The 2014 Reader on Results Measurement

Current thinking on the DCED Standard

February 2014
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DCED

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1. Introduction

1.1 What is the DCED Standard for Measuring Results?

The DCED Standard is a practical framework for private sector development programmes to monitor progress towards their objectives. It comprises eight elements, listed in the box, which are the minimum required for a credible results measurement process. By adopting these elements, practitioners can build a results measurement system which will be trusted by external observers and the development community. This enables programmes to better measure, manage, and demonstrate results.

The first step in the DCED Standard is for managers to articulate the 'results chain', a simple yet powerful tool which maps the activities conducted by the project, and shows how these are expected to contribute to positive development outcomes. This format enables managers to be explicit about the assumptions that they make. Based on this, programmes formulate and monitor indicators which are designed to test these assumptions, assess attribution and broader changes to the market system, and use the results for reporting and programme management.

The DCED Standard is not a substitute for expertise or common sense, but provides a framework within which programme managers can identify the important gaps in their current measurement work, and address those gaps effectively. It does not mandate the impossible, but rather provides an incentive to measure more of the possible, than has been measured in the past. The key test of the DCED Standard is whether the approach taken by the programme would convince a reasonable but sceptical observer.

The DCED Standard at a glance

1. Articulating the Results Chain
2. Defining indicators of change
3. Measuring changes in indicators
4. Estimating attributable changes
5. Capturing wider changes in the system or market
6. Tracking programme costs
7. Reporting results
8. Managing the system for results measurement

The DCED offers an optional, confidential 'audit' service, which can lend additional credibility to the results measurement system. It involves an external, objective assessment of the monitoring system in use in the programme. The monitoring system is assessed against transparent and publically available criteria, giving every programme an incentive to improve and a goal to aim for.

1.2 Why use the DCED Standard?

Results measurement is important, for many reasons. One is the growing realisation that many development programmes seek to solve 'complex' problems; that is, problems which are unpredictable and constantly changing. Success therefore requires a new emphasis on trying out multiple approaches, continually monitoring progress and learning in real time to inform implementation.[1] An effective management and results measurement system can identify which programmes are succeeding and should be expanded, and which ones are not. Similarly, the design of new programmes can be based on stronger evidence.

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1 Hummelbrunner and Jones, A guide to managing in the face of complexity, 2013, ODI

Why use the DCED Standard for results measurement? There are three main reasons; quality, credibility, and practicality.

Quality. The DCED Standard represents a shared, inter-agency understanding of good practice around the estimation of results. In particular, it requires programmes to clearly articulate how the activities of the programme are expected to lead to outputs, outcomes, and eventually development impact. This process can improve design and management, as well as monitoring. The DCED Standard has been designed and revised in collaboration with practitioners in the field, with input from specialists in results measurement of private sector development.

Credibility. A programme which successfully uses the DCED Standard will report credible results. Donors, evaluators, and other development agencies will be aware that the process for estimating these results was reliable, and based on accepted good practice. This credibility is greatly enhanced if the programme has an audit, which provides an external assessment of the quality of their use of the DCED Standard.

Practicality. The DCED Standard recognises the limits of results measurement, and does not demand unrealistic levels of rigour or precision. Moreover, it lays out a relatively simple framework for programmes to improve their results measurement, removing the need for programmes to reinvent the wheel. Practitioners have access to online guidelines, information about training, and a consultants' market place to make it easier to learn about and adhere to the DCED Standard.[2] By encouraging a worldwide community of practice, the DCED offers opportunities for exchange and learning with other programmes, agencies and consultants.

The DCED Standard is particularly relevant to donors, who are under pressure to 'demonstrate results' but have little control over the processes through which this is done. By encouraging grantees to use the DCED Standard, and offering support for them to do so well, donors can ensure that they are able to report credible, well-researched results to governments and the public.

1.3 Progress with the DCED Standard

The DCED Standard was first developed in 2008, in collaboration with practitioners and consultants in the field. Today, it has been adopted by over 30 programmes, and many more align with the key principles. It is increasingly recognised as best practice in results measurement by both donors and implementing agencies, and has been required in large tenders from donors including DFID, AusAid, Sida and SDC, amongst others.

As interest in the DCED Standard has increased, it has been used in an expanding variety of sectors including skills training, challenge funds, and business environment reform. While different sectors require different techniques and tools, the basic framework of the DCED Standard is applicable in almost any situation. The DCED has published supplementary case studies and guidelines to address the use of the Standard in different types of private sector development.

Number of DCED audits conducted per year

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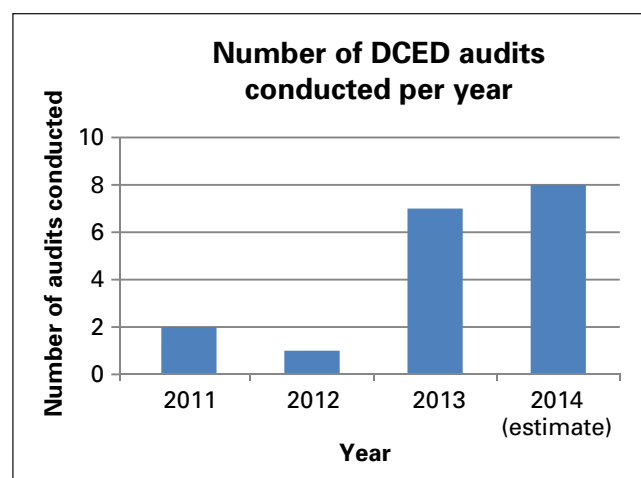
2 www.enterprise-development.org/page/measuring-and-reporting-results

DCED audits have also grown increasingly popular. The numbers of programmes seeking audit has increased from two in 2011 to seven in 2013, with more expected in 2014 (see above). Several audit reports have been published, and are accessible online.[3] Many more programmes have commissioned a 'pre-audit review'. These have no official status, but can be commissioned by any programme to assesses progress and recommend improvements to the practicality, usefulness and compliance of the results measurement system.

In response to feedback from the field and the audits, the DCED Standard itself has been adjusted and streamlined. The latest edition, version VI, was released in January 2013. The most significant change is that it now allows audits to give a percentage score to projects, rather than a simple pass/fail. This better reflects how far a programme meets compliance criteria (100% is good enough to be credible), and provides useful feedback to programmes on their strengths and areas for improvement.

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3 www.enterprise-development.org/page/audits

2. The DCED Standard for Results Measurement

This chapter presents the DCED Standard's eight elements. For each element, control points summarise what a programme must achieve to meet the DCED Standard. Some control points are mandatory, labelled 'Must' in the right hand column. Others are recommended, labelled 'Rec'.

If you download the DCED Standard itself, which is available freely online, you will also find 'compliance criteria' for each control point. These will be used by an auditor to assess the programme against each control point. Programme staff can use the control points and compliance criteria to design a results measurement system which meets the minimum requirements of the DCED Standard, and to assess whether an existing results measurement system is adequate.

For a simple explanation of what each element means and an example of results measurement systems in practice, see the following chapter, A Walk Through the Standard. For more detail, the compliance criteria, and a list of definitions, download the full text of the DCED Standard online.[4]

1. Articulating the Results Chain

No.	Control Point	Level
1.1	An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	Must
1.2	Each results chain is supported by adequate research and analysis.	Must
1.3	Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	Must
1.4	The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	Must
1.5	The results chain(s) include the results of broader systemic change at key levels.	Rec
1.6	The research and analysis underlying the results chain(s) take into account the risk of displacement.	Rec

2. Defining Indicators of Change

No.	Control Point	Level
2.1	There is at least one relevant indicator associated with each change described in the results chain(s).	Must
2.2	The universal impact indicators are included in each relevant results chain.	Must
2.3	There are specific Indicators that enable the assessment of sustainability of results.	Must
2.4	Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	Must
2.5	Anticipated impacts are realistically projected for key quantitative indicators, to appropriate dates.	Rec

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4 www.enterprise-development.org/page/download?id=1842

3. Measuring Changes in Indicators

No.	Control Point	Level
3.1	Baseline information on key indicators is collected.	Must
3.2	Information for each indicator is collected using methods that conform to good research practices.	Must
3.3	Qualitative information on changes at various levels of the results chain is gathered.	Must
3.4	Reported changes in indicators that are extrapolated from pilot figures are regularly verified.	Rec

4. Estimating Attributable Changes

No.	Control Point	Level
4.1	Attributable changes in all key indicators in the results chains are estimated using methods that conform to established good practice.	Must

5. Capturing Wider Changes in the System or Market

No.	Control Point	Level
5.1	The results of systemic change at key levels in the results chain(s) are assessed using methods that conform to established good practices.	Rec

6. Tracking Programme Costs

No.	Control Point	Level
6.1	Costs are tracked annually and cumulatively.	Must
6.2	Costs are allocated by major component of the programme. (Applicable only to programmes with more than one main component)	Rec

7. Reporting Results

No.	Control Point	Level
7.1	The programme produces a report, at least annually, which clearly and thoroughly describes results to date.	Must
7.2	Contribution of other publicly funded programmes and private contributions are acknowledged.	Must
7.3	Reported changes in key indicators are disaggregated by gender.	Must
7.4	Results of systemic change and/or other indirect effects are reported.	Rec
7.5	Results are published.	Rec

8. Managing the System for Results Measurement

No.	Control Point	Level
8.1	The programme has a clear system for results measurement that ensures that findings are used in programme management and decision-making.	Must
8.2	The system is supported by sufficient human and financial resources.	Must
8.3	The system is integrated with the management of the programme	Must

3. A Walk Through the Standard

This chapter explains how each of the eight elements of the DCED Standard contributes towards a practical and effective results measurement system. It is written primarily for programmes, but could be applied by agencies or countries.

Figure 1 summarises the management cycle implied by the DCED Standard. Programmes start by developing a results chain, which shows how the programme activities lead to the desired outcomes and impacts. They define indicators, based on the logic outlined in the results chain. They then establish a baseline, and make a projection of anticipated impacts.

Programmes then measure changes in indicators, based on the logic – which also validates

the assumptions on which the design of the programme is based. They then consider attribution and market-wide changes; relate results to programme costs, and communicate them clearly. Finally, the DCED Standard requires programmes to develop a system whereby results can be fed back into the programme management process, and used to improve implementation.

