MRM GUIDANCE

Putting Theory Into Practice – Experiences from market system development projects on 'right-sizing' MRM systems

MarketMakers, Bosnia & Herzegovina, ICT intervention

Coping with Common Challenges when Preparing and Implementing a Monitoring and Results Measurement (MRM) System

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Introduction

Monitoring and Results Measurement (MRM) is a fundamental part of good project management. It enables projects to obtain up-to-date information that allows adapting intervention strategies, making good decisions and maximising impacts. A well-functioning MRM system guides project management and staff at each step of the project – from sector analysis, intervention design, implementation and progress assessment up to strategy review.

The purpose of MRM is three-fold:

1. **Steering**: the results and findings will enable project staff to manage their interventions and take 'evidence-based' decisions. The system provides a coherent guide for daily management.

2. **Learning**: to what extent do events and results unfold as planned? And why? As an ongoing learning process, MRM will enable projects to continuously assess results and improve the logic of interventions.

3. **Accountability**: to donors, primary stakeholders, partners, government institutions, etc.

Projects that apply the Market Systems Development (MSD)[1] approach typically operate in relatively complex and dynamic contexts, where changes can happen quickly and strategies need to be adapted continuously. Having access to reliable and timely information through the MRM system is thus of great importance.

Yet for projects, in particular with small budget and limited human resources, balancing the benefits and costs of designing and implementing MRM system has been challenging. A recent assessment of numerous workshop and conference reports, case studies and online conversations by the BEAM Exchange lists 'adapting design of monitoring and results measurement systems to correspond to the size and capacities' of projects as one of the top ten recurrent challenges.[2]

Purpose

The purpose of this guidance document is to provide concrete support and information that helps projects that apply the MSD approach, especially smaller ones, to design, implement and use an MRM system efficiently and effectively. Many guidelines and manuals already exist that explain how projects should develop and manage their MRM system. The purpose of this document is different: the focus is not on what project should do, but on what projects **can** do when facing certain challenges during the design or implementation of the MRM system.

[1] MSD or M4P aim to tackle market failures and strengthen the private sector in a way that creates large-scale and sustainable change. See: http://blog.helvetas.org/on-systemic-approach/

[2] The BEAM Exchange. 'How To! Tackling common challenges': https://beamexchange.org/resources/826/

Eight MRM principles are discussed in two main sections: (1) Preparing and (2) Designing & Managing the MRM system. Each principle is divided into three segments.

1) Segment one ('The Theory'): briefly describes what projects should do in order to apply the respective principle, e.g. 'allocate sufficient financial resources for MRM'. This segment provides a summary of guidance or requirements that one would typically find in MRM guidelines or MRM project manuals.

2) The second segment ('Common Challenges'): discusses some of the most common problems that projects using MSD approaches experience in putting the principle in practice.

3) The third segment ('In Practice'): presents a number of ideas on how projects can overcome the common challenges discussed in the preceding section. This is done by providing concrete examples of how projects have dealt with certain problems.

The document is intended to be used by project staff as a reference guide to consult throughout a project lifecycle, potentially also during proposal development.

Background

The development of this guidance document is the product of the 'Learning Expedition' initiative of HELVETAS Swiss Intercooperation (hereafter HELVETAS) that focuses on a combination of conceptual and action research and reflection. The 'Learning Expedition' intends to contribute to improved understanding of a topic – both within the organisation and with key partners – for leveraging actionable results across the organisation and bringing a level of consistency in approach across topics.[3]

Most projects that apply the MSD approach in HELVETAS use the standard developed in 2008 by the Donor Committee for Enterprise Development (DCED). The standard is based on eight core elements that emphasise the benefit of complying with the standard in informing donors and evaluators about the quality of the system.[4] The principles discussed in this guidance to some extent refer to the DCED standard, but they also focus on additional experiences and good practices. As such, this guidance document seeks to go beyond offering a 'one-size-fits-all approach' that ignores other suitable and effective ways of managing a project. In addition, projects that do not (intend to) use the DCED standard should also be able to benefit from the discussions and practical examples presented in this paper.

During the learning expedition, 15 HELVETAS projects across the world participated in a survey that aimed to assess the experiences of projects in designing and implementing an MRM system and the practicality of supportive tools and standards such as the DCED standard. Results were presented and discussed at a capitalisation workshop in Belgrade in April 2016. Before this workshop took place, there had been an implicit understanding that a

[3] HELVETAS works in five main themes: Water and Infrastructure; Skills Development and Education; Rural Economy; Environment and Climate; and Governance and Peace. There are currently four topics selected for the Learning Expedition: right-sizing MRM system, migration, resilience and Behaviour change in the water sector.

[4] The DCED Secretariat. Measuring Results: http://www.enterprise-development.org/page/measuring-results

future guidance document should describe how to develop a 'right-sized' DCED-based MRM system, assuming that small-scale projects generally experience difficulties in adhering to all the DCED requirements.

As such, 'right-sizing' an MRM system is understood as adapting the MRM system to the priorities/goals, size as well as the context of projects (staff capacity, sectors selected, enabling environment, etc.). In short, it refers to making the system 'manageable' and 'fit to realities'. Right-sizing is not understood as 'self-selection' through downsizing essential elements of an MRM system (e.g. results chains, indicators) for designing and implementing the system.

In addition, right-sizing the MRM system is not only about cost. It also concerns setting up a system that meets the goals of projects, is manageable and less cumbersome/complex. In short, it means designing and implementing an MRM system that is appropriate in scope and timeframe for achieving measurable results and impacts.

Since the workshop, the discussion has moved away from questioning the applicability of the DCED standard for small-scale projects, to a more specific interest to develop guidance that help all, but especially, medium and small-scale projects to overcome common challenges when developing an MRM system. During the workshop, 10 key elements[5] of a successful MRM system were discussed. This guidance document reflects on all ten elements, but they have been renamed (and revised), using eight principles that largely follow the structure of the DCED standard.

[5] Ten key elements of a successful MRM system (workshop, Belgrade 2016):

1. Knowledge Management
2. Budget
3. Adaptiveness
4. Human Resources
5. User-friendly tools
6. Indicators & Measurement Methods
7. Logic model
8. Systemic approach/Systems thinking
9. Responsive communication
10. Incremental development

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GUIDANCE

Part 1: Preparing the MRM System

Principle 1: Allocate sufficient financial resources for MRM

1.1. The theory – what should you do?

It is essential that projects allocate sufficient financial resources to manage and implement the MRM system during the design process. Methodologies need to be tailored to the resources available. If there is a small budget for results measurement, this will limit the size and scope of surveys and researches that can be conducted. The results measurement budget is often integrated in the management budget (since the major cost is typically the time of managers and implementing staff to design and manage the results measurement system)[6].

1.2. Common challenges – what problems may arise?

A good MRM system is cost-effective. Unfortunately, there exists little or no information about the actual costs of designing, implementing and managing an effective MRM system. It is often impossible to assess which tasks are purely for MRM purposes and which tasks are for other management purposes. Important reasons why many projects have difficulties of estimating MRM budgets include: lack of information about the actual costs of designing, implementing and managing an effective MRM system and a lack of MRM experience among people who develop programme proposals. Some projects do not have separate budgets, and costs are 'in-built in the implementation processes' or 'included in activities budget'.

Many projects, especially smaller ones (in terms of budget), may still not have sufficient funds to hire person(s) specifically dedicated to MRM, to conduct solid surveys/researches, or to collect reliable data for all indicators. At the same time, projects that do have sufficient MRM funds may delay investing in the MRM system (including human resource) because of other priorities. For example, staff time is needed to set up the project and develop interventions, while insufficient time is made available to implement the MRM system (see principle 2).

Even if projects have sufficient financial resources for MRM, they sometimes do not allocate those resources early on (e.g. it is considered less of a priority). As a result, these projects

[6] See also the DCED guideline on managing the results measurement system: http://www.enterprise-development.org/wp-content/uploads/8_Implementation_Guidelines_Managing_System_July_2015.pdf

may lack properly trained staff, do not develop detailed results chains and do not collect data on time. This is also linked to lack of clear understanding of the impact logic by staff, which is often acquired during the development of results chains. Moreover, relevant and enough data will not be available to check if interventions are on track, or to determine how interventions can be adapted.

When projects underspend in the first year(s), they often try to compensate later on by allocating extra resources for MRM (money and people) in subsequent years. It is, however, much more beneficial to anticipate this and allocate MRM resources fittingly from the beginning (see principle 2: e.g. hire an external MRM expert at the beginning of the project when staff do not have the capacities and time yet).

1.3. In practice – what can you do to overcome the common challenges?

- Primarily, it is important that sufficient resources are allocated to the MRM system. As mentioned before, many MRM related tasks need be integrated in the overall management budget (analysis, strategic decision-making, reporting, etc.). It is key to ensure that the MRM system is fully integrated in the project management system (see principle 3).

- For projects applying the MSD approach, it is helpful if the budget agreed with the donor is not too detailed. This will allow projects to be flexible and respond more easily to new opportunities: this is not specific, but equally applicable, to MRM. Projects' internal budget needs to be much more comprehensive, and this may include specific budget lines for core MRM staff; information collection (transport, accommodation, and per diems); training; external consultants; workshops and meetings to discuss monitoring information, and make decisions; and dissemination of key findings (e.g. in the form of reports or workshops.

- During the tendering process, it is important to be aware of the MRM budgetary needs (and not to underestimate these); even though at this stage it will not be possible to define all the MRM costs in detail. A quick calculation of required MRM staff time and number of small and large surveys, multiplied by the market price, should give projects a rough estimate of the financial resources needed. Although projects may use a rough estimate of 10% of the total programme costs for MRM purposes – depending on what is budgeted under management costs – it is a good practice to at least double check if this is correct/sufficient.

