



The Donor Committee for Enterprise Development

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

2nd July 2010

Introduction

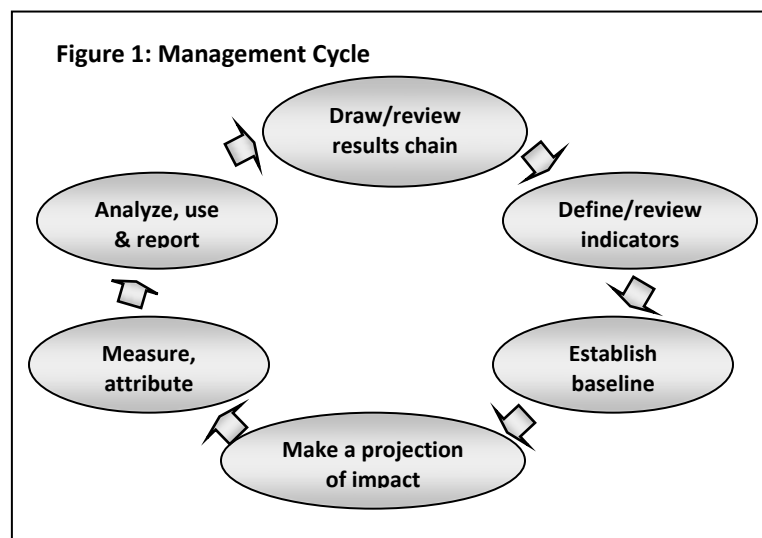
The Donor Committee for Enterprise Development (DCED) has published a Standard for Measuring Achievements in Private Sector Development (PSD)¹. That Standard, now in Version V, has attracted much attention in recent months; however, the document itself is short. This document therefore gives a little background to each element within the Standard, to explain broadly why it is the way it is.

The background to the concept is provided in the first two pages of the Standard document (and in various supporting documents), so will not be repeated again here. Briefly, the Standard comprises all of the minimum elements required in any results measurement process, in order for the findings to be credible to external observers and the development community in general. It therefore provides a tool and a framework for programme managers to build a results measurement system – without needing to 'reinvent the wheel'.

This system also serves as a robust approach for articulating the logic of the programme, and for validating the assumptions on which it is based. The association with the DCED provides the incentive for programmes and agencies to work towards compliance; the rewards, in terms of clarity and effectiveness, are also substantial. The Standard has been developed by field programmes collaborating together, so the focus has been on practicality from the start.

Figure 1 summarises the management cycle implied by the Standard. It starts with the drawing of a results chain or logic model, showing how the activities lead to the desired outcomes and impacts. Indicators are defined, based on this logic. A baseline is established, and a projection made of anticipated impacts.

Measurements are made, based on the logic – serving also to validate



¹ www.enterprise-development.org/page/measuring-and-reporting-results

the assumptions on which the design of the programme is based. Attribution and market-wide changes are then considered; the results are related to the programme costs, and communicated clearly. Finally, the Standard provides for a system for results measurement, to ensure that it is not a one-off exercise, but rather a useful management process.

This document walks the reader through various steps outlined in the DCED Standard, and explains how each step contributes towards a practical and effective results measurement process. It is written primarily for programmes, but could be applied by agencies or countries. The Universal Impact Indicators are discussed in Section 2, below.

1. Articulating the Results Chain

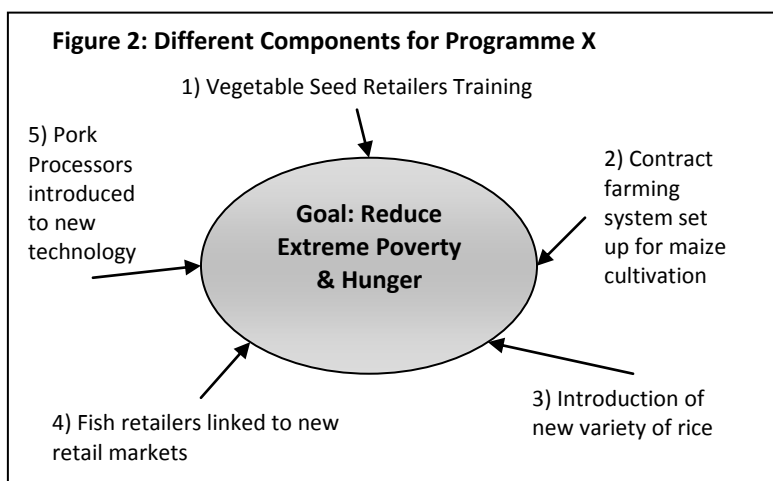
The Standard is based on the results chain: a simple yet powerful tool to make explicit each step in the logic of a programme, from activities to outputs to outcomes to impacts². This enables staff to:

