Schweizerische Eidgenossenschaft
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Latin America Division

e+i | employment and income network

Synthesis paper on a series of e-learning cycles on M4P and Value Chain Development (VCD) in 2010

A) Introduction

The E+I network organises 3 e-learning cycles on planning, implementing and measuring results in M4P and VCD programmes:

1. The first **e-learning cycle 1** in March/April 2010 focused on
   Planning – setting up an M4P / Value Chain programme

2. The **e-learning cycle 2** in June/July 2010 looked at **Implementing - coordinating - facilitating an M4P / Value Chain programme**

3. In August /September 2010 the **e-earning cycle 3** discussed all elements on
   Assessing change: Monitoring and measuring results on outcome or even impact level

The **objective of all e-learning cycles** is to create new ideas by sharing information and experiences among practitioners and users of M4P all over the world. **Participants** in this facilitated online exchange and discussion platform are SDC collaborators at head office and in the cooperation offices, as well as project collaborators and representatives of partner organisations, experts from universities and resource centres.

This **synthesis paper** resumes the discussion and all contributions of the 3rd e-learning cycle and highlights important aspects.

B) Synthesis of e-learning cycle 3 in August/September 2010: Assessing change: Monitoring and measuring results on outcome or even impact level

The series of three e-learning cycles was concluded by the discussion in August/September 2010 on the topic 'result measurement of M4P/VCD projects'. Beside the comprehensive **input paper** on result measurement in M4P/VCD programmes, **two cases of M&E systems** of SDC financed programs in South Caucasus and Bangladesh were prepared. They offered a good insight in the reality of M&E systems. Both cases presented some challenges and questions to be taken up by the M4P practitioners in the e-learning cycle.

The synthesis paper discusses the importance and function of an M&E system for M4P/VCD projects and programs in general terms and shares some considerations on setting up M&E systems. It gives some pro's and con's on the discussion on the use of indicators for measuring results and the importance of baseline studies. An additional topic discussed was the usefulness of external evaluations and reporting good practices by the participants.

Showing tangible results on outcome or impact level of development projects is of increasing importance for the use of tax payers' money to be invested in poverty alleviation. Another important issue is the aim of donor agencies and implementation organisations to increase their efficiency and effectiveness in the field of private sector development. Especially in all projects where outcomes are targeting changes in the market system and where facilitation is at the core for improving the wellbeing of small scale producers, there is a specific challenge for the project management: how to design a comprehensive M&E system which offers the opportunity to show results on outcome and impact level after one or two years of project operation?

As preparatory work to the third e-learning cycle, an **input paper** was elaborated providing a solid background on the key elements of assessing change and result measurement in M4P programmes.

Two SDC financed programs have prepared **cases on M&E systems** and shared with the e-learning participants the state of the art of their M&E system by pointing out some key challenges and questions.

Case 1: Outcome Monitoring System of SDC South Caucasus Portfolio

SDC is financing five rural development projects in South Caucasus region under their core domain of technical cooperation which is Economic Development and Employment (EDE) in Georgia, Armenia and Azerbaijan. In 2009 an Outcome Monitoring System was set up to feedback relevant information on the projects' outcomes, per country and for the whole South Caucasus region. SDC South Caucasus defines outcome as "development change attributed to a project intervention" and they follow the good practice by using a limited number of outcome indicators – which are a) "profitability of target farms", b) incomes of target farmers and Small and Medium Enterprises and c) the number of created jobs.

Case 2: M&E Case IC Samriddhi, Bangladesh

IC in Bangladesh has recently merged two projects in the domain of social and economic empowerment financed by SDC. By using the M4P and the HID (Human and Institutional Development) approach the project team is aiming to contribute to an increased income and employment of rural poor and extreme poor.

The project team is using a newly introduced results chain monitoring system. Quantitative and qualitative indicators measure the system changes at market and beneficiary level, linking these changes to specific interventions.

The discussion during the e-learning cycle can be structured in three clusters

- Cluster 1: What is the purpose of result measurement, of setting up M&E systems in M4P programmes?
- Cluster 2: Useful tips for M&E of M4P programs
- Cluster 3: Good practices with external evaluations

Cluster 1: What is the purpose of result measurement, of setting up M&E systems in M4P programmes?

