators" in a common way, to enable donors to aggregate their impact across programmes. The use of these "standardised and universal indicators" should make it easier for a programme to measure and report on their results as these indicators are being applied in a common way by many private sector development programmes. The DCED standard

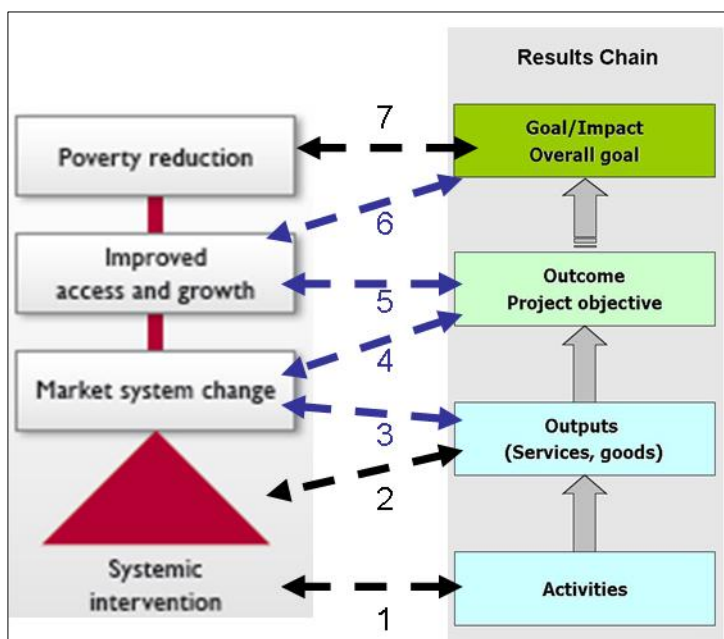
comprises a very practical system that programmes can use to measure the results they are achieving (key elements of the Standard are included in this input paper) – and to ensure that the results reported are credible; the system is then audited by an external auditor (instead of externalised monitoring and evaluation activities).

The M4P results chain and the Logical Framework

Discussions about terminologies came to a certain end, when under the lead of OECD DAC a common agreed glossary was developed. However, due to a confluence of factors, different aid agencies use terms in different ways. During previous SDC e-discussion cycles, solutions for merging the M4P results chain with a 'standard logical framework' were discussed. The following chart shows the current terminology of the results chain used by SDC:



A visual attempt for combining both logics



The relation (1) and (2) of the graphic below are straight forward; as activities and outputs from the LogFrame are similar with the *systemic interventions*. Nevertheless, some outputs (3) are already considered *Market system change*.

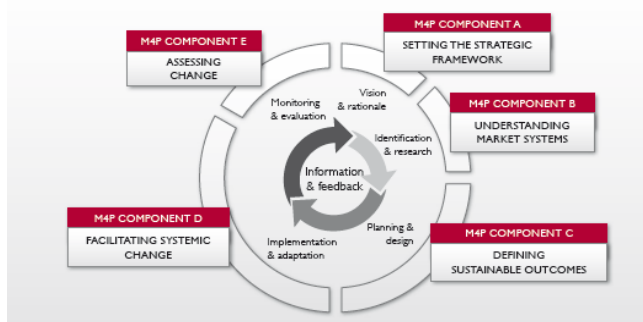
Outcomes are mostly reflected in *Market system changes* (4); however, some of them also reflect *Improved access*.

Improved growth, on the other hand, is usually on the level of the impact/overall goal (6). *Poverty reduction* is clearly on the level of impact/overall goal (7).

How can we assess change?

The basis for any assessment (or Monitoring and Evaluation, M&E) is a rigorous and logic driven planning and a coherent implementation (PCM – project cycle management). The M4P intervention process is set around 5 key components that allow for a coherent design, implementation and assessment; the key components are:

Components of M4P intervention process and the project cycle



Source: *The operational guide for the making markets work for the poor (M4P) approach.*

- A) Setting the strategic framework;
- B) Understanding market systems;
- C) Defining sustainable outcomes;
- D) Facilitating systemic change; and
- E) Assessing change.

By setting up the strategic framework, your programme defines the objectives at the different levels – poverty reduction objectives, growth and access objectives and systemic change objectives. It is recommended that you also define an intentional set of indicators for each level during the planning stage as you need to

define what facts indicate a change and what kind of baseline information you will need for measuring change.