- ‘think through’ the intervention process, clarifying assumptions and agreeing on logic together – so that each person knows what their contribution is to the achievement of the final objectives
- monitor progress in achieving that logic: are the anticipated changes actually happening, or not?

For instance consider a hypothetical Programme X which works in various agricultural sectors to fulfil the first Millennium Development Goal of Eradicating Extreme Poverty and Hunger. X administers five different interventions to reach this goal as illustrated in Figure 2.

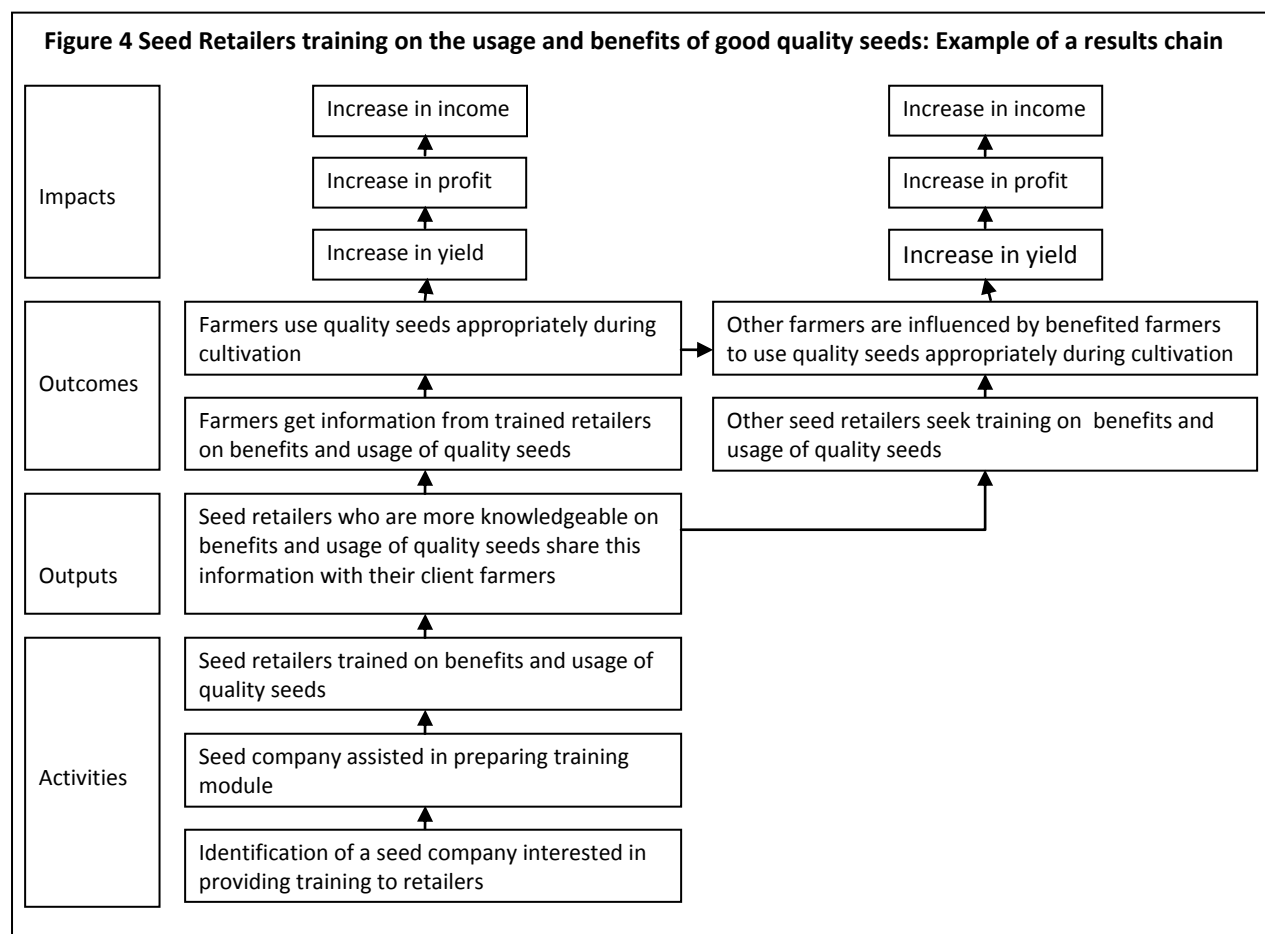
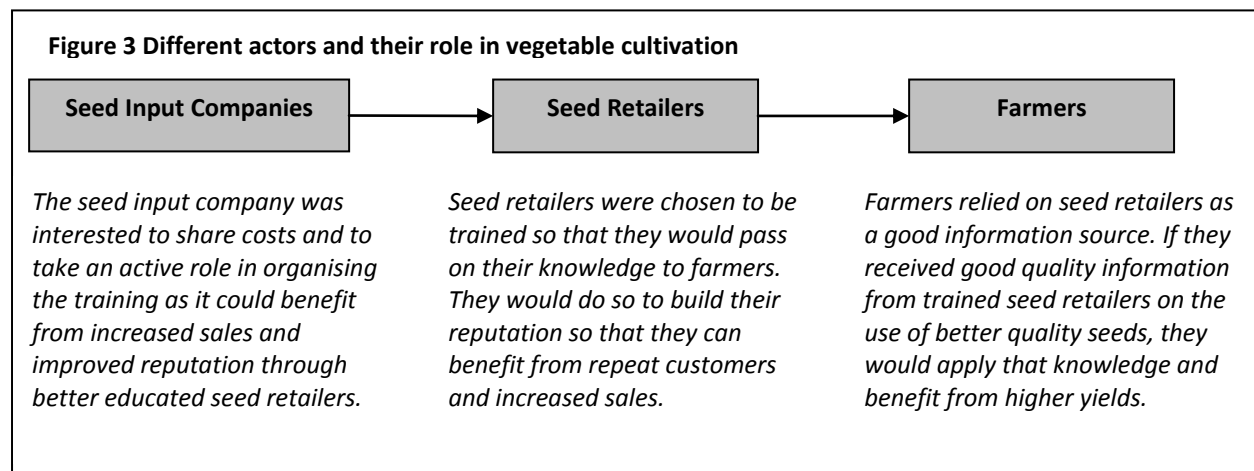
Focusing on intervention 1), the rationale was as follows: Programme X identified that the vegetables farmers had very low productivity