- If the agreed budget for MRM purposes is limited, a relatively sketchy budget can help projects to still use other (non-MRM) budget lines that can also benefit the MRM activities. If, for example, a project has limited MRM resources left to do a survey, the project may, in some cases, be able to use the intervention/sector-specific budget line instead. Sometimes this requires a contract amendment (and then it depends on the relationship with your counterpart if this renegotiation is relatively hassle-free or somewhat more demanding).

- Smaller projects may not be able to implement a full-fledged MRM system that, for instance, would be compliant with all the elements of the DCED standard. Hiring an MRM expert, organising regular staff trainings or conducting an extensive survey maybe prohibitively expensive for a small project. Such projects need to be extra careful to prioritise their MRM activities: where to invest depends on projects' overall goal and the potential scale of the interventions.

Experience from Southern Asia (Samriddhi project, Bangladesh

The Samriddhi project evolved from two previous projects, which were mainly based on livelihoods approach. The MRM system was initially based on the systems of the two previous projects. At the same time, Samriddhi shifted its approach towards MSD. Therefore, the project naturally had to ask whether its interventions lead to any change in the market systems and result in change in poor people's life. However, the challenge was the cost for designing and running the MRM system was not carefully taken into account in redesigning the project. Many of the logical framework indicators were reordered, some of them were modified, and new indicators were added. Where needed, the targets, frequency and tools were adjusted. The targets were revised taking into account staff's experience and estimations as well as the baselines.

An MRM system often involves competing demands, including donors. The process should always engage/inform donors, because developing and improving MRM system cannot be delinked from funding decisions. The process has been intensive and time-consuming and hence required more budget. The approval of the donor was required to the revised activity based detailed budget, which was the integral part of the mandate agreement. Common understanding between SDC and HELVETAS Bangladesh about the vision, approach, strategy and guiding principles of the project was found to be one of the main driving forces to make the process successful

Experience from Eastern Europe (Anonymous)

The project faced lack of financial resources for MRM in the middle of implementation. The budget was 75% spent and soon there would be no money left for MRM activities. At that point the project carried out a detailed assessment of the required financial and human resources for MRM. Each MRM activity was analysed according to potential output and its direct effect on the quality of implementation. When measurement was not expected to greatly influence the implementation of the project and it was not regarded as essential for reporting, the project would decide to stop measuring and instead define a suitable proxy easy to collect. As a result of this review, the team managed to save enough costs to stay within budget until the end of the project.

Experience from Southeast Asia (CAVAC project in Cambodia)

For DCED audits, projects may decide to do a partial audit only (this happens very regularly). CAVAC, a project from Cambodia, which was marked very highly during its DCED audit, prioritised its measurement system to cover less than 50% of portfolio – these are the areas where they expect the best results. This way, the project saved money and received external recognition for their results being credible.

Principle 2: Allocate adequate human resources for MRM

2.1. The theory

Team members of a project require knowledge and skills to be able to conduct their tasks and responsibilities with regards to results measurement. A project should decide which of the tasks project staff should do in-house, and which should be outsourced to a consultancy, research firm, partner organisation or others. In regard to the tasks that are carried out by the project itself, projects will need to decide which individual/team will be responsible for what. The breakdown of tasks and responsibilities, including those that will be outsourced, should be clearly outlined. Clear Terms of References (ToRs) or job descriptions will be needed for all people involved.[7]

2.2. Common challenges

Project managers who do not have experience with MRM or fail to establish a 'MRM culture' early on, are likely to face a certain degree of resistance among staff regarding MRM tasks and duties. At the same time, implementation staff that have little experience with MRM are often of the opinion that MRM is not their job – saying that this should be done by the MRM manager/team. This can cause various problems during the implementation of the MRM system.

Team members who are less familiar with MRM are sometimes overwhelmed by their (new) MRM responsibilities. They may as a result not allocate enough time to do this work and rather give preference to doing other tasks. Furthermore, staff will not be able to make good use of the collected data for steering, learning and reporting purposes when they have underdeveloped or limited MRM skills.

New projects tend to have very few (or no) people with specific experience/expertise in MRM. Projects that apply the MSD approach often need to train staff not only on MRM, but also on the MSD approach – this means prioritising training needs. Many projects prefer investing in increasing staff's understanding of the MSD approach first.

Despite the best efforts to train or coach staff, or to improve MRM skills through knowledge sharing and peer-to-peer exchanges, many projects acknowledge that underdeveloped MRM capacities by staff often remains a critical issue during the entire life cycle of a project.

2.3. In practice

- The need for improved capacity becomes clearer only when there is a better understanding of the purpose or relevance of the MRM system. In other words, projects should be able to answer the question 'capacity for what?' As such, it may not be

[7] See also the DCED guideline on managing the results measurement system: http://www.enterprise-development.org/wp-content/uploads/8_Implementation_Guidelines_Managing_System_July_2015.pdf

difficult to come up with a workable blend of measures to meet the needs of project staff.

- Managers will then have to take the lead in ensuring that there is a proper 'MRM culture' in the project. This is needed to increase appreciation for and understanding of MRM as a management tool that supports people in their day-to-day work, and is not regarded as just a necessary 'evil'. This also means that hiring an (temporary) external MRM expert to improve a project's MRM system is not a substitute for developing good MRM practices across the project team as a whole (see also principle 7, regarding the creation of a learning culture).

- Head-office can play a role in raising awareness among project managers about the importance of MRM. This includes stimulating exchanges with other projects in the region to improve project managers' understanding of, and attitude towards, MRM.

- Measures must be taken, and this applies especially when projects have an MRM specialist in-house, to ensure that all staff members responsibly manage their own MRM tasks. This can be achieved by including clear MRM responsibilities in job descriptions, agree on a capacity development plan and annual staff performance review.

Experience from Eastern Europe (Anonymous)

In order to establish an MRM culture within the project, the MRM specialist decided to put a lot of emphasis on MRM during all types of occasions. Even when it was not directly necessary, the MRM person challenged staff with questions such as: How do you think to make the expected change happen? Is this enough to trigger change? What else could influence the change? Did you check all other influences? How do you find out if things changed? How do you know that this change will be successful? Did you update your Intervention guide? When do you expect the first results? When do you expect the full results? When do you expect crowding-in to occur?

- It is important that staff are not overloaded with MRM tasks (surveys, FGDs, etc.) and this is especially true at the beginning of the project. Sometimes the ambitions (or expectations) to develop a very comprehensive MRM system may be too high, creating a 'wrongly-sized' MRM system that is too demanding on staff. Instead, projects need to ensure that available resources and inputs required are matched – this means using MRM budget wisely and sometimes outsourcing MRM activities instead of trying to solve everything in-house. Importantly, the 'thinking' around MRM issues should always remain in-house, while the actual data collection and similar tasks could be outsourced.

Experience from Southern Asia (Samriddhi project, Bangladesh)

The Samriddhi project attached high importance to capacity building of staff. For the project, capacity building was more than a one-off event that should start as early as possible and continue to bridge major capacity gaps. It periodically assessed and reviewed the capacity demands of staff. The project coordination unit held regular consultation with Regional Coordinators for setting performance objective, identifying appropriate strategies to address capacity gaps and allocating resources to achieve performance objective. The project sent staff to participate in international / regional training workshops in MRM. Staff members who received training in turn provided internal training / coaching to other colleagues for mutual sharing of experiences. Exchange visits to other projects and

organisations were also used as practical way for building capacity and learning. Annual Staff Talks held in December every year between managers and their colleagues included discussions on capacity development requirements and plans.

- While trainings are important, it is evident that this is not enough. It is important to know what are the most effective ways to develop MRM capacities throughout the course of the project.
  - Hiring an in-house MRM specialist (ensure budget)
  - Ensure coaching by external MRM specialists early on (if budget and staff time availability permit this)
  - Coaching, mentoring, regional exchanges, etc.

Experience from Southern Asia (Samriddhi project, Bangladesh)

One of the challenges for designing and improving the MRM system was that the Monitoring Specialist of the project was seen by other staff as the only responsible person for doing everything related to the MRM system. The project coordination unit took the lead in changing such perception by including MRM responsibilities in job descriptions and annual staff performance review (Annual Staff Talk). This was followed by regular coaching of staff to instil clarity and responsibility on their MRM tasks. The project coordination unity was based closer to the field and this contributed to working closely with implementing team of the project and enhancing efficiency in implementation.

Experience from Eastern Europe (Anonymous)

Initially project staff were relatively resistant towards MRM. In an effort to reduce people's reluctance, the external MRM specialist continuously challenged people's attitude and ask questions about intervention plans. As a next step, management of the project decided to change the office arrangement, so that the project MRM officer and one of the intervention managers would share an office (on a three-month rotation basis). Thanks to this close cooperation, intervention managers started to use MRM properly. Two years before the end of the project, the MRM specialist was able to reduce his involvement significantly, and in the last year the MRM specialist was able to completely redraw from the project.

Principle 3: Ensure MRM will be fully integrated in project management

3.1. The theory

Projects should clearly describe how MRM informs decision-making and provide an overview of the key instruments and processes used in both the project management and MRM.

An MRM system entails:

- **Processes** that need to be followed at all stages of the project/intervention life – from design to implementation to review and adjustment. These processes ensure that MRM is fully integrated in project management and it directly feeds into decision-making.
- **Practical tools** allowing staff to efficiently carry out their MRM-related tasks. This includes at least:
    - Log frame and results chains (RC)
    - Intervention and measurement plans
    - Data collection tool
- **Reports** that document the process and results. These include the Yearly Plans of Operations, the annual and six-monthly operational reports, but also interventions plans and sector reviews.
- **Approaches** to aggregation, attribution and capturing wider systemic change.
- **Human resources** allocated, internal as well as external.
- **Supporting formats and guidelines** such as common templates that guide the staff throughout.