The following sections briefly introduce each element of the DCED Standard. Readers wishing to learn more are invited to visit the DCED website, which contains guidance notes and case studies which describe key concepts in more depth, give examples of good practice, and explain how to meet the exact requirements of the DCED Standard.[5]

3.1 Articulating the Results Chain

The DCED Standard is based on results chains: a simple yet powerful tool to make explicit each step in the logic of a programme, from activities to outputs to outcomes to impacts[6]. This makes clear what the project is doing and what changes are expected as a result. This can improve:

■ **Management**. Results chains show why the project is expected to have a positive impact. They map out the expected causal links between the activities and the eventual outcomes, clarifying the assumptions that this rests upon. This allows the logic to be closely examined, in order to verify that the activities really will plausibly lead to the desired results, and inform the design and management of the programme.
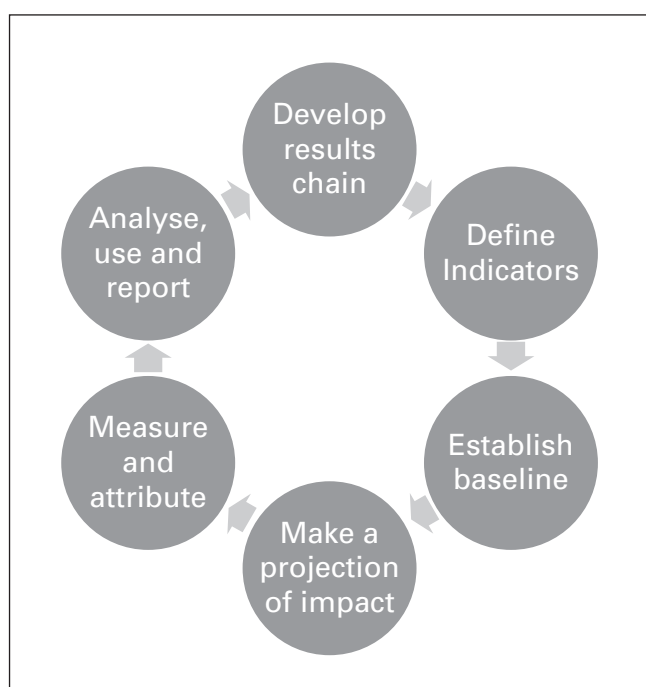

Figure 1

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5 www.enterprise-development.org/page/implementing-standard
6 The terms 'results chain' and 'programme logic' are used throughout this document to refer to the same concept – also known by other names, such as 'causal model'.

■ **Communication**. Results chains are helpful for internal and external communication. A results chain can help to ensure that managers, staff and partners all agree on the programme activities and outputs, and have a shared understanding of what is expected to change as a result of the project. The results chains also serve as a simple diagrammatic representation of the project, and are a useful communications tool to external stakeholders.

■ **Results measurement**. Results chains provide the basis for results measurement. If it is not

clear what a programme is expected to achieve, it is impossible to know how successful it has been. By showing the expected path to impact, the results chains can show what needs to be measured on that path to assess progress.

Consider a hypothetical Programme X which works in various agricultural sectors to increase the income of rural farmers. Programme X's research has indicated that one of the underlying causes of low incomes is low productivity. Staff believe that productivity is low because farmers lack knowledge about which seeds to use, and when to sow them.
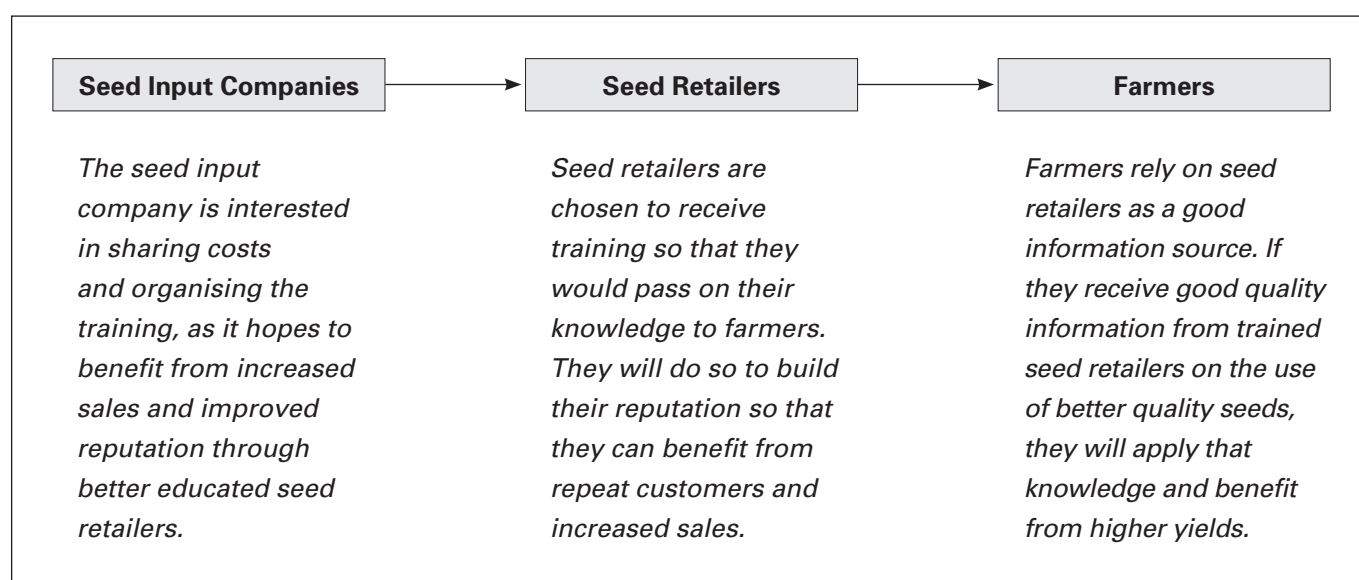

Figure 2 Different actors and their role in vegetable cultivation

In order to address this, Programme X partners with a seed company to train seed retailers on the benefits and usage of good quality seeds, with the expectation that the seed retailers will pass this information on to farmers. Figure 2 shows a simplified illustration of the roles different actors play in the planned intervention. Programme X believes that, by involving a seed input company with a commercial incentive to train seed retailers, sustainability and scale could be achieved.

Figure 3 overleaf shows the results chain for this intervention, in the sort of format required by the DCED Standard. While simplified for the purposes of illustration, it demonstrates how these various activities are expected to lead to the attainment of the desired goal, beginning with inputs, moving through outputs, to outcomes and ultimately to impacts (moving from bottom to top, in this example).
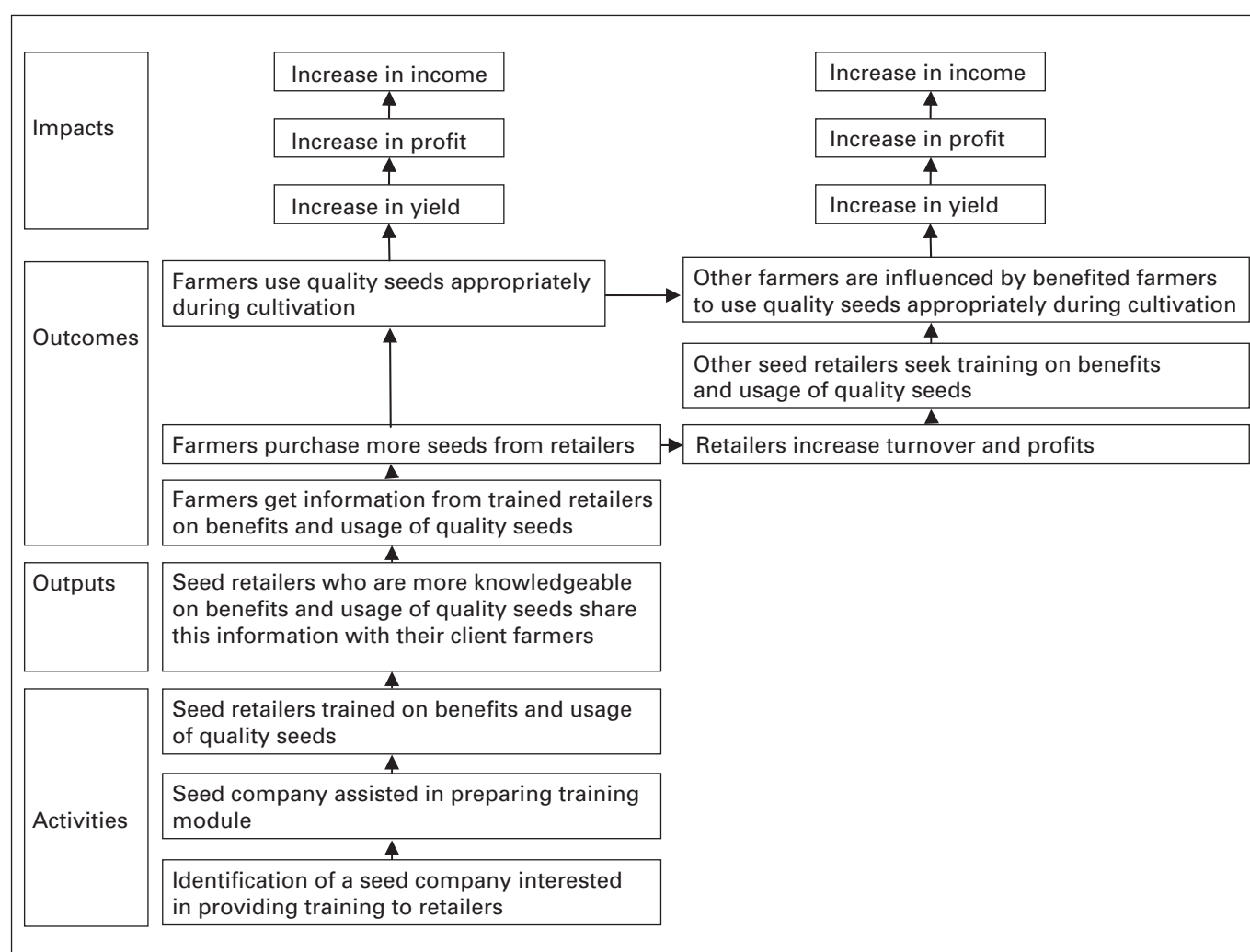
Figure 3. Training of seed retailers on good quality seeds: Example of a results chain

Results chains allow programme to clearly specify the expected intermediate outcomes, and the order in which they are expected to happen. In this example, retailers are expected to pass information on how and why to use quality seeds to farmers. The farmers are then expected to adopt improved techniques, once they have received the information from the retailers. These outcomes must happen in a sequence, and it is important for the programme to be explicit about that sequence, in order to verify whether it is actually happening. It is also important to identify anticipated changes at the market system level, and to include them in the results chains. In figure 3 above, this is included on the right hand side. The increase in profit and

turnover for retailers is expected to encourage other retailers to also seek training on the benefits and usage of quality seed, leading to benefits for farmers beyond the direct reach of the programme.