The process of putting the result measurement into practice can be broken down into six basic steps:

Step 1: Articulating or developing the results chain²

The main steps in M&E for M4P

- Step 1: Develop results chains for each market system and related interventions in that market system.
- Step 2: Define indicators of change.
- Step 3: Establish a baseline for key indicators.
- Step 4: Predict at the beginning of intervention the amount of change in each indicator that may be expected to result from each intervention.
- Step 5: Design and implement a plan for collecting data to monitor and measure performance.
- Step 6: Analyse the information generated and feed into regular decision-making (internal) and report the appropriate outputs of analysis (external).

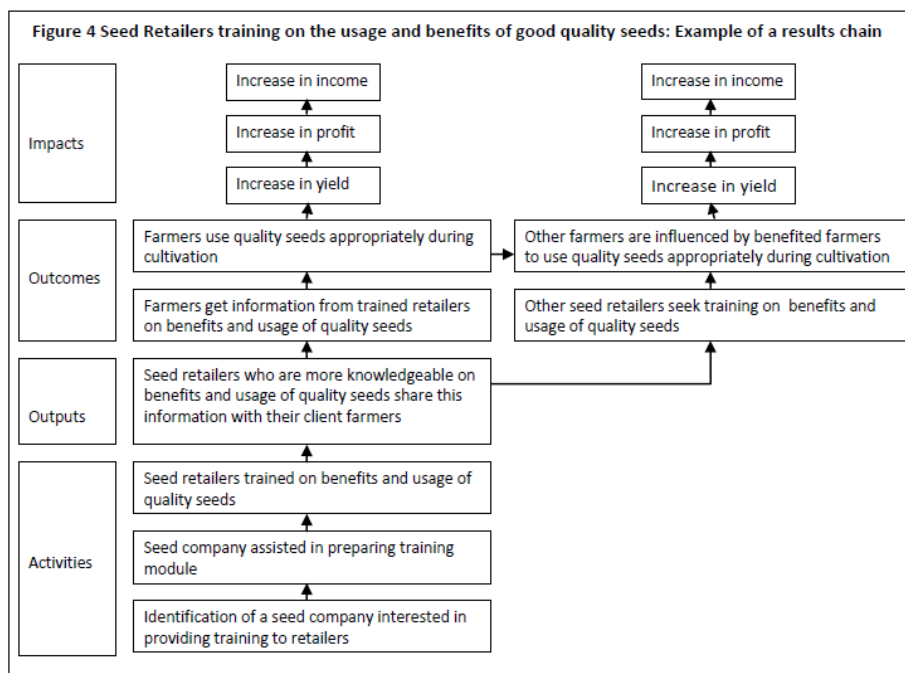
The result chain is a simple yet powerful tool that supports the programme staff, donor representatives and key programme partners to 'think through' the intervention process, clarifying assumptions and agreeing on a logic together – so that each person knows what their contribution is to the achievement of the final objectives. This clarification is the basis for the monitor progress in achieving that logic: are the anticipated changes actually happening, or not?

Step 2: Defining the indicators of change

It is essential to start with the logic of the programme (the results chain) and to derive the indicators from that logic. With other words, you need to clarify what you expect to change – the results chain – and then you can decide what you would measure, at each step, to see how it had changed. The only exception to this is at the impact level, since most programmes of private sector development are broadly aiming at similar impacts: scale, net income and net additional jobs created.

² The different sources of this paper use the terms 'results chain', 'programme logic', 'causal model' and 'impact logic' interchangeably. Within SDC the term "results chain" is now prevalent.

All indicators identified need to be precise and measurable within the programme timeframe and budget; they may be either quantitative or qualitative. There should be at least one relevant indicator associated with each key change described in the result chain. The indicators should also include information on the likelihood of sustainability – this means that the changes described in the results chain will continue after the programme ends.



Source: A 'Walk Through', The DCED Standard for Measuring Results in Private Sector Development

Step 3: Establish a baseline for indicators

This is something that is frequently omitted by programmes. However, without a baseline, programmes can only count outputs delivered; they cannot assess the level of change they have caused. Nevertheless, gathering baseline data can be laborious, costly and sometimes an 'impossible' task – when not done in adequate manner.