3.2. Common challenges

When project managers have limited experience with MRM, they may have difficulties to design and use a project management system with a fully integrated MRM system. When this happens, interventions are managed on a more 'ad-hoc' basis and decisions are taken without appropriate data. The advantage of this approach may be that projects can respond more quickly to changes and opportunities. At the same time, the risks are relatively high that interventions will be steered in the wrong direction and it will be difficult to report properly on results. However, an MRM system that is designed correctly and implemented on time should function well enough to enable projects to respond to rapid changes and new developments.

Everyone may be able to hold data in his/her head when a project is still small. At the early stages, it may still be possible to keep attention to all aspects of the project, even if a project does not have a proper documentation system in place. However, as the project continues to grow and becomes more complex (e.g. more partnerships are set up, more consultants are engaged, more results are produced, etc.), staff will (suddenly) realise that they cannot remember all the facts. Furthermore, keeping crucial information 'in the head of staff' significantly hampers information exchange with other staff, sharing and learning.

Staff may want to start storing data at this stage, but the proper structures to do so are not in place. And in the absence of a harmonised data management system every staff member will do it in his/her own way. This, in turn, causes significant problems when collecting and analysing data. Establishing the system at a later stage as opposed to the beginning of the project, is many times more costly, time-consuming and less likely to be successful.

3.3. In practice

- Contextualising MRM system: the starting point for ensuring an MRM system is an integral part of project management is to design and implement the system that accurately reflects what projects seek to achieve. This is fundamental to making the system credible: i.e. tailoring it to the type and scope of projects and resources available (human, financial). For example, if you expect to see very rapid changes in the targeted sector (for example in ICT), you will need to use/design tools that allow you to capture and respond to these changes. A detailed list of indicators may not work so well, as you would need to revise it frequently. Being able to effectively record the observations from the field, may be more valuable than collecting very comprehensive monthly reports from partners.

- Focus on the practicality of the MRM system: this concerns designing and implementing an MRM system that projects are going to use. To make an MRM system an integral part of the project management, project staff need to ask if they can use the system to know 'what works and does not work' and make informed decisions and take adaptive measures. If not, search for alternative ways of knowing if projects are on track of achieving their results and impacts.[8] Experiences from a number of projects show that it is quite helpful for projects to distinguish 'nice-to-haves' from 'must-haves' and start with one or two interventions to test relevance and applicability of key elements of an MRM system. Explore options to complement these elements whenever applicable. On a practical level, it is important that an easy to use documentation system is in place at the start of the project.

- Strengthen capacities, especially of project managers, to develop an integrated project management system. In practice, this means the MRM system is key to project design and implementation, starting from analysis (e.g. understanding market systems) to setting up strategies, designing interventions, implementation and reflecting on/sharing lessons by thinking through and validating the logic of facilitation.

- Change staffs' project management habits/practices and attitude towards MRM (i.e. in addition to strengthening staff's MRM knowledge and applied skills, see principle 2). But how to do this? Many people who are less familiar with MRM, tend to see it as something that they need to do in addition to managing their intervention. They might think that they can manage the intervention without MRM. To change people's mind-set it is important that the PM (and MRM manager) can demonstrate what would happen if you do not use MRM as a management tool for your intervention. To remind staff about

[8] Some alternatives include performance indicators; theory-based evaluation; rapid appraisal methods; participatory methods; public expenditure tracking surveys; impact evaluation; cost-benefit and cost-effectiveness analysis.

their 'day-to-day' MRM responsibilities, to promote good MRM data management practices and to encourage learning and knowledge sharing PMs should organise MRM meetings on a regular basis. Planning these regular MRM exchanges signifies that MRM is integrated in the overall project management.

Experience from Eastern Europe (Anonymous)

Different views from the project manager, MRM consultant and donor, in particular during the first phase, meant that staff did not know what to do and whom to listen to. The project manager had ideas about the MRM system, but did not give clear instructions to the MRM team. Instead, the MRM consultant put pressure on the team to achieve full compliance with the DCED standard and the position of the donor side was not clear. Some data were collected properly, but for other issues the team did not have adequate information. This affected the reporting, and this resulted in lack of trust from the donor. The donor requested change in management and a new project manager joined the team. This new project manager did not have a clear picture about the kind of MRM that was needed, but still requested the MRM manager to design a new system. Although his initial understanding of MRM was limited, the project manager dedicated time to question the MRM manager about the proposal for the new design. This provided the opportunity for the project manager to be more familiar with the main MRM purpose and principles. The project decided to jointly attend meetings with the donor, which contributed to a better understanding of the requirements. While some time was lost in the short-term, improved internal and external communication (which influenced the project performance) were positive mid-term outcomes of the new approach. In the long term, the improved reporting helped restoring the trust of the donor.

Experience from Southern Asia (Samriddhi project, Bangladesh)

In order to make the MRM system integral to the project management, the Samriddhi project believed that getting organisational buy-in, both from the donor and project team members, was especially important. It took more than eleven months to revise the logical framework and put in place the system, eventually taking longer than initially thought. Changing the mind-set of project staff from mainly livelihood to market system development (as facilitators) required time. Having the support from the donor and HELVETAS Bangladesh to see through the designing and implementation of the system and the flexibility to address concerns along the way were vital to ensure a successful rolling-out of the system.

Experience from Southeast Asia (ESIP project, the Philippines)

The Enhancing Sustainable Income in the Philippines (ESIP) project is the only initiative in a remote and highly vulnerable area of the Philippines. Amidst high donor intensity and free hand-outs, the project tries to contribute to long-term development by tackling root causes of underperformance in the agriculture system. The MRM system is crucial in project management through steering and learning. Basic elements of the MRM system are in place – the intervention guides constituting results chains, measurement plans and others (e.g. projections, activity logs). Yet staff turnover has stalled the progress. The involvement of an Intern and the recruitment of a new M&E Officer has brought back the momentum and started contributing to effectiveness of the MRM system in project management. The involvement of Field Facilitators is in the form of simple data collection; they are not part of or are less aware of information synthesised from the data and how/why this information is being used to make decisions by the management. The project management through support from external consultants has tried to make the MRM system integral to project management. Some steps that were taken include increasing the understanding of project staff by internalising the vision and strategy of the project – not just by few project staff at the management level. The project did this not just through formal training but also using day-to-day and practical (informal) coaching.

Part 2: Designing and Managing the MRM System

Principle 4: Measuring changes for each intervention (in a detailed, logical and self-critical manner)

Principle 4 is divided in the following three sub-sections: results chains and indicators; measuring changes in indicators; estimating attributable changes.

4.1 Develop appropriate results chains for each intervention and define relevant indicators for each change

4.1.1. The theory – what should you do?

Projects should develop sufficiently detailed results chain(s) for each intervention. Key changes should be arranged in logical order to clarify how the project activities of the various interventions will lead to intended impact. The results chain(s) should be regularly reviewed to reflect changes in the projects' strategy and environment (e.g. new partners). Projects should identify relevant indicators associated with each change described in the results chain(s). Indicators enable projects to understand whether expected changes are happening and if so, to what extent, and if not, then why. Quantitative and/or qualitative indicators should be defined for each change in the results chain(s). Anticipated impacts are projected for key quantitative indicators to appropriate dates. Projections may be quite difficult and time-consuming to do, but they are relevant particularly to communicate with the donor.[9]

4.1.2 Common challenges – what problems may arise?

Projects sometimes struggle to agree on the appropriate level of detail when developing results chain:

- Some projects use results chains or indicators that are far too general to collect meaningful data. Many projects start implementation without defining results chains – instead they focus on the results that they want to measure or they just use the log-frame indicators that have been defined for each intervention at the start of the project (sometimes, of course, donors may still expect projects to report against the logframe indicators only). In many cases, the projects do not know enough about the process of change through intervention. One of the main reasons why projects do not develop results chains is because it is quite a demanding process. If staff do not fully understand core constraints and interventions as solutions, they are not in a position to design logical/meaningful interventions based on results chains. In this case, they may prefer to start implementation, without checking all assumptions. Sometimes staff do not (yet) have the required skills to develop results chains. At other times, staff may be reluctant to work on the results chain as these could

[9] See also the DCED guideline on articulating the results chain: http://www.enterprise-development.org/wp-content/uploads/1_Implementation_Guidelines_Results_Chains_Apr_2015.pdf

indicate that their current approach is not adequate and that they would have to adapt their intervention.

- Projects, in particular smaller ones, may feel pressured to develop very complex results chains at the start of the project. Developing such detailed results chains may require a lot of time and may result in a long-list of indicators that subsequently will demand extensive resources in terms of data collection and analysis. At the same time a long list of indicators does not necessarily mean a lot of work: some indicators are difficult to measure, while others require very little time.

Staff who have little experience with MRM will probably have difficulties with defining good (SMART) indicators; however, with increased experience and external support, most projects usually do not have major problems managing this.

Developing accurate projections is often rather difficult, as not enough reliable information is always available, especially at the start of the project. Donors may push projects, but making projections should be done carefully – for projects not to chase the wrong targets and fail to meet expectations. Defining projections, while developing a result chains, generally creates genuine moments of insight. For example, the inability to answer relatively simple questions such as "how many business are involved" or "what's the average turnover" can unveil important gaps in the analysis and intervention design. The thought process remains important and useful in preparing projects, and it is not necessary that projects need to develop projections for each indicator.