Setting up a suitable M&E system is crucial in the project implementation to verify if we are on the right track. When we are planning M4P programs with results chains we orientate our intervention on the impact (system performance change), the sphere where we hope to observe more income, scale, reduced poverty etc. The system performance change on impact level implies a systemic market change (where M4P facilitators are active) which is rather in between the output and outcome level.

Through systemic interventions by our facilitation work we should be in the position to assess the small and bigger changes – which will lead to a market system change and finally through improved performance of markets to poverty alleviation. Results chains should be formulated by the project staff. Results chains should reflect the anticipated market system change, i.e. they make explicit a hypothesis on output/outcome level about market player, their interrelation and all related changes as compared to the past. One level higher another hypothesis is set up on what will be the anticipated impact (more income, reduced poverty, etc). Using results chains is considered to be much better and easier to follow than using log frames with un-operational indicators. For tracking those changes it is from utmost importance to assess the situation during a longer time frame.

Beside these, result measurement fulfils other important functions, as follows:

- Accountability towards the donor agency
- Accountability towards the taxpayers and their money invested
- Demonstrating transparency (= accountability) to beneficiaries and project stakeholders in general
- Providing feedback towards the facilitators as well as project staff and partner organisations for improving their work
- Learning and improving – learning from mistakes

It is acknowledged that M&E activities can be a great vehicle for information sharing and learning among many stakeholders in the M4P process and that these sharing and learning activities should indeed take place. But there remain some challenges which were not profoundly discussed during the cycle:

- How to concretely integrate 'learning' into the M&E process?
- Who participates in gathering, analysing and debating the data?
- Who prepares the steering decisions? Who participates in decision making, based on M&E information?

Cluster 2: Useful tips for M&E of M4P programs

a) Selecting indicators

The issue of formulating indicators within the M&E system of an M4P project is crucial because system changes require something to illustrate the pathway of change, especially if the project was planned by the use of impact hypothesis or results chains. The more explicitly the system change is anticipated in the result chain, the less we must rely on indicators.
Find below an overview with do's and don'ts reflecting the exchange of good practices by the participants:

Do's:
- First start with getting the intervention design – than start thinking on setting indicators.
- When planning a project, when setting up the M&E indicators - think in a results chain logic – even if you have to use logical framework for planning. If appropriate derive the indicators for the logical framework directly from the results chain.
- Involve the project staff when defining indicators. Consider the participation of other project actors and beneficiaries, especially if self-monitoring is involved.
- Define "as few indicators as possible, but as many as necessary" to keep the system simple.
- Use few and simple indicators for measuring results due to the fact that profit orientated partners are keen on simple things showing complex processes. The M&E system of an M4P intervention should be adjusted to a business environment.
- Use indicators not just for reporting purposes: Define indicators on issues you want to get a feedback for better steering your project.
- As your project evolves and develops more insight into the market dynamics, do not hesitate to revise, reduce or add indicators.
- Impact indicators in projects on Private Sector Development should generally include the three issues: scale, income and jobs (DCED proposal)
- Especially in projects related with improved service delivery the indicator "client satisfaction" could be used as an impact indicator.
- You might need to aggregate data: try to develop indicators that you can aggregate.
- Consider having indicators testing the assumptions behind the theory of change. This can help reduce the attribution gap.

Don'ts:
- Do not design indicators before an intervention is even planned.
- Too many indicators are not useful – instead of fostering learning, they hinder learning!
- Do not use one single indicator for measuring impact – one indicator doesn't show progressive change.

b) Importance of baseline studies

It was discussed, if baseline studies are useful to give a better base before designing an M&E system including the indicators. Find some views from the experts:
- Baselines studies are a must!
- Do baseline studies only after the indicators are defined – not before!
- Baseline studies make sense for analytical reasons which in any case need to be done for a systemic or M4P intervention.
- Baseline studies provide relevant information which could complement data collected during the market system analysis.
- Retrospective baselines are not favoured but can be considered if unavoidable. The DCED gives further ideas how to proceed and what to consider[1].