Before gathering any data in a monitoring and evaluation framework – baseline information also included – we need to clarify a few key questions: a) Who will use that information?; b) What will the information be used for?; and c) When will the information be used?

If there is not a clear link to the i) results chain, and ii) a clear and explicit use of the information, then there is no need to spend money and time on gathering data or establishing baselines.

Having said the above, there are various alternatives for establishing baselines; the 'normal' and recommended path is by conducting research to establish a baseline. Research can include support of external expert input in order to comply with good practice; such research can draw on many well described tools – including for example in-depth interviews, focus group discussions, stakeholder meetings, quasi-experimental studies, time-series studies, etc.

If a programme was not able to collect baseline data in time, but still wants to know about the changes happened, the programme can (a) use secondary data; (b) derive a baseline from retrospective research; for instance through a user survey; or (c) use data from other regions with similar demographics etc.

Step 4: Predict at the beginning of intervention the amount of change in each indicator that may be expected to result from each intervention

Predictions only need to be realistic 'best estimates' based on current information. Although such estimates can never be precise, they are important to give programmes a sense of something to aim for and to gauge whether interventions are likely to result in sufficient impact to justify expending resources.

Step 5: Design and implement a plan for collecting data to monitor and measure performance

This means thinking pragmatically about how information can be collected and by whom. It also means thinking about how information can be gathered to assess the relationship between the observed changes and programme interventions.

Each and every M&E system needs to be established and implemented in coherence with existing good practices and guidelines for monitoring and evaluations (such as the evaluation standards of organisations and of national or international evaluation bodies - SEVAL for Swiss programmes). These standards include topics of objectivity, triangulation, transparency, participation, amongst many others.

Even though, each M&E system is usually custom made, based on specific contextual factors and adapted for the specific needs of a programme, following considerations are usually made: Quantitative information needs to be complemented by qualitative information. Qualitative information helps programmes to understand the reasons behind changes in quantitative indicators, to assess the sustainability of change and to estimate attribution. Combining quantitative and qualitative information can help programmes to understand:

- Are (un-) expected changes happening?
- To what extent are expected changes occurring?
- How and why are changes taking place?
- To what extent are changes sustainable?
- To what extent are changes attributable to the programme?

Step 6: Analyse the information generated and feed into regular decision making (internal) and report the appropriate outputs of analysis (external)

Programmes are likely to generate a diversity of data from a multitude of sources. Individually, none of these sources are likely to be complete and some data may appear to contradict other data. Therefore it is strongly recommended that programmes 'triangulate' the information they generate; in other words, the use of different methods and sources to validate and confirm the findings will give a more robust picture of the actual changes on the ground – rather than relying on one method or source of data. For example, programmes might measure enterprise-level changes, and aggregate them – comparing the result with measured changes at the market level.

The nature of analysis and reporting will depend on intended use:

- For internal programme management purposes, key questions are: *Have existing interventions worked and is the intervention strategy working?*

Programme managers need to be able to use information to update their understanding of market dynamics, adjust the programme's vision of market development and review and revise interventions accordingly.

- For external reporting purposes, programmes need to extract and present data which is relevant and accessible to funders and external stakeholders. Reporting should be tailored to the specific requirements of different users.

For instance, SDC provides a clear outline for *End of phase reports* (and specific guidelines for these reports) which is a compulsory element for all SDC programmes from 2010 onward.

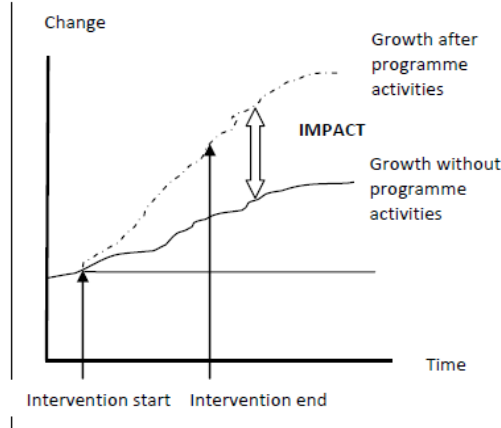
To do this, data from individual interventions and markets must be 'aggregated' across the whole programme: bringing together key market changes and estimating their contribution to improved growth, access and poverty reduction. Cross-cutting dimensions of programme impact (eg gender balance) should be presented as part of this overall picture of programme impact. Aggregation requires that there is commonality across high-level indicators across all markets and interventions – the strategic framework helps ensure this commonality.