4.1.3. In practice – what can you do to overcome the common challenges?

- Results chains need to be reviewed on a regular basis. It is often helpful to start with results chains that are less complex. More detailed results chains will need to be developed as the interventions progress, as more appropriate indicators are considered and identified ("communication with stakeholders is a process") and further information is gathered. In this case, projects would develop result chains that at least exist of the main changes and a few key indicators. This structure will not help projects to improve their intervention immediately, but it will provide a structure to identify all relevant information that will be needed at some point. See the text box below and chart 1 and chart 2 on the next two pages as an example to illustrate how projects may develop a more detailed results chain over time (from RisiAlbania's tourism intervention).

  Furthermore, during the early stages projects may benefit from not investing too many efforts to tying outputs and initial outcomes to broader impact (too much time is often wasted on the upper middle parts of the results chain). Projects may for instance insert boxes with large '?-marks', although it is important that they then also agree on very specific questions that they know they must answer by the time they reach the higher levels of the results chain (but which they cannot yet answer at this stage). This encourages projects to regularly review/reflect on their results chains and prevents them from chasing the wrong indicators.

Experience from Eastern Europe (RisiAlbania project, Albania)
Many team members had not been involved in projects that apply the MSD approach. Therefore,

results chains were a relatively new concept. The idea was to introduce complexity gradually and include details to the results chains over time. This approach fitted well with limited time resources, and allowed RisiAlbania to progressively build the capacities of staff. The team started with an overall intervention logic, which would be developed into early results chains that were not fully fleshed out. The staff gathered further information on each area, and results chains were then developed into further details. This way, results chains were progressively built over time.

One of the challenges with this approach is that results chains are not really used as a planning tool by RisiAlbania. Instead, they represent a reasonable logic of how change will happen over time. As a result, there have been cases where intervention teams had gaps in information, leading to moments where they have had to ask, "Did we miss a crucial piece of information along the way?" In the end, these issues have sorted themselves out but could have been addressed earlier by better referring back to the results chains as blueprints for work plans.

Chart 1: Results Chain Tourism Sector RisiAlbania – Partially developed

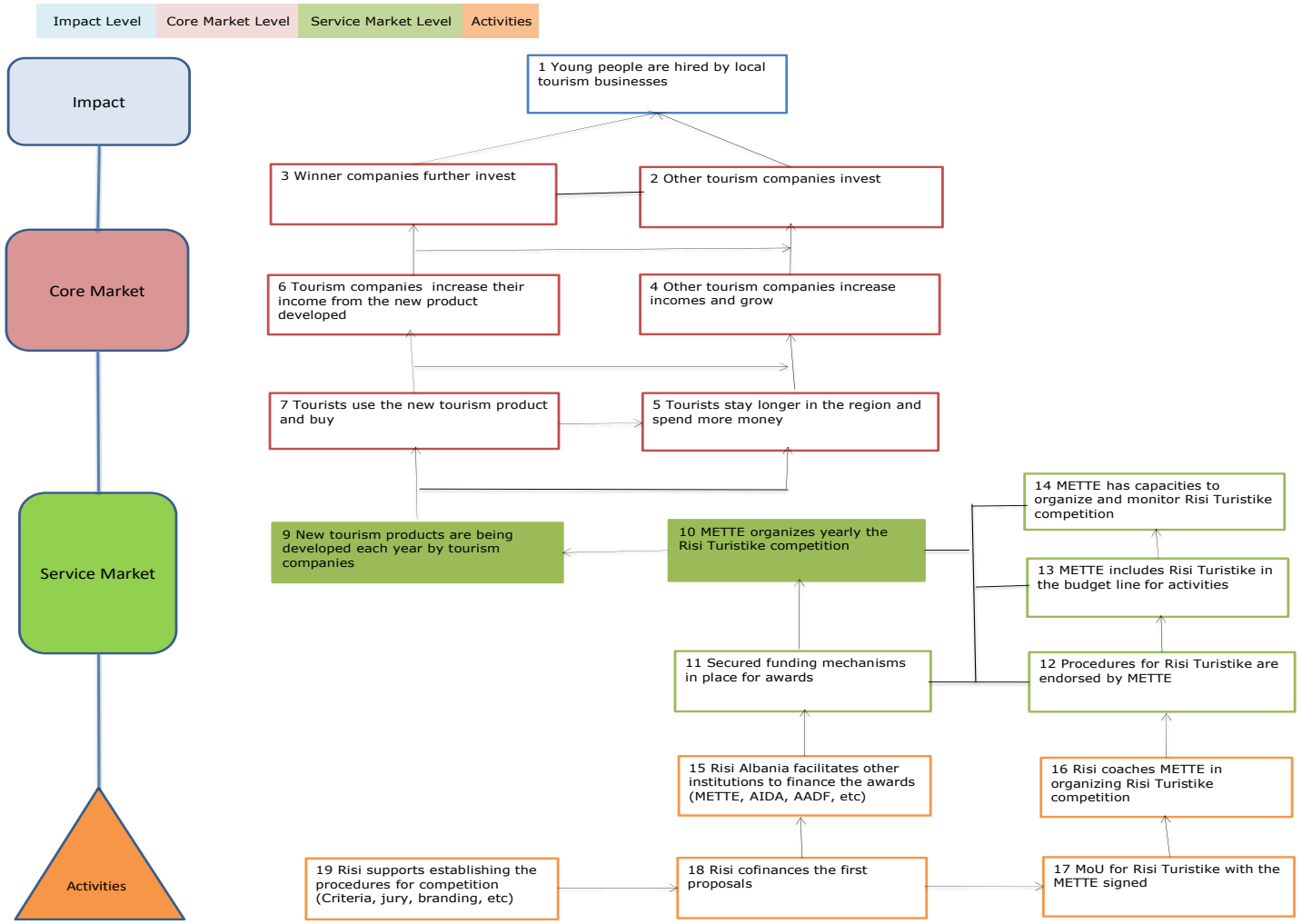
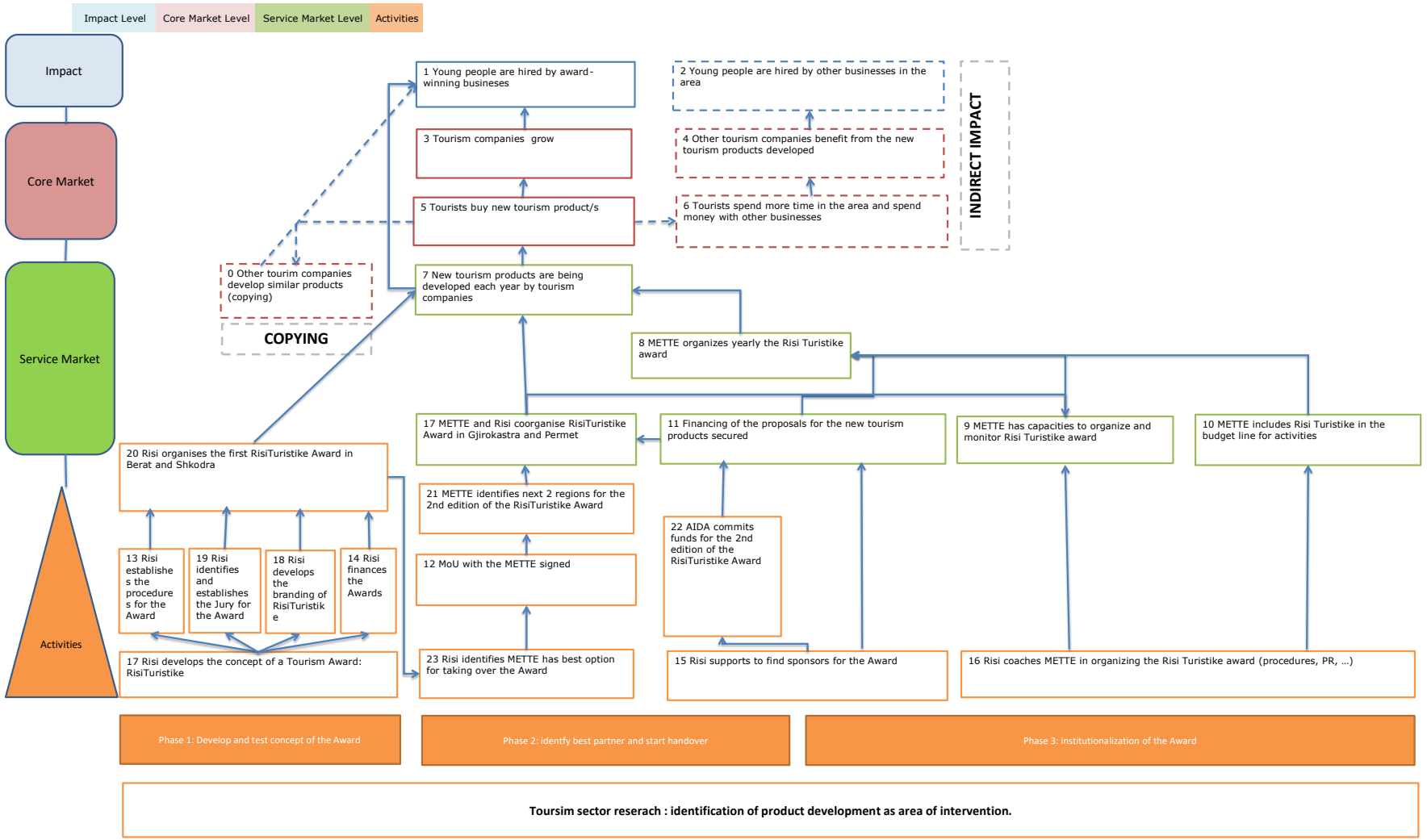


Chart 2: Results Chain Tourism Sector RisiAlbania – Fully developed



Experience from Eastern Europe (two projects)

***EYE, Kosovo**: For regular reviews staff no longer uses power point presentations; instead they simply look at the results chains and use these for their discussions. There are a few signs that will tell you if your intervention is on the right track:*

- *If you are able to present the progress of your intervention (and justify the changes) only by using result chain*
- *If you and the team agree that the results chain has a logical flow and no important steps are missing*
- *If the whole team you are presenting to agrees that your indicators are appropriate/ well chosen*

***Anonymous**: In this particular case, the project realised that staff members who had not been involved in developing a certain result chain often did not understand what the intervention was about. They then tried a new technique to test their results chains: each person would be given 10 minutes to review a result chain, and if most people did not understand what the intervention tried to do, this was a clear indication that the results chain was not logical or clear enough and had to be improved. This exercise did not only result in better results chains but also improved internal communication.*

Experience from Eastern Europe (EYE project, Kosovo)

Working in a group of 3-4 people to develop results chains and define indicators has proven to be a very effective approach. These working groups usually exist of the Intervention Manager/Officer, MRM Officer, Project Manager and another Intervention Manager/Officer. Work in such groups leads to very fruitful and eye-opening discussions thanks to the diverse composition of the group. It is important that staff do not take criticism personally: having different views is only going to help with identifying gaps and opportunities so that improvements in the intervention can be made.