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[1] Implementation Guidelines of the DCED standard, http://www.enterprise-development.org/page/measuring-and-reporting-results

c) The time issue in M4P programs

For assessing change in a complex market system we have to consider one important factor which is time. In a lot of cases, the expected changes need more time than given in strict project cycles of three years. Therefore the planning of a project intervention as well as the indicators of its M&E system has to stick to a realistic timing.

But there remain some challenges: how much time is needed to see a systemic change? How can you adapt your M&E system to the context and the concrete situation in order to observe changes?

d) The attribution gap

Attributing results of impact and outcome level to specific project interventions is challenging in M4P projects. How to manage attribution on upper level (e.g. sub-sector or value chain)? How to manage it on household level? Does attribution really make sense?

One important remark to attribution at SDC in general: SDC with its new tools on Cooperation Strategy Monitoring and Annual Reporting is rather following a logic of plausible contribution than empirical attribution.

Good practice - different tools and methods to determine attribution, not just based on indicators and the results chain. These different tools include:
- Interviews with key informants and expert opinions: Maybe important when change is driven by one person (e.g. politician making a policy change)
- Quasi-experimental studies: To compare change between a 'control' and 'target' group
- Observation: When attribution is fairly clearly. (e.g. resulting from use of new technology)
- Trend analysis without historical data on the years affected by recession (more complicated, but can be done by hiring a statistician maybe)
- Regression Analysis: When multiple range of data can be accurately gathered

Cluster 3: Good practices for external evaluations

An M&E system includes an evaluation at the end of a project cycle – in order to look back on the results achieved by the project interventions. OECD DAC defines an evaluation as: "The systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision–making process of both recipients and donors."

There are different forms and types of evaluations dependent on
- its timing: prior to action (ex ante), during it (accompanying), or after completion (ex post).
- its doer: the ones involved in the performed action itself (self or internal) or an external body or consultant (external), or a combination of both.
- its focus: on accountability (summative) or on learning, improving performance (formative).
- its trigger: evaluation defined, carried out by entities and persons free of the control of those responsible for the design and the implementation of the action (independent), or by entities involved in its management or its steering.

Additional features are
- its driver: led by donor or partner (donor-led, partner led), by several authorities, donors (joint), along with stakeholders (participatory).
- its reach: when limited to one's performed activities (self).

Find here some good practices for external evaluations in M4P projects:
- Design evaluations in that way that you focus on its utilization for all related stakeholder (Michael Patton: utilization-focused evaluations[2]).
- Define in the beginning what the purpose of the evaluation is.
- The learning aspect of evaluations is extremely important!
- Big market development projects are probably too complex to be assessed in a one or two weeks mission by some external people. Comprehensive tools might be useful in order to improve the quality of the evaluation result.
- It's advisable to use self-assessment tools by the project team due to the fact, that they know what they are doing and can show the evaluation team much better insights.
- Ownership of the M&E process by the project staff is critical, especially for the components that will help steer the interventions.
- An external view on a project can be helpful to see things that are not visible for people that are too much involved in the matter. This enhances a mutual learning by the related stakeholders when the facilitation is done in a foresighted way.
- A workshop at the end of the field mission of the evaluations team can be used to discuss issues with the project team in the presence of the donor agency, and if adequate with representatives of the government and the local population.
- Clarify the roles of the evaluators and never forget: the evaluators should not be judges; they should facilitate a learning process for all involved stakeholders. Therefore, have a look not only at the content but also of the process of the evaluation.

Further reading:
- SDC SDC Glossary on Evaluation & Controlling
- SDC/DFID The Operational Guide for the Making Markets Work For The Poor (M4P) Approach
- DCED Implementation Guidelines of the DCED standard

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[2] "Utilization-Focused Evaluation begins with the premise that evaluations should be judged by their utility and actual use; therefore, evaluators should facilitate the evaluation process and design any evaluation with careful consideration of how everything that is done, from beginning to end, will affect use." (Michael Quinn Patton, 2002)