because they lacked knowledge, about which seeds to use, when/how to sow, etc. Programme X therefore designed an intervention to partner with a seed company, to train seed retailers on benefits and usage of good quality seeds. Figure 3 shows a simplified illustration of the roles different actors play in the intervention planned by Programme X. It was envisaged by Programme X that by involving a seed input company which had a commercial incentive to train seed retailers, sustainability and scale could be achieved.



² 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’ or ‘impact logic’.

Figure 4 shows the results chain for this intervention, in the sort of format required in the DCED Standard. It illustrates 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).



Please note that this is similar to a logical framework, or log-frame, but allows for more detail and nuance; logframes can work for supervision, but do not have all of the details that managers need. For example, the sequencing is very important; after their training, the retailers are expected to pass on the information on benefits and usage of 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 – so that it is possible to check whether it is happening, or not.

This results chain is a management tool, enabling programme staff to regularly assess their interventions, and to take corrective measures when required. For example, if it is seen that vegetable farmers are not using better seeds after receiving the information from retailers (as had been expected), programme staff can quickly find out why not. That process might reveal some other factor, not previously included in the logic (for example, a recent increase in the price of seeds), which should now be included and considered.

Articulating the results chain is challenging, the first time it is done. 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, the first time. Doing it as a team can be a very valuable process, to get everyone on the same page (quite literally). Eventually, writing out the results chain becomes rather easy and quick, but the first few times may be easier if an external, experienced facilitator is involved.