- A good understanding of the local context is imperative otherwise indicators that may look sensible in theory will turn out to be unrealistic or inappropriate in practice. Hiring a local MRM expert can be useful, if for instance, local staff and external MRM specialists do not have sufficient knowledge of the local conditions.

  With regard to projections it is important to keep in mind that partners (who are often the main source of information when it comes to developing projections) may tell you a rather rosy story at the beginning (before implementation), as they know what we like to hear. Using common sense and decreasing the expected results communicated by partners with 20 or 30%, tends to be a good strategy to avoid setting the bar to high.

Experience from Southern Caucasus (Anonymous)

An international MRM expert helped the project to design a comprehensive results chain with indicators at the start of the project. Unfortunately, certain key assumptions were incorrect (e.g. national statistics for number of inhabitants were not reliable) and other key data could not be collected in practice (e.g. businesses were not willing to share accurate information about sales turnover, for tax reasons). If a local MRM expert had been hired to revise the draft results chain and

indicators at the start of the project, some problems could have been prevented and a lot of time (and money) would have been saved.

4.2 Measure changes in indicators for each intervention (baseline and data collection)

4.2.1. The theory

A documented plan should be in place to gather baseline information to understand the situation before and after project activities (and change) have taken place – this can be done retroactively.

Information for each indicator should be collected using a documented data collection plan that defines what, when and how information is collected. Good practices in terms of research design, timing, sampling, quality control are used.

4.2.1. Common challenges

During stakeholder meetings and field visits, staff will observe a lot of qualitative information about the status and progress of the intervention and partners (e.g. lack of motivation by partner; rumours/gossip; etc.). This information, however, is often not gathered and documented consistently. The information may still be used for decision-making even though this is not done transparently and may not help in terms of learning and reporting.

Projects often complain that data storage and analysis tools (e.g. databases) are still very unattractive and/or time-consuming to use (e.g. long Excel sheets, complicated Access databases). This is a common reason why staff are less motivated to spend time on MRM data entry and analysis.

With regard to data collection, projects have a number of important questions to ask: what do we do in-house and what do we outsource; what sampling methods do we use and what are the costs. Projects that have less experience with data collection often struggle to decide how to proceed, which may result in delays (e.g. because they think they need to do everything in-house) or high costs (e.g. unfamiliar with sampling).

4.2.3. In practice

- Many tools already exist to collect quantitative and qualitative data. Projects are becoming increasingly proficient in using these tools. However, to reduce the barrier for people to spend time on data entry and analysis, there is still a great interest to make these tools more user-friendly. For example, projects can focus on specific characteristics of changes in indicators including what is to be measured/what is going to change; size, magnitude or dimension of intended change; pre-project status (baseline) quality or standard of the change to be achieved; target populations(s); and time frame. These characteristics of changes in indicators can be simply prepared in easy-to-use excel files. Projects should prioritise which indicators help them the most in knowing if results are on track and decide to change or improve course. Also in this area, projects can learn a

lot from each other; see for instance HELVETAS's intranet (MSD space on Pamoja) were MSD projects exchange information about the different tools that they use in their day-to-day work (not specific to data collection): https://pamoja.helvetas.org/...MSD+Manuals,+Training+...

Experience from West Africa (Anonymous)

This large-scale project tackles many different complex issues, and as a result the team found it very time consuming to develop a result chain for each intervention. It worked well in the first year, but in the second year staff became overloaded with different data collection needs, while a proper structure was not in place. After further analysis, they found out that their database was not structured and used properly. Instead of using Excel as a database, staff were using individual Excel sheets with complicated formula that were applied/connected to several sheets at once. This made it time-consuming to process data and the chance that mistakes were made was very high. To overcome this problem they designed a new system (using pivot tables) that was a lot easier to manage.

Experience from West Africa (Anonymous)

This major project collected a huge amount of data for its various interventions. To manage its data needs, the project staff designed an Access database. While the new system was well designed and relatively user-friendly, the project had not properly anticipated the low IT literacy of staff and their resistance to use new tools like Access. As a result, staff would only use the database partially (when required). Instead, staff would keep a lot data in paper form or Word. The database system was rather incomplete. This caused many difficulties; for instance, the communication with partners and donors was affected when reports had to be revised because previous versions did not entail all relevant data. To overcome the problem, staff members were asked what data storage method they would prefer, and the large majority indicated that they would like to use Excel instead. The MRM team then prepared the same databases in Excel and since it is compatible with Access, the Excel data can easily be exported to Access. The change led to a huge increase in data collection.

Experience from Eastern Europe (Anonymous)

The project originally allocated significant financial resources for an independent research to collect market information that was not available at the time. Over time, the project built trustful relations with many market actors. During this period, the project realised that these companies had access to a lot of market data that the project was interested in, but that was not publicly available. Many private companies had well-structured databases and some of them shared knowledge about relations between different data, which helped the project to predict results based on inputs they already had. This data could help the project to make precise estimates instead of conducting large-scale surveys.

- To be able to make best use of 'observational information', projects should ensures that staff collect this type of information whenever they go in the field or meet partners. For instance, a basic template that projects use when meeting stakeholders, should include a section on observations (while not everything should be recorded, changes in the behaviour of partners are important signs that should be captured).

Experience from Eastern Europe (EYE, Kosovo)

Team members are constantly exposed to valuable information, but if that is not recorded and processed/documented properly, very little can be claimed. Well-kept journal/activity report and storing information collected from the field in the appropriate files or data management system can be used for analysis and developing important conclusions. In such cases the MRM officer should provide proper guidance and coordination.

4.3 Estimate attributable changes for key indicators of each intervention

4.3.1. The theory

Attribution is the ascription of a causal link between observed (or expected to be observed) changes and a specific intervention (OECD DAC Network on Development Evaluation). Considering the total change that has taken place, attribution refers specifically to the amount of change that is due to a certain intervention. Scientific proof of attribution (such as in clinical trials) is generally not required. Instead "projects should use a sensible approach, based on assessing changes at each step of the results chain and establishing if there are plausible causal links between each step using qualitative and quantitative evidence."[10] Attributable changes in all key indicators in the results chains should be estimated using methods that conform to established good practice.

4.3.2. Common challenges

Attribution is always a challenge for market systems approaches, as facilitating change through partners keeps a project one, or multiple, levels removed from primary stakeholders/end-beneficiaries. Projects will seek to apply a counterfactual to key intervention areas as much as possible; because of resource constraints projects often need to strike a balance between rigour and costs. While it is important to start as early as possible (preferably before the treatment or activity has had some effect on the target beneficiaries) many projects struggle to do so.

4.3.3. In practice

- The selection of appropriate methods for measuring attribution depends on several factors, including type of intervention, maturity, available budget and importance of intervention. As most projects do not aim to demonstrate attribution scientifically (e.g. using control groups), other methodologies to measure/estimate attribution are being used.

  As the examples below illustrate, these alternative approaches may include:
  - Developing an attribution strategy: why and how changes happen at each step of the results chain, using mixed methods (quantitative and qualitative research). Evidently, this approach can only be used when projects have developed detailed results chains that are built on clear impact logic.
  - Use a quasi-experimental design; e.g. before & after comparison using a difference-in-difference approach.

[10] DCED Guideline for Estimating Attributable Change, June 2016: http://www.enterprise-development.org/wp-content/uploads/4_Implementation_Guidelines_Attribution_March_13.pdf

- Conduct a qualitative survey to understand changes in people's opinions or behaviour
- Only measure contribution and not attribution

Experience from Southern Asia (Samriddhi project, Bangladesh)

The Samriddhi project attempted to measure each step in the results chain and assess attribution through qualitative information gathering (asking why change happened at each step). The project believed that this was sufficient when there were few other factors significantly affecting the change (which could also be assessed qualitatively by asking why). Indeed, the project also thought that if this chain was broken, then even if there was a higher level of change, it could not be attributed to the project.

The project developed its attribution strategy. This was crucial in demonstrating the causal link between results/changes and interventions by the project. The objective was not to have 'airtight proofs'. The strategy simply tried to answer why and how changes happen at each step of the results chain. It relied on a combination of qualitative and quantitative methods for triangulating information. In the first method, the project used interviews, participant observations, case studies, focus group discussions and trend analysis with actors such as producers and service providers. The project used quantitative method in order to increase robustness of the causal link between intervention and results. Through this quantitative method, the project tried to use simple quasi-experimental design (before-after comparison). In relation to other quantitative methods, the project assumed that this was relatively cheaper and less difficult despite the requirement for careful design and measurement.