Results chains are a management tool, and need to be updated on a regular basis, in light of lessons learned and changing market circumstances. By measuring change at each level in the results chain, staff can see what is working, identify where the expected outcomes aren't occurring, and take corrective measures where required. For example, if staff learn that vegetable farmers are receiving information from retailers, but not using better seeds, it suggests that farmers are unlikely

to increase their incomes as expected. Once this issue is identified, programme staff can investigate in more depth. That process might reveal some other factor, not previously considered (for example, a recent increase in the price of seeds), which may require a change of programme strategy.

Articulating the results chain for the first time is challenging. Even though the logic is perhaps clear in the minds of managers and staff, writing it out on a blank sheet of paper, to an appropriate level of detail, is surprisingly difficult. It is essential to unpack and document all key assumptions made while making results chains, as these are often useful in explaining how one change can lead to the next. Doing this as a team can be a very valuable process, to get everyone on the same page (quite literally). Writing out the results chain becomes significantly easier and quicker with practice, but the first few times may be easier if assisted by an external, experienced facilitator.

The DCED has produced a Guide to Results Chains, available online.[7]

3.2 Defining the Indicators of Change

The DCED Standard requires programmes to define an indicator for each box in the results chain. In other words, once practitioners have clarified what they expect to happen, they must then be clear about what they would measure, at each step, to verify whether the expected change occurred.

All of the indicators identified in this step need to be precise and measurable within the programme timeframe and budget; they may be either quantitative or qualitative. The indicators should also include information on the likelihood of sustainability - that the changes described in the results chain will continue after the programme ends. Figure 4 shows four particular intermediate changes mentioned in the example above, and suggests potential indicators for each change.
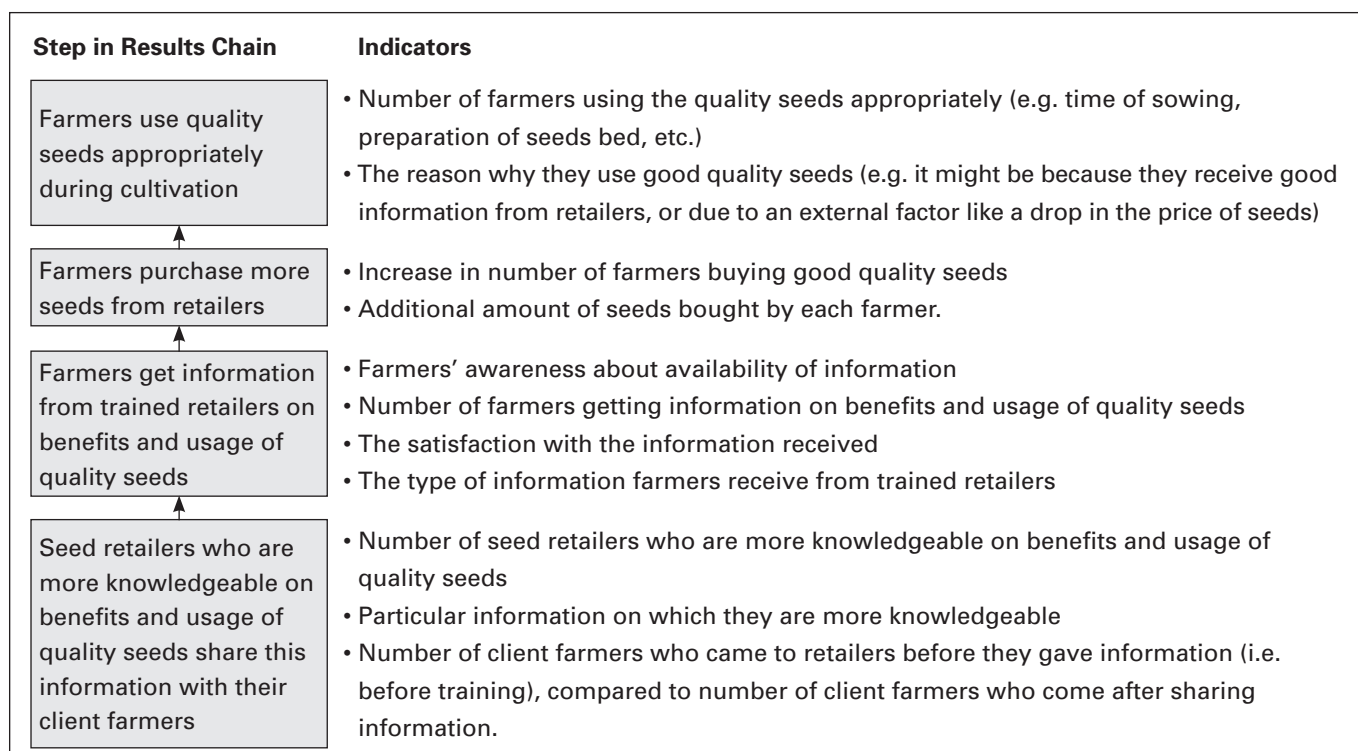
Step in Results Chain	Indicators
Farmers use quality seeds appropriately during cultivation	• Number of farmers using the quality seeds appropriately (e.g. time of sowing, preparation of seeds bed, etc.) • The reason why they use good quality seeds (e.g. it might be because they receive good information from retailers, or due to an external factor like a drop in the price of seeds)
Farmers purchase more seeds from retailers	• Increase in number of farmers buying good quality seeds • Additional amount of seeds bought by each farmer.
Farmers get information from trained retailers on benefits and usage of quality seeds	• Farmers' awareness about availability of information • Number of farmers getting information on benefits and usage of quality seeds • The satisfaction with the information received • The type of information farmers receive from trained retailers
Seed retailers who are more knowledgeable on benefits and usage of quality seeds share this information with their client farmers	• Number of seed retailers who are more knowledgeable on benefits and usage of quality seeds • Particular information on which they are more knowledgeable • Number of client farmers who came to retailers before they gave information (i.e. before training), compared to number of client farmers who come after sharing information.

Figure 4: Defining indicators of change

Many private sector development programmes aim at broadly similar impacts; scale, income, and jobs. Consequently, the DCED Standard suggests that all programmes monitor three 'universal indicators' where appropriate.

These universal indicators, listed on the right, assess impact at the enterprise rather than the household level. In other words, the DCED Standard recommends that programmes report changes in income for enterprises and individuals benefitting from the project, rather than the resulting change in poverty. This is because measuring changes at a household level is harder to measure and attribute. These indicators will not be appropriate for every programme, an issue discussed in more detail in the 'Frequently Asked Questions' chapter below.

More information can be found in the DCED Guide to Developing Indicators, which also suggests general indicators relevant to many private sector development programmes.[8]

3.2 Measuring Changes in Indicators

Once the indicators are identified, programmes must develop and follow a system for measuring changes in those indicators at selected intervals. This will typically begin with a results measurement plan, containing elements such as those listed below.

What are the Universal Impact Indicators?

The Standard recommends programmes to report on achievements relative to three 'universal impact indicators':

■ Number of target enterprises benefited

■ Net additional income generated

■ Net additional jobs created

The programme should conduct baseline research where appropriate, to establish the starting point of the indicator before the value is likely to be affected by programme implementation. Indicators should be monitored at set intervals throughout the lifetime of the programme, to detect changes.

All research should conform to established good practice. Measurement can primarily be managed by programme staff, enabling them to learn from and use the information. Designing appropriate research may need some additional external input, in order to comply with good practice. This expertise is normally available in-country.

Figure 5 gives an example of a hypothetical interview with a farmer who received information from trained retailers (using the same example as set out in Figure 3 above). It shows how gathering

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Elements in a monitoring plan

Change	Defines 'what' we want to see changing
Indicator	Defines how the change is measurable
Definition	How the indicator will be calculated or defined.
How	Defines the tools that can be used to measure change
Whom	Defines responsibilities
When	Defines timelines to assess change

What if a programme hasn't collected baseline information, but still wants to apply the Standard?

It is not always possible to collect baseline information, for example if the programme is adopting the Standard in the middle of imple-mentation. In such cases the programme can:

i) Use secondary data;

ii) Derive a baseline from retrospective research;

iii) Use data from other regions with similar demographics etc.

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quantitative and qualitative information to show how and why indicators are changing can inform decision making by programme staff. It is strongly recommended that programmes 'triangulate' the information they generate. In other words, staff should use different methods and sources to validate and confirm their findings. This will give more reliable information than relying on one method or source of data. For example, programmes might complement survey data with national statistics on yields, or focus group discussions with groups of local farmers.

The DCED Guidelines to Good Research Practices provide a general overview of tools that can be used – including in-depth interviews, focus group discussions, quasi-experimental studies, observation, etc.[9] The DCED Guidelines to Measuring Indicators provides a more general overview of how to comply with this element of the Standard.[10]

Ms. Y is a vegetable farmer who grows gourds, using seeds that she retained from the previous year of cultivation. Last year, she noticed that her neighbour had considerably higher yields, and found out that he had recently tried a new variety of packaged seeds recommended by a well-informed seed retailer. Ms. Y therefore went to the seed retailer who told her more about the benefits of using

	2012 (before)	2013 (after)
Cultivated Land	1/2 acre	1/2 acre
Seed Cost	Used own	USD 25
Other Costs	USD 50	USD 50
Yield	1500 pieces	2500 pieces
Sales Revenue	USD 120	USD 210
Profit	USD 70	USD 135

quality seeds, and gave some advice on how to use them. However Ms Y says even though her yields rose considerably, they were still not as high as her neighbour's. She used the packaged seeds recommended by the retailer, but she didn't fertilise her land before sowing the seeds as she couldn't afford the fertiliser.

The table shows Ms. Y's profit before and after going to the trained retailer. Upon getting similar results from interviews with other farmers, the programme staff can use the information to consider how fertiliser might be made available at lower cost.

