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Results Measurement in Private Sector Development

Major messages from the third e-discussion cycle of SDC's e+i network 2011 and the interactive webinar with results measurement experts

August 22 to September 12, 2011

Introduction

This document summarises the major messages from the e+i network's third e-discussion in 2011. This cycle was designed as a temporary help desk on results measurement in private sector development (PSD) with a specific focus on the Making Markets Work for the Poor (M4P) approach.

Major messages from the discussion

Why measure change, and for whom?

Results measurement systems that are following the DCED Standard significantly improve the ability to attribute results to the project interventions. They also help to better communicate results to a broader audience such as the top management, the parliament, other constituencies and the broad public.

Results measurement systems help the project managers to get more accurate information in order to take better informed decisions leading to a clear gain in efficiency and effectiveness of projects. Furthermore, the development of a results measurement system and specifically the results chains force project staff to think how the markets work and what they can do to make these markets work better, i.e., to generate change at systemic level. Hence, not only is results measurement a tool for improving accountability and project management, but it is equally important in learning efforts of project staff and project partners.

Therefore, the motivation for measuring changes in market systems through system interventions should firstly come from the people managing a project and not only from donors or other constituencies.

How to plan a results measurement system?

It is essential to think about results measurement right from the beginning of a project, at the planning stage, in order to set up a system that can be used as a tool for project steering, management and learning. The results measurement system should not any longer be seen as an isolated component that runs along the project implementation, but as an integral part of it. This has implications for organisational set-up, staff time and resource allocation. Developing a results measurement system needs a profound understanding of the context, as does intervention planning. Hence, intervention planning and planning for results measurement ideally go hand-in-hand.

The first step of designing a results measurement system is to develop results chains that demonstrate the logic behind every intervention. Therefore, for every intervention (or project component) a results chain is needed. Integral part of the results chains are indicators as well as a prediction of changes that are likely to happen. The right mix of quantitative and qualitative indicators is needed, especially to measure sustainability and systemic change.

Results chains are not a substitute for the logframe. The logframe itself remains an excellent tool for summarising the rationale of a programme. Being the sound basis of the logframe, the result chains need to be condensed to the goal levels of the logframe (see figure 2). Boxes from different results chains are thereby summarised to build outputs, outcomes, or impacts that are covering the whole project.

> **Designing good results chains**
> There are two tendencies in designing results chains in the praxis: (1) Establish simplified results chains with three to four boxes and one indicator each. These chains do not tell you enough about the logic of the intervention to be meaningful. (2) Establish very detailed result chains with too many boxes and indicators, which leads to a complex construct.
>
> A good results chain contains the key changes that are relevant with the key indicators that need to be measured to show that these changes happen (see figure 1).
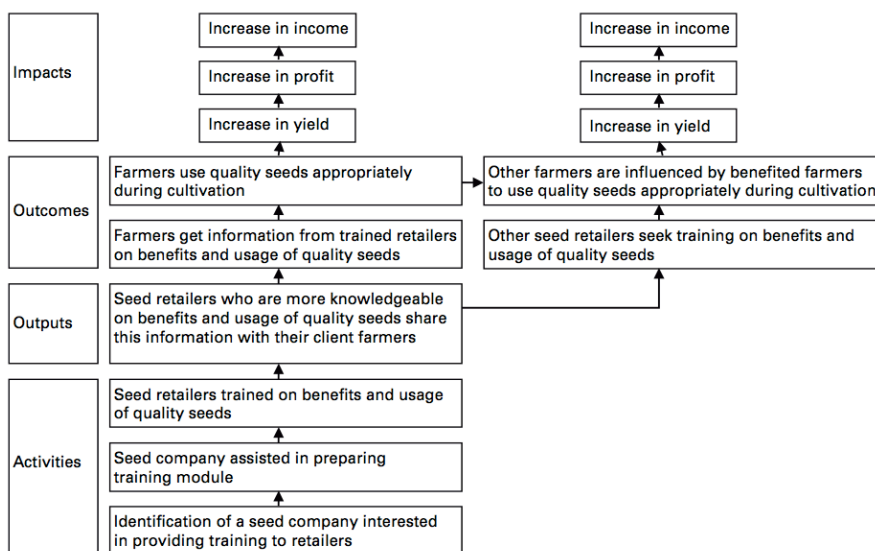
Figure 2: Example of a results chain. (Source: The Donor Committee for Enterprise Development (2011): Why have a Standard for Measuring Results?)

For the logframe, indicators need to be defined that can be aggregated from the indicators of the results chains (for instance number of service providers who make a behaviour change to give information to beneficiaries, number of policies that associations take up, etc., added up from different result chains in different sectors). For the impact level, the DCED Standard suggests that programmes look at three universal impact indicators to measure change: income, outreach (scale), and jobs created. This aggregated impact can be used to report on the logframe and added up across an entire programme portfolio (e.g. a country strategy).

Because the logframe is usually a part of a legal agreement with the donor it normally needs to be developed before the start of the project. At this time, there has not enough knowledge been collected to develop a solid base of results chains and the logframe has to be done in a very generic way to later match it with the results chain. It is therefore important that there is enough flexibility on the donor's side to revise the logframe once the results chains are established.

Only after designing the results chains and the logframe with indicators and predictions as well as developing a measurement plan, a baseline can be established. If the logframe is well designed based on results chains with the right indicators, then the baseline will enable the project team to show changes caused by the project. If a project has a lot of interventions in a lot of markets and, hence, a lot of results chains, then different sub-baselines for different results chains need to be established. Since not all results chains are ready at the same time, these sub-baselines are established at different points in time. These are very specific baselines that enable project managers to monitor the changes that happen at different stages of a specific intervention.