Experience from Eastern Europe (RisiAlbania project, Albania)

To assess the impact of a partner marketing consulting company that delivered a training on marketing, RisiAlbania interviewed all young people that attended the training and the businesses that directly benefited from the marketing services offered. Then, in order to determine the 'difference in differences', it also aimed to approach young people that fitted similar demographics and a host of other businesses working in the same industry. Unable to carry out those additional surveys, RisiAlbania decided to undertake an alternative survey with both the existing partners as well as the training participants. Included in both surveys were opinion-based questions that for example asked participants what they would be doing differently if they had not participated in the training. Admittedly not an airtight, scientific approach to measurement, this nonetheless gives the team a lens into how participants (as well as organisers) have interpreted and reacted to the training.

Experience from Eastern Europe (Anonymous)

This project had various interventions where many other stakeholders influenced the expected changes. After analysis, it was clear that costs of collecting data for measuring attribution would be very expensive. Since donors are often hesitant to believe that one party (the project) has a great influence on the long-term outcomes when many other actors are involved (even if solid proof has been provided), the team decided not to measure attribution for these complex interventions. Instead, they prioritised data collection on those facts that 'simply' confirm that the project's efforts contributed to the results. This saved a lot of resources for measurement activities - the results, however, would of course be regarded higher, if they had properly measured attribution.

Principle 5: Measuring wider changes in the system ('systems-thinking' to assess sustainability and scale)

Principle 5 is divided into the following three sub-sections: setting systemic change indicators; measuring change in systems; and assessing attribution at system level.

5.1.1 Describe the intended systemic changes and define appropriate indicators for each change

5.1.1 The theory[11]

There is no broadly accepted definition that clearly describes what makes a change systemic and what does not. While this is problematic (see section 5.1.2), there are several tools and concepts that projects can use to describe their intended systemic change and the possible pathways to achieve it. A framework that is popular among MSD projects is the Adopt-Adapt-Expand-Respond (AAER) framework developed by the Springfield Centre.[12] This framework helps to describe how project partners (may) react to the interventions (Adopt and Adapt) and how new/other players in the wider system (may) get involved or react to the project's interventions (Expand and Respond). As a second step, projects may measure the scale of these changes (e.g. how many / percentage) coming from the actors involved. It also helps to know the degree of competition and the potential for growth, as well as the likelihood of the sustainability of the changes.

In addition to articulating a clear vision of the aspired systemic change, projects also need to clearly describe the steps that they are taking to achieving the expected system-wide change (the so-called "causal pathway"). Once the ways to systemic change has been defined, projects should identify indicators to monitor progress, i.e., not only indicators to monitor long-term change, but also "leading" indicators to provide information before the final outcomes occur. The AAER framework may also be used to identify appropriate system-wide indicators.

5.1.2 Common challenges

Many projects experience difficulties with developing a common understanding of what constitutes a systemic change and how change happens in (market) systems. Available examples from a number of projects about systemic change and how it happens are abstract in tone, polemical, and more concerned with describing an expected change than how such a change happens. None of the current descriptions available are both sharply defined and widely agreed.

[11] See also the DCED guideline on assessing systemic change: www.enterprise-development.org/wp-content/uploads/Systemic_Change_DCED_Guide_August2014.pdf

[12] See Adopt-Adapt-Respond-Expand: a framework for managing and measuring systemic change processes. The Springfield Centre: http://www.springfieldcentre.com/wp-content/uploads/2014/06/2014-03-Adopt-Adapt-Expand-Respond-Briefing-Paper1.pdf

5.1.3 In practice

- It is important that within projects, team members come to a common understanding of what they mean by systemic change and how the project's interventions aim to achieve this. A good understanding of the M4P/MSD approach is therefore crucial. Therefore, the minimum that a project can do is to articulate as clearly as possible the vision for the particular intervention that projects are implementing, and for the changes that their work will trigger.

- Systemic changes involve projects' working with an existing organisation (or service provider) to take on a new role or improve what it already does or, more rarely, to introduce or create a new type of organisation (or service provider). In order to bring about the changes, projects will need to focus on the functions and rules that hinder actors' growth or improvement and therefore supress job or income creation.

- As there is often a tendency to focus on short-term objectives (or people "get stuck in day-to-day work"), project managers should initiate regular team discussions to reflect on the projects' strategies and long-term goals and to encourage "system-thinking", i.e. to make sense of the complex context that many projects work in. This will encourage staff to be more investigative and pick up signs and information that will help to assess possible progress made towards system changes.

Experience from Eastern Europe (MarketMakers, BiH)
The articulated change should usually refer to a specific market function or rule (i.e. marketing, advocacy, B2B sales) and also clearly state: (A) how and who performs this function/rule now, and; (B) how and who performs this function/rule in the future. Precision in the articulation is very desirable. For example: Function is "sales (of package holidays)": A = domestic travel agencies <u>only</u> sell outgoing packages, versus B = domestic travel agencies <u>will</u> sell outgoing and incoming packages (extra detail: either direct to holidaymakers or B2B through international tour operators).

Second step in the articulation is to understand exactly whether the change is 'innovative' or seeking to expand on the innovation of early-movers/trend-setters: for example, at the time of intervention design, there are NO domestic travel agencies in the country selling packages targeting incoming tourists – i.e. none at all? Have you gathered information from a sample of agencies confirming that they neither (1) develop and sell packages for incoming tourists, nor (2) are currently planning to develop and sell such packages (i.e. in the next 12 months)? This step confirms whether your intervention is aiming for a systemic CHANGE (your contribution will be clearer) or whether your intervention is rather EXPANDING an emerging trend of domestic travel agencies offering packages to incoming tourists that is already taking place (your contribution may be less clear). Both can lead to results for the project, but measurement task is trickier if the intervention is looking to expand on an existing trend that is already somewhat present.

- Systemic change cannot be directly delivered by a development initiative from the outside. Thus, what projects can do is to ensure that the introduction of new functions and rules, or more commonly the improvement of existing ones, exist with the market players most capacitated and incentivised to uphold/perform/deliver them for the long-term – be they private (profit or not-for-profit) or public sector actors. Rather than conceiving and introducing business models, providing services, or advocating for changes to policies and regulations directly, projects need to

understand greater sustainability and ultimately scale of results to come through encouraging "behavioural changes" among those with commercial or institutional permanence. In this sense, projects are a temporary set-up ("facilitator") upon which private and public actors should not begin to rely. As part of this "facilitation" role, projects can avoid accidentally replacing market functions or displacing or circumventing existing provision and creating parallel (and softer) mechanisms. This is particularly the case with financial services and business advisory services functions.

- When it comes to scale, projects should also consider the cost-effectiveness of the interventions. In general a greater scale of impact may be expected from projects that are larger and more costly. As projects track and report their costs on an annual basis, it is not difficult to share information that illustrates the relation between results and project budget or expenses. The local context is of course imperative to interpreting the results and possibly comparing findings with other projects or countries (e.g. with 1 million CHF you are usually able to reach more people in Bangladesh than in Albania).

Experience from Eastern Europe (RisiAlbania project, Albania)
In all of Risi's discussion about 'right-sizing', a guiding principle has been how useful a particular indicator/data set is for: 1) steering, 2) learning and 3) reporting/accountability. This has helped the project decide where compromises needed to be made, from deciding not to measure a particular indicator to simplifying the data collection process. For example, some indicators are crucial for understanding whether systemic change is occurring or not, and they are of course measured rigorously. Other results/indicators potentially make attribution easier, but are actually not very useful for either steering an intervention or reporting. In such cases, the project may decide not to measure them and use other means or proxies to bridge the results chains logic instead.

The [right-sizing] principle helped with prioritising which investments (in terms of time and finances) are made in MRM, in particular with regard to measuring higher-level impact. Prior to measuring results, a project can still have a glimpse into whether an intervention has had a larger scale impact compared to other interventions; this can help guide decisions as to the depth and rigorousness of measurement. For example, in agro-processing, Risi determined that the scale of impact would be limited. Therefore, the project decided to 'compromise' on data collection. Risi's media work, alternately, was showing great potential, and so the project decided to allocate resources for an in-depth case study to assess scale and depth of impact, and so the project decided to allocate important resources for an in-depth case study that would be fully compliant with DCED requirements, in particular with regard to attribution. This was because the team needed a clear picture of how/if its media work was having any impact on decision making of listeners beyond whether or not they were tuning into the programmes RisiAlbania was supporting.

5.2 Measure changes in systems (baseline and data collection)

5.2.1 The theory

Projects should set indicators for each key step on the causal pathway for systemic changes, and measure them according to good practice. The same basic rules apply to measuring system changes as for measuring the intervention changes (see 4.2). However, some principles should be emphasized when it comes to measuring complex system-wide changes:

- Use a flexible and investigative approach: some changes will be unexpected
- Collect feedback from as many stakeholders as possible. Experiences and views among the wide-range of stakeholders may differ greatly – this is why information should also be triangulated
- As there are many other factors influencing a system, projects should examine trends (e.g. market growth rate before and during the project)

In addition, projects should not only monitor longer-term systemic changes. They should also monitor short-term changes that are necessary for the longer-term changes to occur. This means setting indicators for each key step on this causal pathway, and measuring them according to "good practice" (e.g. DCED standard).