Figure 5: Example of an in-depth interview

3.4 Estimating Attributable Changes

The previous steps have generated information about what is changing during the life of the programme, but do not necessarily show to what degree those measured changes were caused by the programme. Perhaps they might have happened anyway, or have been brought about by the work of a different organisation. It is even possible that better results might have been achieved without the programme. Figure 6, to the right, illustrates the challenge; how can staff identify the difference between the top, dotted line (growth after programme activities) and the lower, solid line (growth without programme activities)?
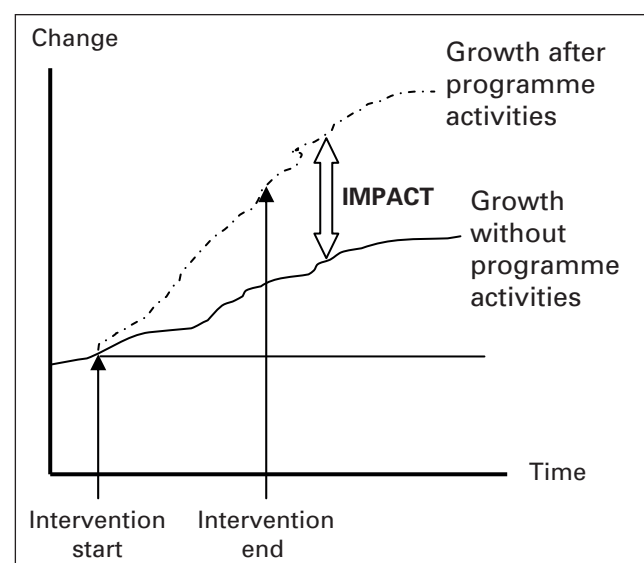

Figure 6: Attributable impact

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9 www.enterprise-development.org/page/download?id=2133

10 www.enterprise-development.org/page/download?id=2111

The DCED Standard requires programmes to address this issue of attribution, for the key indicators and the intermediate steps within the results chain. The issue will anyway need to have been considered, to some extent, during the formulation of the results chain.

The actual method used to explain the attribution will depend on the individual circumstances; it is easier to develop a credible and robust 'story' in some kinds of intervention, than in others. The introduction of a new technology, for example, may lead to changes that are clearly attributable to the technology. For example, if the programme encourages farmers to switch to a new crop which had not previously been farmed in the region, then all benefits from that crop are likely to be attributable to the programme. On the other hand, attributing behaviour changes to training courses can be challenging, and require more sophisticated techniques.

The results chain is a starting point for assessing attribution. By assessing expected changes at each level, the programme can build up a plausible attribution story. In the above example, shown in figure 3, the intervention was designed to enable vegetable farmers to improve their yields, and so increase profits. If profits increase, but yields stay the same, the increase in profit probably cannot be attributed to the programme's activities. It is more likely to be due to other factors, such as an increase in the market price of vegetables, or reduced cost for inputs.

The DCED Attribution Guidelines describe this area in more detail, and includes a table listing the applications, advantages and disadvantages of various techniques.[11]

3.5 Capturing Wider Changes in the System or Market

Traditionally, programmes have aimed to directly improve the lives of aid recipients. For example, they may distribute seeds, provide healthcare, or sponsor education. However, this type of assistance is limited; it will only benefit the direct recipient of the aid. Moreover, it is frequently unsustainable, as it ceases when the project ends.

In response to this challenge, private sector development programmes often seek to create 'systemic change'. This is change in systems, such as markets, government, or civil society. Systemic change can have a greater impact than direct assistance, as it will benefit people who have had no contact with the programme. It is more likely to be sustainable, because it facilitates response from market players, instead of imposing an artificial, short-term solution.

Most traditional approaches to results measurement, however, neglect the wider changes in the market – even though this is often where the most impressive impacts and scale are to be found. The DCED Standard consequently calls on programmes to make efforts to capture these wider changes so that they do not under-report their achievements. There are various ways in which market-wide changes may be achieved, including:

■ **Replication:** Other service providers and entrepreneurs see the benefits for direct 'beneficiaries', and copy their business practices (for example, as shown in Figure 3, other retailers and vegetable farmers recommending and using good quality seeds, after seeing the benefits enjoyed by trained retailers and their client farmers).

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11 www.enterprise-development.org/page/download?id=2012

Photo: irynarasko / 123RF Stock Photo

- **Sector Growth:** Programme activities cause the targeted sectors to grow. Consequently, existing enterprises expand their businesses and new entrants come into the market.

- **Backward and forward linkages:** Changes in the market can trigger changes at other points along the value chain. For example, a programme may increase the amount of maize cultivated in a region. This benefits not just farmers, but others in the value chain, such as van drivers who transport maize. They receive more business as there is a greater amount of maize to transport.

- **Other indirect impact:** As a result of programme activities, other indirect impacts may occur in completely different sectors. For example, if a programme increases the income of pig producers, they can spend more on consumer goods, benefiting other shops in the local area.

The Standard calls on programmes to make efforts to capture these wider changes – often through 'detective work' - so that they do not 'under-report' their achievements. Attribution also needs to be examined to establish that the observed changes can plausibly be attributed to the programme.

3.6 Tracking Programme Costs

The Standard calls for programmes to state their annual and cumulative costs, so that their achievements can be put into perspective. For example, a larger and more costly programme can be expected to achieve greater results and scale. The Standard also suggests that programmes separate costs by major components, to provide useful management information.

Photo: Witthaya Phonsawat / freedigitalphotos.net

3.7 Reporting Results

As a final summary of the results measurement process, the Standard calls for programmes to document the key changes in the indicators at least annually, so that they can be communicated within the internal programme-related community (donor, management staff, programme staff) and the external community if deemed appropriate. Key indicators should be disaggregated by gender, to the extent possible. Note that the DCED will not publish the results data being generated by participating programmes, without prior permission.

3.8 Managing the System for Results Measurement

The results measurement system should be used for programme management, and be integrated into day-to-day decision-making. A programme which carefully developed results chains and meticulously measured and attributed indicators would not be compliant with the DCED Standard unless programme staff use this information to learn and improve their work.

This requires real commitment from senior managers. Results measurement must be prioritised, and staff expected to devote appropriate time and resources to it. The culture of the organisation must support honesty and reflection, enabling staff to share and learn from failure as well as success. Developing a learning culture is challenging, and typically requires support from managers at the highest level. Staff must be given the correct incentives. For example, they should not be penalised for failures which are out of their control. Neither should they be implicitly encouraged to exaggerate impacts or adjust their calculations to give a distorted picture of outcomes. It is better for staff to learn from failure than to report overly optimistic results.

The DCED Standard also calls on programmes to allocate sufficient financial and human resources to the results measurement system, so that it can be sustained and developed. The greatest investment is often not in extra or specialist staff, but in management time to clarify the logic of the programme, and learn from the results measurement process. The DCED Standard is thus not just a way to demonstrate results, but to improve the effectiveness of the programme.

4. Frequently Asked Questions

This chapter answers some of the most frequently asked questions to date about the DCED Standard. If you have more questions, please email the DCED Secretariat at Results@Enterprise-Development.org.

4.1 What's different about the DCED Standard, compared to other approaches?

The DCED Standard brings together the minimum elements needed for credible results measurement; few of those elements are really new, and they are increasingly considered as good practice. Putting them into a complete framework is new, and avoids the need for each programme to reinvent the wheel. Having a paper trail for the key elements in the measurement process is also new, as is assessing market-wide results (for many programmes).

The Standard does not include certain elements often found in other methodologies, however. For example, it does not include participatory techniques – mainly because the aim of private sector development is usually to enable market stakeholders to solve their own problems. They are often not even aware of donor-funded interventions that may nonetheless have addressed very central and important constraints to market development; they just see the benefits and opportunities arising as a result. However, the Standard is just a minimum set of elements – programmes are encouraged to add on additional elements to meet their specific needs.

4.2 If programmes measure their own results, will anyone believe them?

The DCED Standard introduces a new optional element: an external audit or review of the results measurement system within the programme by a qualified auditor, who is experienced in the application of the Standard. This certification can

Image: Stuart Miles / freedigitalphotos.net

give outside observers greater confidence in the numbers being generated by the system. This is better (and cheaper) than the traditional approach whereby an external consultant tries to replicate the results measurement process – and often concludes that there are not enough baseline data etc. to be able to generate any definitive findings.

Programme managers know their programmes best, and are therefore best placed to assess the results – the external audit or review keeps them 'honest', asking all those questions you want to ask, whenever anyone reports their own results, about how they were measured.

4.3 What's the difference between a results chain and a logframe?

A logframe is a planning and management tool, used widely by development agencies for the design, implementation, and oversight of programmes. It lists outputs, outcomes, purpose and impact for its key interventions in a single table. While this is a useful summary of the high-level programme logic,

the format restricts the number of levels, boxes, and causal links. Consequently, it does not capture the details about intermediate changes and the order in which these changes are expected.

Results chains, properly used, offer the chance to articulate the logic behind the design presented in the logframe format, and to clarify the thinking in ways that are particularly valuable for programme managers. The flexible format allows for programmes to visualise exactly what they expect to happen, in the appropriate order. Although they inevitably still require a degree of simplification, experience indicates that results chains are better able to capture the complexity of most programmes, and thus more useful for day to day management.

Figure 8 below provides an example, where the logframe to the left summarizes the main strategic elements (activities, outputs, outcomes and impact) for a programme. On the right, the equivalent results chains are shown. As can be seen, the logic of the programme remains the same. However the activities (on the left to increase demand for organic fertiliser, and on the right to increase supply) and the pathway of change (what is expected to happen) become clearer.