Figure 1: Generic mapping of result chains and the logframe. (Adapted from: DFID and SDC (2008): An Operational Guide for the M4P approach.)

Who is measuring, how, when?
It is common that the dedicated staffs for monitoring and evaluation (M&E) often are not sufficiently interacting with the project implementation staff. This dividing wall between field and M&E staff needs to be broken down because field staff knows exactly what needs to be measured and M&E staff know how to measure it.

Results measurement has to start right from the beginning of an intervention. Every step of an intervention from the very first moment has to be captured in order to see whether the envisioned chain of results is actually correct or not, and if not why. This cannot be done with large surveys but it induces the need of a lot of qualitative information captured through minimal size surveys done in-house, selected sampling and in-depth interviews. Only when information is compiled at the upper levels of the results chains and the project wants to know whether the
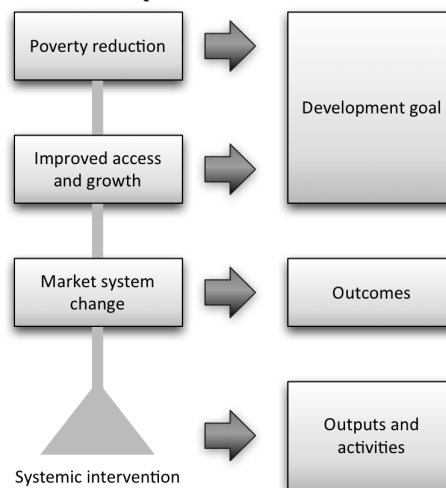
Baselines with changing interventions
Specifically projects following the M4P approach are very flexible in adjusting interventions to a changing context and changing knowledge. Hence, the first baseline has to be to some extent generic. Based on that, the development of appropriate interventions and the corresponding refined baseline should be an iterative process.

If the project interventions change then there is a need to update the baseline accordingly.

intervention is actually changing the market system at larger scale, then the formal surveys are the right tool.

The peculiarity of M4P projects lies in the fact that interventions are designed to cause systemic change in markets and intended to have indirect impact which is more difficult to measure than direct change caused by interventions. There are no specific tools for results measurement in M4P projects; ordinary tools to measure changes can be used.

It is useful to reflect on the validity of results chains whenever there is new information from monitoring and impact assessment or even from regular project visits. This allows project teams to reflect on their market findings and see whether change is happening as anticipated and if not whether new or follow up activities need to be designed. The DCED Standard suggests that programmes reflect on the results chains at least once a year but in reality programmes find it useful to do that more often.

About audit and evaluations

Typically, evaluators struggle to assess whether projects really achieve what they say they do, because of the lack of an explicit logic or the data to verify it. The difference of an evaluation of a 'traditional' programme and a programme that is using results chains is that in the latter, the necessary data are available, enabling the evaluators to dig deeper: ask the right people the right questions at the right time.

The idea of the audit of the results measurement system is to give managers, project staff and donors some degree of comfort that the system is credible and plausible. For that, an external view is needed. One of the advantages of the DCED Standard is the requirement of a paper trail documenting what the project does and why it does that. So an external auditor can easily verify and then certify the system of results measurement in place.

The right time for an audit is when the project feels to be ready for it. The DCED Standard has two auditing systems; one applicable to projects that have been working towards the Standard for results measurement for less than one year and one for projects applying it for more than one year. The former would be an audit to check whether the programme has a system in place and the latter for a system in use.

> **Measuring spill-overs**
> There are a couple of special challenges in M4P projects. These projects aim at spontaneous replication, copying, and crowding in businesses. No classical measurement system of development agencies focuses on how to capture that. They all focus on the direct target group. The DCED Standard recommends that projects articulate these indirect anticipated changes with their results chains. Once these systemic changes are identified, the project can then decide on indicators to measure these changes and their sustainability in the long run. To this purpose it may use standard qualitative and quantitative research tools (in-depth questionnaires, survey, focus group discussions, case studies, etc.).

Results Measurement practice in SDC

The DCED standard is compatible with SDC's guidelines on results measurement. Both institutions emphasise to use results measurement for steering and learning as well as for accountability purposes. Both also say that it is critical to resource the results measurement system adequately, to keep it doable and to use a sound mix of measurement methods integrating quantitative and qualitative aspects.

The DCED Standard also corresponds well with SDC's specific requirements for the "end of phase reports". The latter form a centrepiece of reporting in SDC with their emphasis on outcome/impact, a short document and a timely delivery in order to inform planning of a next phase. The SDC standard on annual reporting by projects and programmes will be defined by the end of 2011.

Results chains provide a strong basis for developing the logframe, which still forms an integral part of SDC credit proposals. Results chains are more detailed and oriented towards the practical work in project management, the logframe allows for a good overview of the projects goals and achievements from the donor's perspective. As such, logframe and results chains are not antagonistic but work well together.

The three universal indicators of the DCED Standard are mandatory as far as practically possible for e+i projects. Whereas "scale" and "income" is usually more common and easier to measure, "changes in employment" pose a bigger challenge. Moreover, it is quite obvious that almost all projects have an additional set of indicators they deem important, such as gender, governance aspects or other pro-poor growth indicators. These additional indicators are again not antagonistic to the universal indicators of the DCED Standard.

Links and contacts

Key documents and resources on results measurement:

- [The DCED Reader 2011: Why have a standard for measuring results?](#)
- [Website of the DCED Standard for results measurement](#)
- [Complete Synthesis of the third e-discussion and webinar on results measurement](#)

Website of e+i network: http://www.sdc-employment-income.ch
Website of e+i network PSD Discussion Group: http://dgroups.org/sdc/privatesectordevelopment

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