5.2.2 Common challenges

As the previous section already suggests, measuring systemic changes requires some additional skill-sets. Some of these skills include the ability to analyse opportunities and risks, and to translate this into action, i.e. to effectively use information that is collected to inform decision-making; the ability to adapt to continually changing intelligence about a system; the ability to effectively conceptualise what team members assume systemic change looks like in their context. Not every person or project team will possess these skills and they are relatively difficult to acquire. In addition, it is often challenging to collect data, and even when data is available, it is time-consuming to analyse both short-term and long-term changes (beyond the lifespan of projects). Methods suggested by existing good practices (such as the DCED standard) may not necessarily be useful or appropriate in all contexts. Staff may also have difficulties of understanding the application of the methods and hence they are not equipped to apply them (e.g. SenseMaker).[13] One recent study showed that such methods can only be used by projects that "have a very specific idea of what they want to find, and are clear on why these tools are appropriate for those purposes."[14]

5.2.3 In practice

- It is widely recognised that market systems change slowly. The first thing that projects can do is to describe what short-term and long-term changes they expect as a result of the projects' facilitation. In most cases, projects can only monitor and measure the short-term changes within their lifespan. For long-term changes, there are now projects funded by DFID that allocate, as part of project design, funds for ex-post evaluation.[15]

- In the short-term, projects can identify and measure indicators of changes that matter most to the sustainability and scalability of changes. Secondly, as changes may not necessarily happen in linear ways, projects need to be open to adapting to unexpected changes and that they need to be ready to continually revise in the light of their learning. Third, there is often an excessive focus on direct results/impacts. Many results, however, come indirectly. Therefore, projects should make more

[13] A list of some of the alternative tools include: Most significant change; Outcome mapping; Outcome harvesting; SenseMaker; Social network analysis; Systemic action research / participatory systemic inquiry; Standard measurement tools to capture key indicators
[14] https://beamexchange.org/uploads/filer_public/4e/ae/4eaebf57-3363-43a8-befe-54bae6b27a0c/systemic_change_synthesis.pdf, p. 2
[15] For example, Samarth-Nepal Market Development Programme (NMDP)

efforts to set indicators to capture indirect changes, as this enables projects to account for systemic changes.

Several tools and methods have been developed in recent years to measure systemic changes – for more information, see for example: https://www.microlinks.org/library/testing-tools-assessing-systemic-change.... Most of these tools have not yet been used widely and are still in the 'testing' phase.

Experience from Eastern Europe (RisiAlbania project, Albania)
The project had identified indicators at sector level, but not impact level. During the case study of the media intervention, the consultant helped to define how the project could also identify changes at impact level (e.g. impact of policy change). The project had expected mostly changes in the behaviour of young people, but there were also response level changes that were not anticipated. Conclusion from the case study: "The survey and case study work undertaken in 2016 has shown that it is in fact possible to identify and explore impacts and potentially to quantify this impact. To effectively undertake this, media development projects need to initiate a process of monitoring the content and following up potential impact examples. If this is undertaken, it is highly likely that more impacts such as Gladiola Dona's founding of the Hospitality and Tourism Academy would have been identified. Undertaking an impact analysis retrospectively on 2 years of broadcasting is likely to result in missing and not learning from key impacts stimulated by the media coverage." The study is available on HELVETAS Eastern Europe website:
https://easterneurope.helvetas.org/en/publications___blog/publication/leaflets...

Experience from Eastern Europe (anonymous)
This project decided that it would consider any change that shows signs of sustainability and benefits the target group as a 'change at system level. If as a result of the intervention the government changes a law or some regulation, and these regulations positively influence on the project's target group and there are signs that in next years these regulations will not be reversed, it is counted as a systemic change.

Note: it remains a question if others would agree that the change described above is in fact a systemic change. Did the processes behind the regulatory change (i.e. that what led to the regulatory change) improve and are these processes sustained in some shape or form. If for example the process improvement was 'business community consultation' and the sustaining of the process is a 'repeat of consultation every three years', you could consider this as a systemic change. Otherwise, it might 'just' be a regulatory change (e.g. at output level).

5.3 Assessing attribution at system level

5.3.1 The theory

Attribution is the establishment of a causal link between an observed change and a specific intervention. Projects are expected to (credibly) demonstrate if and to what extent results at the higher results chain levels are due to changes at the lower results chain levels that were facilitated by the projects' activities and partnerships. Projects are expected to (credibly) demonstrate if and to what extent results that they claim are due to the facilitation of the projects. There are well-established methods of assessing attribution, some of which require high skills and a lot of resources while others are simple but less rigorous.

5.3.2 Common challenges

Attribution in MRM is an age-old challenge in all projects – be it projects applying MSD or not. Attributing if, how, and how much a given intervention "caused" a particular "effect" are some of the most important questions for MRM, and some of the most difficult to answer.

No matter how much efforts projects invest in proving or assessing attribution, there is always someone who challenges it. Finding a proper control group is almost impossible when trying to assess systemic changes. Moreover, very often donor and other stakeholders are suspicious about projects' long-term results. Projects may provide a lot of evidence, but it is still possible to challenge projects findings by challenging them that they did not take into account certain other influences.

5.3.3 In practice

- The guiding principle for projects should be "it is better to be partially correct than completely wrong". Rather than selecting one method, projects should aim to use a range of tools to collect and analyse the necessary data; information generated by mixed methods can help to establish the validity of the data and the reliability of the measures of change.

- Projects do not need to be fixated on the idea of developing "air-tight" attribution strategies. There are also other ways of demonstrating the share of projects' role in accounting for changes: contributions and additionality. Compared to attribution, it is relatively easy to account for contributions, i.e. how much projects contributed towards results at each results chain level… or to what extent were others also responsible? This means, projects' interventions are a vital part of a "package" of causal factors that are together sufficient to produce the intended effects. Additionality is also a question to ask and is logically connected to attribution and contribution, i.e. to what extent would actors have grown, invested, and employed more staff if they were not part of the business models/ideas/initiatives facilitated by projects?

  Project activities may be understood to have led to systemic change and higher-level results if: (1) they were 'unlikely or highly unlikely to have happened (in the near-term) without project involvement' (additionality) and (2) more than one stakeholder declares the project's involvement to have been 'significant/highly significant/the most significant factor…' (contribution). A lower proportion (or zero!) of overall impact for outputs, outcomes, and impacts may be claimed if results would have been likely or highly likely to have occurred without project involvement and/or where a small number of stakeholders find the outputs or the activities and partnerships that led to the outputs only somewhat significant or not significant at all in light of the outcomes and impact.

- Attribution, contribution and additionality methods/tools do not have to be sophisticated; just simple tools to enable projects to triangulate and estimate what is reasonable/credible to demonstrate to a level that would convince a reasonable but sceptical stakeholders. These can be key informant interviews (KII); Comparative case

studies to assess "with and without" intervention scenarios; "Outcome Harvesting" to collect evidence on what has been achieved and work backwards to determine whether and how the project or intervention contributed to this change; and "Most Significant Change" to collect stories emanating from the field level, and then the systematic selection of the most significant of these stories by panels of designated stakeholders allowing whole teams of people to focus their attention on projects impact. Without manageable and efficient tools/methods, not only projects will have difficulties of proving (accountability) and learning using the MRM system, but also steering (improving).

Experience from Southern Asia (Samridhdi project, Bangladesh)

Measuring each step in the results chain and assessing attribution through qualitative information gathering (asking why change happened at each step) can be sufficient when there are few other factors significantly affecting the change (which can also be assessed qualitatively by asking why). If this chain is broken, then even if there is a higher level of change, it cannot be attributed to the project. Samriddhi has developed its attribution strategy. This is crucial in demonstrating the causal link between results / changes and interventions by the project. The objective is not to have "airtight proofs". The strategy simply tries to answer why and how changes happen at each step of the results chain. It relies on a combination of qualitative and quantitative methods for triangulating information. In the first method, the project uses interviews, participant observations, case studies, focus group discussions and trend analysis with actors such as producers and service providers. The project uses quantitative method in order to increase robustness of the causal link between intervention and results. Through this quantitative method, the project seeks to use simple quasi-experimental design (before-after comparison). In relation to other quantitative methods, the project assumes that this is relatively cheaper and less difficult despite the requirement for careful design and measurement.

Experience from Eastern Europe (anonymous)

Donors and other stakeholders often challenge the reported results of MSD projects. Stakeholders often assume that results are lower than reported, no matter how much evidence the project provides. So after internal consultation, this project decided to be extra modest and for each intervention claim 10% less than what they had actually estimated. They would provide information about their results and then deduct 10% because of the potential influence of other stakeholders. Nevertheless, they would still provide evidence to explain that those other stakeholders certainly did not have that level of influence (10%). This practice was very well received by donors; some even suggested that the project should claim a higher contribution towards the results.

Principle 6: Reflecting on MRM information and using it for decision-making and improving the project

6.1 The theory

Using information for decision-making: the MRM system produces vital information that projects need to make good decisions in order to maximise impact over the life of a project. For this, projects will have a documented system in place to show how MRM information will regularly and effectively inform management decision-making. All staff understands how information from the MRM system informs decision: when results measurement information will be discussed (at which regular events, meetings and workshops)? What information will be shared at such meetings? How decisions are documented and acted upon? Who is responsible for this? How other stakeholders will be included?

A culture of learning: the culture of the organisation must support honesty and reflection, enabling staff to share and learn from failure as well as success. It is crucial to avoid a situation where results are only used to justify and promote existing projects, rather than manage and improve them.

6.2 Common challenges

Exchanges with a number of projects show that evidence from data (both qualitative and quantitative) is critical to project improvement and decision-making process. Staff, including the management of projects, use the MRM data to steer the interventions. However, this is actually often not happening. The reasons for this include: the MRM system is not fully operationalised, lack of knowledge about the system, and the belief that the system "does not add value to what staff already know".