4.4 Aren't you just obsessed with numbers? What about qualitative indicators?

It is essential to include both quantitative and qualitative information to fully understand the impact of a private sector development programme.
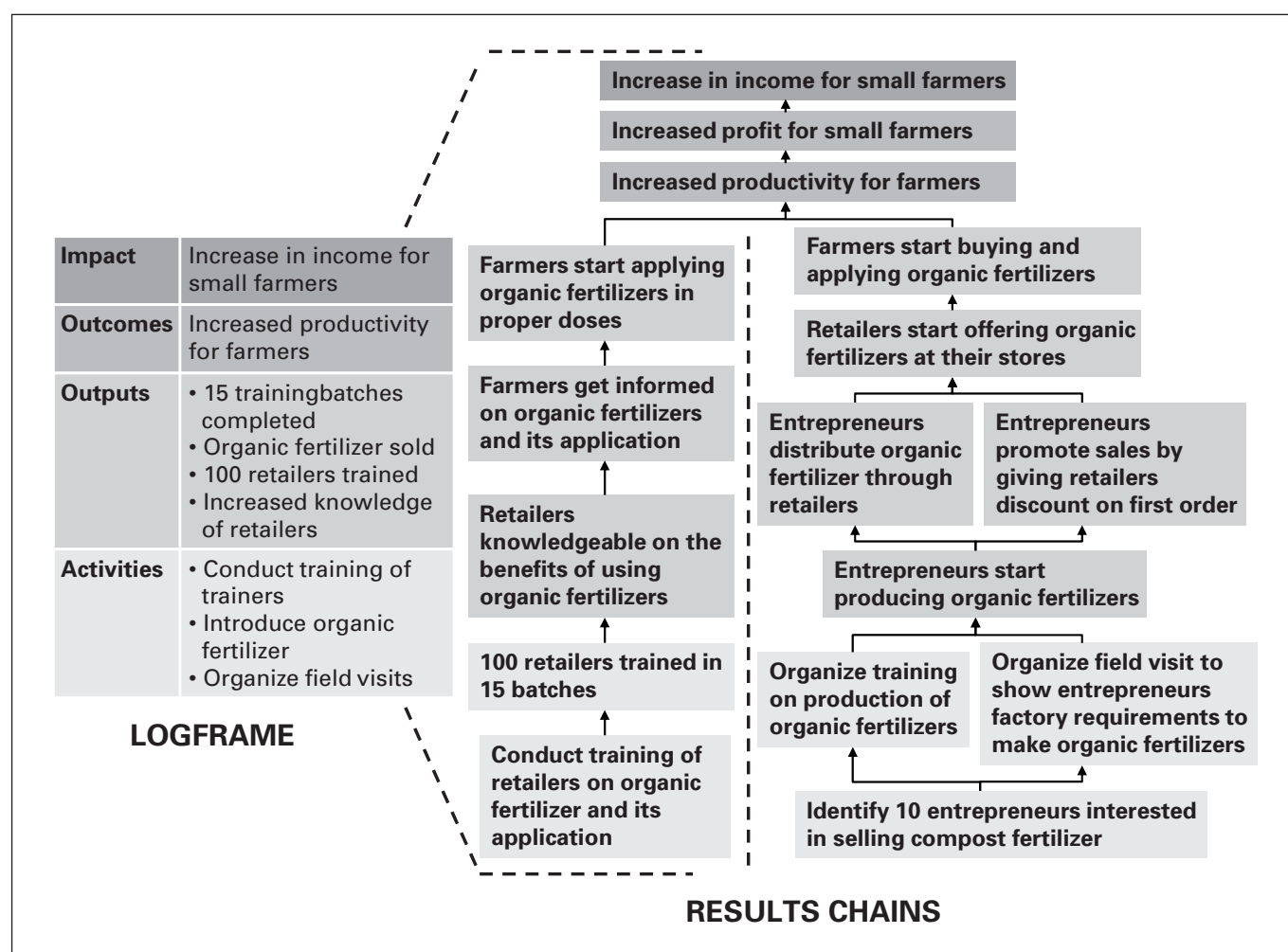

Figure 8: Mapping Logical Frameworks to Results Chains

Qualitative information is particularly important for assessing the depth and nature of changes, their sustainability, and the attribution between steps in the results chain. Consequently, the DCED Standard requires that "qualitative information on changes at various levels of the results chain is gathered." (Control point 3.3)

4.5 How much rigour is needed when assessing attribution?

Attribution is a challenging area that programmes often struggle with. There are a whole range of techniques for addressing attribution, many of which are outlined in the DCED's Guide to Estimating Attributable Change.[12] However, some of these techniques – such as randomised control trials - are expensive and require specialised expertise. Techniques that rely on control groups are often difficult in private sector development, as those benefitting from the intervention are often self-selecting, and positive effects are not always limited to a single group of people.

Consequently, the DCED Standard does not specify the techniques that must be used by programmes when addressing attribution. Experimental and quasi-experimental techniques (which use randomised and non-randomised control groups respectively) are valuable, but not appropriate for every programme. In practice, programmes will generally adopt a mixture of methods, including qualitative techniques that trace change through the results chains. To comply with the DCED Standard, programmes must adopt practical solutions to measurement challenges. The key test posited by the DCED Standard is whether the approach taken by the programme would convince a reasonable but sceptical observer.

4.6 What if the Universal Indicators are inappropriate for my programme?

Common indicators across different programmes can allow donors to aggregate results across

Photo: djembe/ 123RF Stock Photo

various programmes, demonstrate results to their parliaments, and potentially compare value for money across contexts. Consequently, the DCED Standard recommends three 'Universal Impact Indicators' that many private sector development programmes could estimate: scale, income and jobs.

However, these universal indicators are not always appropriate. In some cases, the results chain between activities and the universal indicators may be too long to feasibly assess. There may be others where different agencies contribute different parts of a solution, and isolating the impact of one programme is difficult to do meaningfully. Other programmes may not aim to affect all of the universal indicators; for example, a programme may work with the private sector to improve access to healthcare rather than to increase incomes.

At all stages, the DCED Standard advocates a practical approach to results measurement. Consequently, if a programme has valid reasons for not assessing progress against any of the universal indicators, they should clearly document what these reasons are. They should also look for alternative ways to assess impact, appropriate for the type of programme. The auditor will take that into account when grading the project, and if the justification is acceptable then the project can still be compliant without monitoring the universal indicators.

12 www.enterprise-development.org/download.aspx?id=2012

4.7 The elements of the Standard are mostly generic, so why not apply it to other interventions too?

There is no reason why not, and some are already trying this. There are dimensions that are specific to private sector development, such as the Universal Indicators and the focus on market-wide effects, but most of the elements can be applied to any development intervention. The DCED invites any programmes implementing the Standard in new contexts to share their experience with us.

4.8 How much does it cost to participate?

The main cost is the time of the programme managers and their staff. But since this is being invested to achieve greater clarity about the logic of the programme, it is arguably not an overhead cost, nor part of the results measurement budget. Instead, it is a core function of the programme staff, in their drive to be more effective. Specialist expertise or staff training might be needed to ensure that the measurement system is fully functional and effective. Similarly, an audit normally requires a few weeks of consulting time (depending on the size of the programme).

4.9 Sounds great – how do I join?

Some programmes and agencies have used the documentation on the DCED website to apply the Standard on their own. The DCED also organises seminars and training courses, and there is also a growing cadre of experts, experienced in the Standard, who are available to provide support as consultants. Please contact the DCED Secretariat, Results@Enterprise-Development.org, tel. +44 1223 362211 or see the webpage, at www.enterprise-development.org/page/measuring-and-reporting-results. We look forward to welcoming you to the growing community of people who are serious about results, and how to communicate them to others. See the chapter at the end of this Reader (practical steps for involvement) for more details.

5. Preparing for an Audit

Programmes applying the elements of the DCED Standard can choose to undergo an optional audit. This is an external, objective assessment of the extent to which the results measurement system meets the different control points of the DCED Standard, identifying strengths and weaknesses.

An audit improves the credibility of self-reported results, because the auditors verify whether the system is sufficiently developed to generate reliable results information. This can provide donors, recipient governments, and evaluators with additional reassurance regarding the overall quality of monitoring data for programmes that have applied the DCED Standard.[13]

5.1 How to prepare for an audit:

1. **Get in touch with the DCED Secretariat:** Programmes which are interested in being audited should contact the DCED Secretariat to establish whether they are ready for audit.

2. **Pre-audit review:** DCED strongly recommends that programmes conduct a 'pre-audit review' before going for a full audit. The pre-audit review assesses the extent to which the results measurement system complies with the DCED Standard, and offers recommendations to improve the practicality, usefulness and compliance of the results measurement system. Programmes can contract any consultant to conduct the pre-audit review, and consultants typically offer technical assistance to support improvements where necessary. The pre-audit review has no official status, as it is not quality assured by the DCED.

3. **Select auditors and set the time frame for audit:** Once the programme is ready to go for audit,

they need to select auditors and set the time frame. The DCED website lists qualified auditors, but any who have already worked with the programme as consultants are excluded (thus avoiding any conflict of interest). Normally a team of two auditors is recommended, to ensure consistency. Example terms of reference for the audit are available online.[14] Programmes are recommended to finalize and contract auditors as far in advance as possible, partly to ensure that documentation can be reviewed in time, and also that the auditors are available.

4. **Decide on the scope of the audit:** The programme decides the scope of the audit. This may not cover the whole portfolio, for example because some elements of the programme may be so new that there is not yet anything substantial to audit. The scope of the audit needs to be agreed with the DCED Secretariat, and the final choice made will be explicitly stated at the beginning of the audit report. This is the only aspect of the audit that is made public[15] - to avoid external stakeholders believing that an entire programme had been audited, when in reality it was only a small portion.

5. **Ensure that there is a paper trail:** The programme needs to ensure that it has a paper trail of all necessary documents. Once the scope of the audit has been agreed, the programme will make available a complete set of documents that are useful for understanding the programme's results measurement system. The auditors may request any additional documents as relevant.

5.2 The audit process

The audit process starts normally about six weeks before the actual audit, when the full set

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13 www.enterprise-development.org/page/download?id=2336
14 www.enterprise-development.org/page/download?id=2246
15 www.enterprise-development.org/page/audits#programmes

of documentation (discussed above) should be provided to the auditors. Subsequent submissions may not be accepted, since the objective is to review the monitoring system in use, not to encourage the creation of documents specifically for the audit.

The auditors and DCED will then select a representative sample from the nominated components/projects that are being audited. Normally this will be done at random; random selection might be modified in occasional cases, for example where one component/project is much larger than the others (so it would be strange to exclude it). The number of components/projects selected will normally be the square root of the total nominated by the programme for audit. In other words, if four projects are nominated for audit, two will be selected at random; if nine are nominated, three will be selected at random for actual audit.

Keeping a paper trail for an audit

While documentation may vary from programme to programme, it normally includes:

- Results chains (keeping different versions available if change has been made)
- Strategy Documents
- Results measurement or monitoring plans
- Baselines (Generic and intervention specific)
- Reports on early signs of impact and impact assessment
- Reports on annual aggregation of results
- Calculations that are required to understand estimated results
- Impact assessments
- TORs for research, giving the research methodology
- Planning documents
- Results Measurement manual
- Meeting Minutes of review minutes
- Staff job descriptions

The auditors and DCED will advise the programme of the result of this selection process, enabling the programme to make appointments in good time for the auditors with programme staff, partners, beneficiaries etc. as appropriate.