Estimating Attributable Changes

The M&E steps generate information about what is changing during the life of the programme in the areas of most interest to the programme. It does not necessarily say much about the extent to which those measured changes were caused by the programme. Perhaps they would have happened anyway? Or they were caused by the work of a different programme? Perhaps the result would have been even better, without the programme?

It is essential that programmes address this issue of attribution for the key indicators and the intermediate steps within the results chain. However, the actual method used to explain the attribution will depend on the individual circumstances; it is easier to develop a credible and robust 'story' in some kinds of intervention, than in others.

Figure 7 Attributable impact



Source: A 'Walk Through', *The DCED Standard for Measuring Results in Private Sector Development*

Who participates in assessing change?

M&E should be considered to be a routinely work of the programme staff. Collection of information should be inbuilt into the daily work of programme staff and programme partners. While the collection of data can be the responsibility of the programme staff, there are two other fields of responsibilities that should be wisely assessed:

- a) Selection of indicators: Programmes have the tendency to try and collect as much information as possible, which is expensive and unproductive. A clear strategic framework and results chain can help programmes to focus on information that is essential rather than 'nice to have'. A distinction between improve and prove uses can also help efficiency. However, this is a strategic decision that shall be taken by the programme manager.
- b) Assessing of data: A "fact" can be interpreted in many different ways. It is therefore crucial to include the market players, the programme partners, the clients etc. during the assessment of the gained insights (i.e. in the sense making process).

The whole M&E effort becomes even more powerful if the partners are involved since the very beginning (Remember? Developing a results chain!), as this allows to build in learning not only into programme activities but also into the market system.

Yearly reports – and even more so phase reports – must assess the changes of the outcome level (systemic market changes and improved access) and where possible impacts (improved growth and poverty reduction). Furthermore, reports need to include sections on the efficiency (efficiency of the systemic interventions) including cost-benefit calculations.

Why do we need a Standard for results measurement?³

Many people working in the field invest great effort to know what results they are achieving, but they often feel that they have to 'reinvent the wheel'. The DCED Standard identifies all of the elements that a sceptical observer is likely to wonder about, when reviewing the results reported by a programme. These elements include many mentioned in this Paper: defining the results chain, identifying the key indicators to use in validating that results chain, measuring changes according to good practice, attributing those changes, and capturing the wider effects in the market. The DCED Standard also includes relating those changes to programme costs, documenting each step, and ensuring that a system is in place for measuring changes.

³ Source: Jim Tanburn, DCED.

But self-reported results are notoriously not trusted. With the DCED Standard, the traditional gap between proving and improving (also referred to above) is closed by having an external audit of the programme's own measurement process. This gives credibility to the results being reported by the programme (if of course the auditor gives a 'pass'); it also ensures that the measurement process is led by those who understand the programme best – the implementing staff.

What is special in the Standard, for M4P programmes? Firstly, there is explicit consideration of wider changes in the system or market – something that few existing approaches for results measurement include. There is also provision for projections two years ahead – so that systemic approaches get due credit for their achievements, relative to programmes that only use high levels of subsidy to achieve short-term impacts. Finally, the cycle of results measurement is particularly important in M4P programmes, because it is critical to have a fast learning loop to adjust implementation as you go along, to maximise impact; the DCED Standard provides a framework for that.

The DCED organises support, documentation and training courses for programmes working towards compliance with the Standard; for more information, please visit the DCED website at <http://www.enterprise-development.org/page/measuring-and-reporting-results>.

Summary of the 5 key elements by Daniel Roduner:

1. Start with results chain.
2. Develop indicators according to the results chain.
3. Establish a baseline for the indicators.
4. Measure first the market system change (i.e. the direct effect of the programme - outcomes), as this gives an indication of your contribution (i.e. attribution) for the wider system changes and the poverty reduction – impact.
5. Build M&E into the daily work of your staff.

Lindau, August 2010.

Sources:

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