Projects learn by doing all the time (e.g. adjusting how projects deal with partnerships). The purpose of the MRM system is not just to produce more data/information; it essentially informs action by identifying opportunities through feedback mechanisms. Relevant MRM information should be collected regularly and recorded in the intervention plans. If this is not the case, then it is not possible to take informed decisions to steer the intervention. In addition, projects sometimes take decisions based on other things rather than solely based on their MRM. This doesn't mean that they should not use this "other information" (e.g. informal meetings/ observations), but the questions remain why this information is not part of the MRM system in the first place (see also principle 4)? And what does this say about the use of the actual MRM information – does not mean that it is irrelevant, but maybe some of this data is less important for decision-making?

The reasons why many projects have difficulties creating such a learning culture are also diverse: people are afraid of making mistakes; people are used to sharing only positive results; leaders do not fully appreciate the importance of learning; leaders do not have the skills or means to encourage learning; not sufficient time is made available to reflect on results and discuss them with peers.

Many projects do a lot on data collection, but data always come late for informing decision-making. If in the end data is not used for decision-making (e.g. only for reporting), it is less

useful and this suggests that perhaps a better indicator can/should be found. Moreover, projects often record that they will organise MRM consultation meetings, but in reality this rarely happens. Project teams may have useful data or interesting findings during the implementation phase, but often an effective practice of sharing results and lessons learnt is lacking.

6.3. In practice

- Using the MRM system for steering means balancing rigor with practicality. Designing the MRM system has should be guided by the question: "is each piece of information essential to decision-making?" Projects can pay attention to the fact that each additional indicator included increases the difficulty of gathering relevant information. Therefore, indicators in results chains need to reflect an understanding of what is optimal given what is practical to ensure that information needed for decisions is grounded on evidence.

- While it is beyond the scope of this guidance document to discuss all the various ways how projects can strengthen their learning culture, some basic, yet important, solutions are discussed below.
  - Train leaders to raise awareness about the importance of creating a learning culture, to strengthen their communication and listening skills, and to help them create effective incentives that stimulate learning (not just successes). Regarding communication people should be encouraged to ask for feedback, advice and opinions, while following the principles of good listening.
  - Through training and coaching staff's capacities in regard to strategic and critical thinking (including analytical skills) can be improved.
  - MRM consultation meetings: Providing a weekly analysis of interesting data could help to establish a culture of learning within the team (and at the same time it may help people to better understand the usefulness of MRM data).

  An interesting case study that describes how an MSD project in Fiji established a successful learning culture is available on the DCED website: http://www....building-a-learning-culture-mdf-fiji/

Experience from Eastern Europe (RisiAlbania project, Albania)
When Duapune (a job matching portal) introduced payable services, the number of job postings continuously increased – a clear sign that businesses derived a tangible value in using Duapune's services. Correspondingly, however, the number of applications decreased. This seemed like a worrying development: after all, the project wanted more people to apply for jobs using Duapune. Investigating this further, the project discovered that Duapune's new technical features ensured that only the complete and most relevant applications were considered. Incomplete applications that used to clog the system were thus effectively weeded out, explaining the decrease in number of applications. The MRM system, in other words, fostered greater quality control!

Principle 7: Regularly report and communicate on results

7.1 The theory

Projects clearly and appropriately aggregate project-wide impact at least annually. They produce an annual report, which describes results (estimates of programme-wide impacts) and progress towards the sustainability of these results. Reporting serves to inform different stakeholders about the results in order to be transparent about progress made and to increase credibility of the projects. Different stakeholders require different levels of information, e.g. donors may expect more detailed information about results than project partners or the general public.

7.2 Common challenges

Projects are under constant pressure to demonstrate that their work is relevant and it contributes to addressing development challenges (income, employment, resilience etc.). For this, projects report and tell stories. Clear thinking based on the impact logic as formulated/articulated in the MRM system is the main source of good reporting ("telling good stories"). Projects, however, are often victims of "implicit story telling" such as in reports that they submit to their donors or other stakeholders. They tend to give more priorities to satisfying and convincing fixed audiences than ensuring the quality and relevance of the stories. Projects staff struggles to constantly develop the habit of documenting their work, lessons and observations with a clear frame of mind.

Most projects are able to appropriately use MRM information for developing donor reports. However, producing different types of informative documents that respond to the needs of different types of stakeholders can be a challenge. While donors will expect to receive annual reports, informing other stakeholders about results may not be needed so frequently. Most projects share parts of the project results through different 'knowledge sharing tools' – where more attention is paid to reflection and lessons learned. For many projects, developing such communication materials (e.g. case studies, intervention briefs, etc.) can be a challenging and rather time-consuming task. Moreover, projects do not always plan or secure sufficient financial resources for communicating on impact results.

Projects that do not have an appropriate MRM system in place may experience reporting problems related to data management. When different files or programmes are used for data storage and analysis, or different methods for calculating data (formulas) have been used, this may result in inconsistencies when developing MRM-based reports. If mistakes are not identified (checked) before the information is shared with donors or other stakeholders, this can negatively affect the credibility of the project.

7.3. In practice

- Through discussions with donors, projects should normally be able to develop a high quality annual report on impact results. However, being able to share the results in the form of a case study, or other type of communication tool that targets a broader audience, requires additional resources and planning. Therefore, when a project is being designed, communication needs (financial and HR resources) should also be considered.

  While it may not be realistic to develop comprehensive reports on results at the early stages of projects, in the latter stages additional investments in communication will be needed in order to share longer-term impact results (including lessons learned) with the different external audiences.

- Training/coaching in selecting MRM data, analysing it and transforming it into a story should be part of project implementation. Donors and other stakeholders are interested to know more about the work of projects. If projects start explaining their activities, there is a high chance that they bombard their audience with clutter. MRM system should serve to generate key information to enable stakeholders to retain the key message.

- To provide guidance and help in minimising stories from derailing, projects should use structures such as "interventions logic", showing the hierarchy of changes like: (1) What the projects have contributed/are contributing; (2) How the interventions of the projects are contributing to change or improve the systems; (3) How these (changes/improvements) are feeding into (are showing signs of) progress in addressing poverty or unemployment.

Experience from Samridhdi

A lingering question among staff of Samriddhi concerns the following: if the project is able to logically explain its work and can relatively show how it measures changes in the indicators, why it is necessary to ensure an expansive and complicated MRM system? The project has mainly given priority to the key elements of the MRM system for staff of the project to show how the facilitation for inclusive and sustainable market system changes are achieved. These practices are innovative which otherwise cannot easily be shown in detail using the conventional logical framework approach. Understanding and using the MRM system, for example in preparing the results chain, has broadened and deepened what is broadly included in the logical framework and hence in communicating results well.

Principle 8: Regularly review and adapt MRM system

8.1 The theory

Projects systematically check the quality of all results measurement activities and outputs in the system. The results measurement system itself should be constantly reviewed and adapted. Why? It is common for a project to start with an overly complex system – or an overly simple one – and gradually refine it as implementation progresses. If there are too many indicators to be successfully measured, the results chains are insufficiently detailed, or the reporting is too complicated, then the programme should gradually adjust the system over time.

8.2 Common challenges

Sometimes projects may not have the resources to review their MRM system. While staff may be aware that their MRM system is not adequate, and they may even have identified some of the changes that they would like to make (e.g. different/fewer indicators; different measurement methods, etc.), they may not be in a position to properly review and adapt their MRM system due to a lack of time, human or financial resources. As a consequence, important information may not be collected (and analysed) or information is being collected that is actually not needed to steer or report on the intervention. The latter is a waste of time and it can lead to frustration among project partners, as they are usually the main providers of MRM information.

8.3 In practice

- A good time to review the MRM system is when (you feel) it is no longer a critical source of information for steering. However, sometimes the need to review the MRM system is not fully appreciated by projects, as other important areas of work may be prioritised (even though resources for an MRM system review are available). If such a "wrong-sized" MRM system is hampering the success of a project it may be necessary for head-office to intercede for the project and provide the necessary support to review and adapt the project's MRM system.

- By assessing the quality of a project's MRM system an external evaluator may be able to help staff identify how the system can be improved. Unfortunately, some projects may not have the means to hire an external evaluator (allocating sufficient MRM resources at the beginning is also here important). Nevertheless, the review and adaptation of the MRM system should be managed in the first place by the project team. Although it may be useful to get technical advice from an expert sometimes, if projects cannot manage such processes themselves, the MRM system is probably not well built and managed. When it is designed internally based on needs the MRM system is much more likely to be 'right-sized (and not simply 'swallowed' as a result of external expert visits and then rejected or reversed later).

Experience from Eastern Europe (MarketMakers project, BiH)
The MarketMakers team and the four co-facilitators with whom the project has worked throughout the first phase are increasingly familiar with what is required of them, particularly for the main reporting cycles. Several qualitative and process-oriented changes to the MRM system are needed –

both in response to the flaws of the MRM system during Phase 1, but also to reduce the burdens and increase the system's use for steering among the technical and management teams.

During 2016, MRM was a hot topic for the programme. A lot of discussion was held around the extent to which, or even at all, the programme should seek to apply and adhere to the DCED measurement standard. The programme's measurement system has been examined and commented on by a number of experts (from the consortium, freelance consultants, and reviewers) since the programme's inception. Yet, without strong leadership and/or a full-time dedicated member of staff sitting on top of programme-level MRM, the monitoring of interventions (both partner and market performance) across four initiatives with four different co-facilitators has proven a difficult.

An external review made the following recommendations to improve its measurement system:

- *Recruit and train a qualified person to be in charge of MRM full-time. The project manager (now director) should take the lead in making MRM a key project management tool.*
- *Address key weaknesses including indicators for and measurement of systemic change, improving projections, targets, and target dates, and incorporating attribution (or alternatively contribution) analysis - without confusing and frustrating staff.*
- *Ensure that the MRM provides reliable data that demonstrate that those benefitting from jobs are largely in the project's target group.*
- *Do not conduct a full Donor Committee for Enterprise Development MRM Standard audit.*