The audit process is as follows:

1. Prior to the programme visit, the auditors will review all documents within the components/ projects selected for audit.
2. The auditors will then visit the programme in the field. They will interview key staff and partners responsible for measuring results, including the programme manager, senior management, implementation team, results measurement team, any external researchers (if used) and other stakeholders such as key partners and co-facilitators.
3. After the site visit, the auditors draft the audit report, and share it with the DCED Secretariat. The Secretariat then convenes a panel of auditors to review the draft report and scores (in confidence), to ensure that it is appropriate and consistent with current practice. Following the panel discussion, the auditors update the draft audit report, which includes:
   - Overall percentage scores for achievement of the various elements in the Standard.
   - Key audit findings for each of the elements in the Standard.
   - Summary of how the audit was conducted; what was audited, what was excluded, and why.
   - Scoring for each of the control points and explanation required to understand the scores.
4. DCED shares the audit report with the programme, so that it can respond. The DCED along with the auditors consider the comments, make changes if necessary, and finalize the audit report. The auditors and the programme then sign off on the report. The final audit report and scores remain confidential to the programme - unless they wish to publish it.

6. New Insights on the DCED Standard

This chapter presents practical tips and case studies for the application of the DCED Standard in five emerging areas; using the DCED Standard for management, business environment reform, challenge funds, conflict affected environments, and financial sector programmes. It links to recently published DCED guidance and case studies, and practitioners are encouraged to download the full documents from the DCED website for more information and practical examples.

6.1 Using the DCED Standard for management

There is an increasing awareness that private sector development programmes work in a 'complex' environment, characterised by dynamic and constantly evolving markets, different actors from household enterprises to multinational firms, and changing public policy. In order to work in such systems, staff need to make decisions based on limited data, and experiment with new approaches. Programmes should not overly focus on up-front planning, and instead emphasize monitoring the market and programme implementation, and continuously adapting interventions.

Consequently, the DCED Standard requires programmes to use monitoring data for decision-making at all levels, from strategic choices to implementation methods. An effective programme will use real-time monitoring data to adjust their approach as they implement. Although the DCED Standard has recommended using results from management from the beginning, version VI of the Standard makes this a mandatory requirement.

Three key learnings from current experience are:

■ **Set up a system for decision-making**. Programmes often find it useful to develop a specific process to ensure that the results measurement system can be utilized for

Photo: grigvovan / 123RF Stock Photo

programme management. Formalising this process from the beginning helps to ensure that there is a culture where programme team use information to guide the choices they make. Programmes also feel that it is useful to integrate results measurement with other management systems in programmes. For example, regular strategic meetings can be used to reflect on results chains and monitoring findings. This can be formalised in a results measurement manual, as in the below example from MDF.

Case Study: Market Development Facility (MDF):

MDF aims to create additional employment and income for poor women and men in Fiji, Pakistan, and Timor-Leste. It is funded by the Australian Government, and implemented by Cardno. Their results measurement system integrates the different elements of DCED Standard. Data collected can inform decision making at three levels; intervention, sector, and country. MDF's results measurement manual suggests key questions to answer and decisions to be made at each level:

1. Decisions on Intervention:

Key Questions:

- Is it working?
- Has it achieved its objective?

Key Decisions:

- Stop the intervention
- Make adjustments to the intervention
- Continue with the intervention with no adjustments

2. Decisions on Sector:

Key Questions:

- Is the portfolio of interventions covering all the intervention areas?
- Are any intervention areas not covered? Do we need to cover them and how?
- Is the portfolio contributing to sustainable pro-poor growth for the sector?

Key Decisions:

- Drop or add any interventions
- Adjust strategy and intervention areas

3. Decisions on Country:

Key Questions:

- Is the portfolio of interventions across countries contributing to MDFs country targets and sustainable pro-poor growth for the country?

Key Decisions:

- Stop working in a sector (because work is not leading to results; or intervention areas have been exhausted with significant results achieved)
- Add a sector to work in that shows potential for pro-poor growth
- Adjust Sector Strategies so that they better complement each other

Source: MDF Results Measurement Manual

- **Develop a culture of honest enquiry.** It is very important for management to develop and maintain a culture of honest enquiry. In many programmes, internal staff and partners feel pressure to report only on achievements, for fear that reporting on failures can have negative repercussions. Monitoring staff can be seen to play a 'policing' role, which discourages implementing staff from talking openly about 'unintended' or 'undesired' impact. However market situations and dynamics change and often things don't happen as planned. Thus it is important for management to promote a culture where staff are encouraged to talk openly about findings as this is an integral part of strategic steering. The case study below discusses NMDP-Samarth's experience in this area.

- **Have room for developing the monitoring system over time.** While setting up a results measurement system early helps to give structure for staff to operate, it risks becoming out-dated or impractical as a programme develops. Consequently, it is important for programmes to have a feed-back loop, so that the results measurement system can be developed over time. For example when a programme begins it might not know how much resources will be needed for results measurement. Consequently, over time it might become clear that the reporting system is over-complex, or that the programme does not have enough staff for field research, etc. Programmes should allow for some flexibility to test the initial design and adapt the results measurement system based on learning.

Case Study: Samarth Nepal Market Development Programme (NMDP)

Samarth Nepal Market Development Programme (Samarth-NMDP) is a UK-funded programme delivered in partnership with the Government of Nepal by a consortium of Adam Smith International, the Springfield Centre for Business

in Development, and Swisscontact. It aims to reduce poverty in Nepal by applying a market systems development approach. Samarth-NMDP employs guidance from the DCED Standard to monitor and measure results.

The market systems that project teams work in are not straight-forward, nor wholly predictable. In the early stages of implementation, in particular, systems are characterised by a constellation of players - roles, rules, and relationships - that are difficult to fully comprehend.

Understanding how market systems work takes time, curiosity and a certain amount of experimentation. It requires a programme-wide acceptance of 'trial and error', a commitment to accumulating relevant knowledge, and a willingness to refine or throw-out strategies as teams learn more. Indeed, monitoring and measuring market player receptiveness to the systemic changes being promoted, and collecting, interpreting, and acting upon accurate data is the basis for decision-making. If this is done well, projects can improve their performance in real-time and increase the likelihood of attaining more significant impact.

Samarth-NMDP has a number of mechanisms to promote the use of results measurement information in management systems. They include:

Formal processes. In quarterly meetings, teams review progress against the intervention results chains, reflecting on the status of activities undertaken, the appropriateness of the intervention strategy, and whether the causal logic and assumptions still hold. In monthly meetings, teams focus on the progress of specific partnerships and whether or not partners are an effective vehicle for systemic change(s).

Informal processes. Each project team keeps an Observations Diary and an Activity Log, which records partner buy-in for each intervention. The Diaries and Logs require individuals to

document relevant information from market player and partner interactions and insights from field visits, so that these can be discussed among the whole project team at the next available opportunity.

A culture that supports results measurement. 'Things change' is a mantra that Samarth-NMDP has been trying to encourage project teams to embrace. However, this entails a cultural shift for those staff more used to dealing with blueprints than guides. Consequently, the programme has sought to promote honest and open dialogue about what is working and what is not in interventions. Understanding 'why' things are not working and how the team intends to react to this are the focus questions. Rather than leaving results measurement to a siloed unit of 'M&E Officers', Samarth-NMDP emphasises the need for all team members to gather and manage the information that fuels reviews of key programme frameworks

Source: Samarth NMDP's case study on 'Making Sense of 'Messiness': Monitoring and measuring change in market systems: a practitioner's perspective'

6.2 Business environment reform

The 'business environment' comprises the policy, legal, institutional, and regulatory conditions that affect business activities. Many governments and donors support 'business environment reform' in order to develop markets that reduce business costs and risk, encourage competition and enhance the effectiveness and sustainability of other development interventions.

Results measurement is challenging in business environment reform programmes, due mainly to the complex links between project activities, the eventual reform, and the impact on the lives of the poor. The DCED has produced practical guidance to measuring results in business reform, as an annex to overall guidance on supporting business

environment reform efforts.[16] The guidance suggests fifteen key principles for practitioners, covering the four phases of a business environment reform programme; diagnostics, design, implementation, and evaluation and sustainability. The guidance also lists indicators which illustrate the kinds of impacts and outcomes a business reform programme might produce and track. It is accompanied by four case studies of business environment reform programmes in practice.[17]

A summary of key points from the guidance follows:

- **Diagnostics.** Business environment reform programmes need to clearly identify the elements of the business environment system, in order to establish the right points to intervene. It is crucial to appreciate the complexity of the system, how different elements interact, and the capacity of the major stakeholders.

- **Design.** Start the design of the results measurement system early and base it on the logic of the programme, as described in the results chains. These results chains should describe the anticipated change at different levels, including activities, change in attitudes or behaviour among key actors, changes in government legislation and regulations, the benefits for businesses, and the effect of this reform on the poor. They should show how this programme can harmonise with reform attempts from other partners. It may be valuable to nest results chains in order to show how different interventions contribute to common goals. These goals should be realistic, and clarify the contribution made by the development agency.

- **Implementation.** During implementation, the business environment reform programme should compare data over time. Different kinds of comparisons may be used, depending on the character and timeframe of each programme, and the real impact of reforms may not be

Photo: morguefile.com

realised for a few years after the programme has concluded. There is growing experience in the use of control and treatment groups in business environment reform, although this does present methodological challenges as it is often difficult to find a suitable control group. Case studies which show changes in an organisation over time can also be a useful way of showing improvements in organisational capacity, capability and legitimacy. Results should be used to learn and inform management decision-making. This is an iterative process, and good results measurement systems produce information on a regular and continuous basis that can be used to track progress, test assumptions and, where necessary, modify approaches.

- **Evaluation and sustainability.** Evaluations should be independent and transparent, in order to build credibility. Their findings should be publicly communicated to all programme partners and relevant stakeholders. Government and business should be closely involved in analysing the results of external evaluations and identifying lessons for future reform efforts. This should include some assessment of sustainability, preferably including follow-up after some time (e.g. 3-5 years) has elapsed.

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16 www.businessenvironment.org/dyn/be/docs/detail2/265/4
17 www.businessenvironment.org/dyn/be/docs/detail2/264/4

Case Study: ENABLE in Nigeria

ENABLE is a four-and-a-half-year, UK-funded business advocacy programme implemented by Adam Smith International and The Springfield Centre. ENABLE supports the creation of a stronger business environment by:

■ Supporting business membership organisations (BMOs) to advocate on behalf of private sector

■ Strengthening the ability and willingness of government to dialogue with the private sector;

■ Strengthening the role of the Nigerian media as a driver and supporter of business environment reform, a channel for information, and a platform for debate and discussion; and

■ Improving access to, and supply of, legal, policy and regulatory information and other services that serve to stimulate and inform dialogue.

The first level in the ENABLE results framework is "system-level change". ENABLE facilitates systemic changes by building the capacity and incentives of local actors to engage in advocacy and dialogue, or to supply relevant support functions and rules for this advocacy and dialogue to take place effectively. ENABLE monitors this through five "results areas": improvements in the capacity of BMOs, an increase in BMO resources dedicated to advocacy and public-private dialogue, more inclusive practices (especially women and the poor), copying and crowding in by other system actors, and changing rules and norms around advocacy and dialogue.

To assess these, ENABLE monitors quantitative and qualitative changes in the way actors engage in reform. This requires an impact assessment process that can measure the level of capacity of local partners, the degree of commitment and ownership among key stakeholders, the profitability of commercial service providers (e.g., research institutions), and the institutionalisation of new activities (e.g., initiatives undertaken without ENABLE's support).

ENABLE use results chains to show how these system-level changes are expected to increase the quality and quantity of advocacy dialogue, and improve the voice and accountability for poor men and women. There is a strong qualitative element to many of these changes. For example, when does a dialogue count as "substantive"? To tackle this problem, ENABLE developed scorecards and diagnostic kits, which allow users to consistently and transparently evaluate qualitative change. However, these tools need to be complemented with more open-ended, qualitative evaluations in order to avoid missing important details and to capture nuance.

Increased inclusive advocacy dialogue is expected to improve the policy and regulatory environment for doing business. ENABLE try to measure how improvements to the business environment affect micro-enterprises and the incomes of poor women and men. However, there are clear challenges in attributing any changes to ENABLE's work. ENABLE did not believe that a quasi-experimental design was appropriate, as they do not select partners on a random basis, and aim to promote change throughout the system. Instead, they use other methods to measure attribution, such as detailed case studies that aim to untangle the various factors driving change in partner organisations. The studies attempt to triangulate sources where possible to improve robustness of assessment.

ENABLE describes impact assessment as an integral part of its project planning system. Beginning with the design of programme interventions, ENABLE encourages coherent and strategic management of its activities. From the outset, every intervention has a clear results framework, setting out how the intervention will contribute to sustainable and systemic change and, ultimately, purpose and goal level impacts. During implementation, the intent is that managers receive the right information at the right time, leading to better decision-making and resource-allocation.

Source: DCED Case Studies in the Measurement of Donor-Supported Business Environment Reform Results, Simon White, 2013

6.3 Challenge Funds

A challenge fund provides grants or concessional loans to projects proposed by businesses which have the potential to solve a defined development issue. Funding is awarded through an open competition, and typically matched by the business.

Challenge funds are increasingly popular, but there is little evidence as to whether they achieve the anticipated development impacts. In particular, there is little available information on whether or how they can create longer-term change to market systems. Use of the DCED Standard encourages the fund manager to map out and assess the anticipated changes to the business, the customers or suppliers of the business, and the wider market system. Four tips for results measurement in challenge funds are:

■ **Make results measurement useful for the business**. Businesses are often interested in results measurement. It can help keep track of activities and outputs, as well as build better relationships with the government. Moreover, monitoring the results of their work helps to strengthen their own value chains, improving their understanding of their customers and suppliers. For example, understanding the extent to which customers benefit from their products can inform pricing and marketing decisions. Partnerships should consistently emphasise the importance of results measurement for the business, and customise the system to make it as useful as possible.

■ **Understand the logic of your programme.** Challenge funds are expected to lead to commercial gains and development results, but it is sometimes unclear exactly how this will happen. Consequently, all projects should develop a results chain to explain how they expect activities to lead to outcomes. Using results chains helps achieve a shared understanding between the public and private

Photo: Worradmu / freedigitalphotos.net

partner, ensures that the desired outcomes are realistic and achievable, and becomes the basis for results measurement.

■ **Divide up responsibilities between the business and fund manager.** Conventional wisdom is that businesses are only interested in their bottom line. Like most conventional wisdom, this has a large grain of truth – but is not the full story. There is often significant overlap between the interests of the business and the public sector. For example, a contract farming business will monitor how much money they pay to their farmers. This is important for the business – and also essential for the fund manager who wants to understand changes in farmer income. Consequently, the business and fund managers should clearly divide up responsibilities for measuring different indicators, based on their interests and abilities.

■ **Take a portfolio approach.** Challenge funds award grants to a variety of different businesses, aware that not all will succeed. Consequently, the fund manager should monitor some projects in more depth than others. Faced with resource limitations, monitoring of more expensive, successful, or innovative business projects should be prioritised. As the fund manager cannot identify the most successful or innovative projects straight away, they could monitor everything to a minimum standard initially, then select the most interesting or successful projects for detailed analysis.

For more advice and information on measuring results in challenge funds, download the DCED Guidance on Measuring Results in Challenge Funds.[18] It contains advice addressing every element of the DCED Standard, alongside examples drawn from a long list of challenge funds trying to improve their results measurement. Practitioners working in partnership with the private sector will also be interested in the DCED's review of current knowledge about donor partnerships with business.[19]

Case Study: Enterprise Challenge Fund[20]

AusAID's Enterprise Challenge Fund (ECF) provides grants valued A$100,000 to A$1.5million to companies in nine South East Asian and Pacific countries on a competitive basis. The ECF started work towards applying the DCED Standard in early 2011.

Key elements of the monitoring system were elaborated together with private sector partners, to ensure its relevance to both partners' needs for information. Results chains have been developed for each project, clearly linking the matching funds of ECF and the private partner to direct outputs, outcomes, and ultimately to increased incomes of poor people. Where appropriate, more systemic impacts expected by the interventions are represented in the results chains, such as the replication of the business model by other companies. Most companies have found them to be a very useful tool, as one quote illustrates:

"It turned out to be very helpful for us especially in learning the Logic Model. To be honest, we are not looking at many aspects of the project the way you do. We are head on, one track pursuing to accomplish the project. It was indeed an eye-opener in terms of expanding our vision and understanding of the

other facets of the project which we have not really given some thought."
(CDOH managing director)

One lesson from the ECF is that companies' interests have to be well aligned with their responsibilities for monitoring. The ECF only requests information on direct commercial impacts from its partners drawing on available business information, such as sales, customer numbers etc. This is regularly reviewed by the Country Managers through interviews with key stakeholders. Collecting information on beneficiary and wider system impacts is entirely the responsibility of the ECF's management team. ECF staff conducts six-monthly field visits to collect data. This includes surveys with beneficiaries (employees, customers, suppliers) and key stakeholders in the business environment such as private sector companies, competitors and government agencies.

The ECF demonstrates that a good monitoring system can be beneficial for both the private partners and donors. In the ECF's 2012 grantee perception survey, 90% of the companies surveyed found monitoring visits useful, and 70% indicated that the timely and high quality information generated through results monitoring was actually useful in improving their business. Similarly, the ECF saw the benefits of linking monitoring to programme management. It has also been able to report approximate results on the impact of individual projects as well as its whole portfolio, and publishes regular learning pieces and case studies on its website.

Source: Donor Partnerships with Business for Private Sector Development: What can we learn from experience? Melina Heinrich, 2013

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18 www.enterprise-development.org/page/download?id=2272
19 www.enterprise-development.org/page/download?id=2147
20 Also see www.enterprise-development.org/page/download?id=2328

6.4 Financial Services

Programmes working in financial services try to develop the financial sector in a country so that it can effectively address the needs of lower income, underserved or excluded groups, such as rural clients or small enterprises. Increasingly programmes are adopting a market-oriented approach, supporting local actors to adopt a more financial inclusive system. This has the potential to sustainably improve financial access for the poor.

Photo: erikdegraaf / 123RF Stock Photo

Traditionally, most programmes working in financial inclusion have only monitored whether they have increased the target group's access to financial services. However many programmes also see the need to go a step further and measure if and how the target group will benefit from increased access.

A few programmes have started to integrate different elements of the DCED Standard in their work, in order to understand different actors and incentives, map out the impact of their work, and manage their programmes to maximise impact. Some key lessons arising from these programmes are:

■ **The ultimate objective of each intervention might not be income generation.** The DCED Standard recognizes that, in some situations, income impacts cannot be credibly estimated or attributed, in which case it is not required. Consequently, financial inclusion programmes should focus on articulating the changes expected as a result of their work, recognising that this will not always be increased income. For instance, a programme might work with a bank to introduce more savings products for rural clients. These savings products might help rural clients to better manage risks, since if the harvest fails the client can cash in savings instead of borrowing at high interest or resorting to other risky ventures. However, the savings product does not directly lead to increased income. In this situation, the programme should

monitor this reduction in risk, rather than increases in income.

■ **All change is not always attributable even if it happens after introducing a new product or service.** Since programmes often introduce new products and services, they often conclude that all change that happens subsequently is attributable to their activities. For example, consider a programme that supports an existing Savings and Credit Co-operative to develop their management and business skills, so that they can offer better products and services to their clients, improve customer care and generate higher dividends. It cannot be claimed that the programme causes all subsequent increase in dividends. Rather the programme should first try and assess the counterfactual question of what dividends would have been without the programme intervention. For example, programme staff could look at past trends in dividend earning, and use this to assess what caused the rise in dividends this year, taking account of different potential causes.

■ **Design a customized results measurement guideline.** Programmes working in financial inclusion should design a results measurement manual that draws on specific examples from their work to show what changes are likely to occur, how to measure them, appropriate attribution strategies, appropriate common indicators, etc. This will be more effective than

using generic guidelines. While programmes should use secondary research to design good proxies, check on what works and what doesn't work in measuring results of financial inclusion; they should eventually try to develop their own system based on their own situation.

Case Study: Financial Sector Deepening – Zambia (FSDZ)

FSDZ is a DFID-funded programme which operates by identifying and working with drivers of change to improve the market system and expand and deepen financial service provision to poor and rural markets. The monitoring and results measurement system for the programme has been designed to meet the DCED Standard for Results Measurement.

The programme started in 2013, and quickly developed a manual to guide staff on how to measure results. A detailed training was also organized for programme staff in November 2013 on how to apply the manual in their work.

One early decision was not to quantify the benefits that are caused as a result of their work. Instead, FSDZ will report on **'Number of poor people experiencing an expansion in income opportunities or reduction in vulnerability'**, and assess the benefits through case studies.

A poor person is recorded as showing an 'expansion in income opportunities' if:

■ They have accessed a financial service attributable to the programme AND they match one of more of the following criteria: (i) they have used a savings or credit product for productive uses (e.g. buying new farm inputs or capital equipment); (ii) access to the financial service has allowed them to lower household or enterprise costs (e.g. using e-payment services to lower the cost of cash management, or allowing access to credit at a lower cost than would otherwise be possible); (iii) access to finance has allowed a smallholder farmer to avoid pre-

selling production at a lower price, or to store production in order to sell at a higher price at a later date.

■ OR, the person has been employed by a firm and their employment is attributable to expansion by, or start-up of, the firm which was in turn made possible as a direct result of the firm accessing a financial service attributable to the programme.

A poor person is recorded as showing a 'decrease in vulnerability' if:

■ They have accessed a financial service attributable to the programme AND they match one of more of the following criteria: (i) access to a saving, credit, or payment service has allowed them to smooth consumption in response to a negative shock or variable earnings; (ii) access to insurance means they now have insurance coverage for one or more negative shocks (e.g. poor rain, fire damage to stock, or a family funeral).

■ OR, the person has been employed by a firm and their employment is attributable to expansion by, or start-up of, the firm which was in turn made possible as a direct result of the firm accessing a financial service attributable to the programme AND employment with the firm offers a more secure form of livelihood than was previously the case (e.g. reduced variability in daily earning over the year).

6.5 Conflict affected environments

In complex, rapidly changing environments it is particularly important for programmes to monitor, learn from and adapt their approach. The emphasis of the DCED Standard on using monitoring data to improve implementation is thus particularly valuable in conflict affected environments, supporting the management of complex programmes and reducing the risk of causing harm through inappropriate interventions. Nevertheless,

the challenges of security, data availability, and staffing have limited the application of the DCED Standard in conflict affected environments to date.

The DCED has produced guidance on how to structure a Standard-compliant results measurement system in a conflict affected environment. For practitioners wishing to use private sector development programmes as a means to build peace and promote stability, these guidelines outline an approach for reflecting this aim within your results measurement system. They are supplemented by two case studies, the Employment Promotion Programme in Sierra Leone, and the Sustainable Employment and Economic Development programme in Somalia.[21]

The guidelines propose three key principles that underlie the application of the DCED Standard in conflict affected areas: simplicity, flexibility and sensitivity.

■ **Simplicity.** Personnel in conflict affected environments are often overworked and under-resourced, with little training in results measurement. High staff turnover may reduce familiarity with the project and context. An overly complex results measurement system will not be successfully implemented, wasting project resources and reducing the willingness of staff to use it. The guidelines highlight techniques for simplifying the results measurement system that enable it to be implemented even in challenging contexts.

■ **Flexibility.** Conflict affected environments are unpredictable, complicated, and fast-changing. An inflexible results measurement system may monitor irrelevant indicators, fail to capture the positive impact of the project, and put staff and project clients at risk by ignoring negative consequences. Consequently, the results measurement system should be flexible. Be

Photo: Erber

aware that a results chain can never capture the full complexity of the situation, and may become rapidly outdated if not regularly reviewed. Be alert for positive and negative changes not captured by the chosen indicators, and be prepared to modify the monitoring system accordingly. The guidelines suggest ways to manage this complexity while implementing the DCED Standard.

■ **Sensitivity.** Inappropriate interventions in conflict affected environments can endanger staff, partners and project clients while worsening the conflict. Private sector development projects must be particularly aware of potential negative impacts because conflicts are frequently driven by economic factors, which interventions can reinforce or reduce. For example, increasing competition among firms can exacerbate conflict if one side perceives that their businesses are being displaced. Accordingly, all projects should aim to 'Do No Harm'. This means that they must understand the context in which they operate, understand the interaction between their activities and the context, and act to avoid negative impacts.[22] The results measurement system should thus monitor potential negative effects of the project on the conflict. The guidelines highlight ways to integrate conflict sensitivity into the results measurement system.

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21 Full guidelines: www.enterprise-development.org/page/download?id=2098
Case study of SEED in Somalia: www.enterprise-development.org/page/download?id=2217
Case study of EPP in Sierra Leone: www.enterprise-development.org/page/download?id=2218
22 Conflict Sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding Resource Pack, 2004, 3.

Case Study: Sustainable Employment and Economic Development (SEED) programme in Somalia

The Sustainable Employment and Economic Development (SEED) programme, funded by the UK Department for International Development, aims to improve stability in Somalia through economic growth and sustainable employment. SEED does not use the DCED Standard, but lessons from its conflict-sensitive approach to results measurement can inform other programmes working in conflict affected areas.

The case study found that **a conflict-sensitive results measurement system is a crucial tool**. Examples given in the case study, from enterprise training to fish market development, show how the risk of conflict should always be considered in implementation and results measurement. Public private partnerships are particularly risky, as they can be misunderstood by local communities, present an opportunity for control over resources, and can lead to increased prices or job losses. SEED mitigates these risks by performing a conflict analysis and educating staff and external stakeholders on the aims and objectives of public private partnerships.

SEED uses **fourteen qualitative indicators of conflict** to detect early warning signs of conflict, and react appropriately. Qualitative indicators have been more helpful than quantitative indicators to date. The main quantitative indicator – a 'stability index' – aimed to monitor change at the impact level of the results chain. However, the initial baseline collection did not provide reliable information, and SEED aims to redo the baseline with a greater sample size and improved sampling technique.

Programmes working in conflict affected areas should remember that **trust is crucial for results measurement.** As a generic framework for results measurement, the DCED Standard says more about what to do than how to do it – but in a conflict affected area the latter is at least as important. Results chains, indicators and surveys will not gather reliable information without good relationships with enumerators, partners and local communities. While true in every context, the legacy of conflict makes relationship building more challenging, and SEED paid particular attention to this.

SEED was bursting with innovative ways to **triangulate information**, which improved the reliability of results. From validating beneficiary numbers with fingerprint scanners, to quality-controlling construction with satellite imagery, they used new technology to improve work in exceptionally difficult circumstances. However, triangulation is not just about modern technology; partner reports and field visits are equally important tools, along with direct contact with beneficiaries through mobile phones and face-to-face interviews.

Source: Measuring Results of PSD in CAEs - Case study of the SEED Programme in Somalia, Adam Kessler, 2013

7. Practical Steps for Involvement

7.1 Getting started

While every programme follows its own route toward compliance with the DCED Standard, there are a few common steps in the process:

1. **Initial interest/awareness:** As a first step, it is essential for programmes to get an initial insight of what the DCED Standard is all about and why it would be relevant in their work. Some practitioners find it helpful to read through the materials available through the website, others learn from peer programmes, and others attend seminars to familiarise themselves with the DCED Standard. Please refer to the website or get in touch with the DCED at Results@Enterprise-Development.org for information on upcoming seminars or training.

2. **Full understanding of what is required:** It is important that practitioners fully understand the different elements of the Standard, the reason for each control point, and how to meet the compliance criteria. The DCED offers a range of guidance and examples on how to ensure compliance with the Standard (discussed in the next section). There are also several training events held around the year to support programmes in their results measurement initiative.

3. **Implementation:** Some programmes move towards implementing using the support offered through the DCED website, and others get direct support from consultants who have practical experience in using the Standard. Programmes with an existing results measurement system need to conduct an initial gap analysis, to show how close their current system is to the requirements of the DCED Standard. Depending on the resources available, some programmes have also found it useful to initially 'test' the

DCED Standard for Results Measurement Seminar 2012

Standard in a few sectors before applying it across all portfolios.

4. **Pre-Audit Review:** Before going for a full audit, it is recommended that programmes commission a pre-audit review audit by a consultant with experience in the DCED Standard, in order to check whether they have the required system in place, and if not to identify the missing steps. All programmes which have so far undertaken a pre-audit review have found it particularly helpful, as it helps them prepare for the full audit and to get external recommendations on essential steps they need to take to improve their results measurement system.

5. **Full Audit:** A full audit involves an external, objective assessment of the monitoring system in use in the programme - or for new programmes an assessment of the system in place (but not yet in use). This is conducted by DCED-approved auditors with experience in the Standard. Once a programme successfully passes an audit, it is valid for two years, after which the programme must be successfully audited again to maintain the status. To read more about audits, including reports from programmes which have been audited and agreed to make them public, see the DCED website.

7.2 Support offered by the DCED

The DCED offers a range of support and resources to programmes that would be interested in applying the DCED Standard, particularly through the website.[23] This includes:

- **Implementation Guidelines.** The DCED has developed an implementation guideline for each of the elements of the Standard. They discuss each control point and compliance criteria in more depth, and explain what is necessary to meet the DCED Standard. Each guideline suggests additional resources that can provide further information on the topics covered. These implementation guidelines can be found on the main DCED website.

- **Guidelines for thematic areas.** As discussed above, the DCED has developed guidelines for implementing the DCED Standard in business environment reform programmes, challenge funds, and conflict affected environments.

- **Other resources.** The DCED website is a rich source of information on results measurement more generally. It includes a page on agency results measurement methodologies[24], as well as links to other guidelines and case studies of relevance to the DCED Standard.[25]

- **Case Studies.**[26] The case studies give practical examples of how different programmes are working towards the DCED Standard. These contain examples of results chains, measurement plans and different methods used by programmes to measure attribution and systemic change amongst other useful topics. Some focus on specific topics such as measuring changes in indicators, business environment

reform, or conflict affected environments. Others are more general, and give an overall picture of the programme's progress towards the DCED Standard.

- **DCED Standard Consultants Marketplace.**[27] The consultants marketplace on the website lists consultants who have received training in the DCED Standard, and have some hands-on experience in its implementation. The marketplace is created to help programmes seeking a consultant to assist them with their results measurement process. Programmes are however advised to make the usual enquiries about the suitability of any candidate; the DCED is not endorsing or certifying them by listing them on its website.

- **Training Courses.**[28] The DCED has previously organized training courses in the Standard, both introductory and advanced. With the increased popularity of the DCED Standard, private providers are beginning to offer introductory courses, and these are listed on the training courses page of the website. The DCED will continue to offer advanced courses and workshops, especially for aspiring auditors, and these will be announced on the website when they are available.

- **Email newsletter.** Keep in touch by signing up for the newsletter from the front page of the website. Once a valid email address is entered, the visitor has the chance to choose the preferred theme(s), and can select "Measuring Results". Periodic newsletters and newsflashes are sent to those who subscribe themselves in this way. Alternatively, anyone can email the DCED directly at Results@Enterprise-Development.org.

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23 www.enterprise-development.org/page/measuring-and-reporting-results
24 www.enterprise-development.org/page/rm
25 www.enterprise-development.org/page/implementing-standard
26 www.enterprise-development.org/page/measuring-and-reporting-results
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28 www.enterprise-development.org/page/training-courses