One important skill is in selecting the key steps in the logic; often, there are many anticipated changes, but only a few are really central to the achievement of the desired impacts. Recognising those key steps is often needed, since most programmes cannot afford to validate every possible step in their results chains.

The whole DCED system builds on this results chain – and the measurement process is therefore tailored to the individual programme. The results chain should however be updated on a regular basis, both in light of new lessons learned, and in light of changing market circumstances.

2. Defining the Indicators of Change

Some discussions start with defining indicators of change (almost as a wish list), but the DCED Standard starts with the logic, and derives the indicators from that logic. In other words, once you have clarified what you expect to happen, you can then be clear about what you expect to change – and what you would measure, at each step, to see how it had changed.

The only exception to this is at the impact level, since most programmes of private sector development (PSD) are broadly aiming at similar impacts: scale, income and jobs. Also, a major advantage of working towards common indicators is

Box 1 What are the Universal Impact Indicators?

The Standard recommends programmes to report on achievements relative to 3 'universal impact indicators:

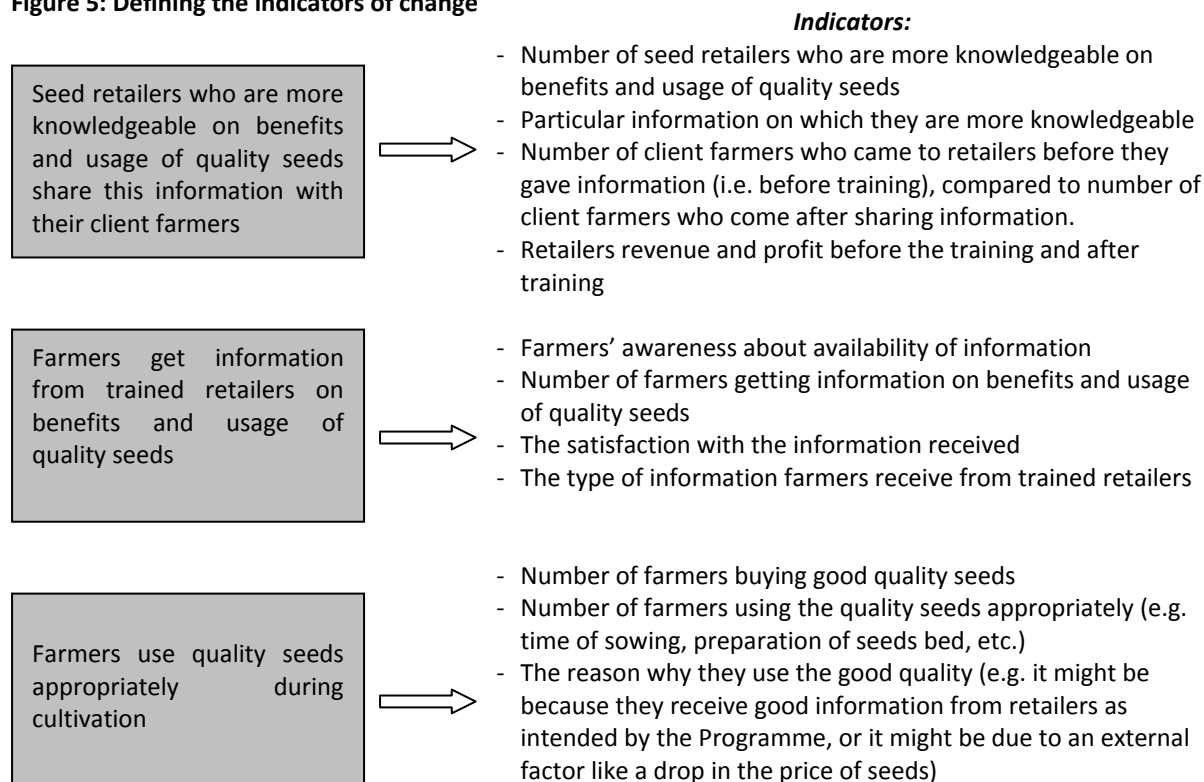
- Number of target enterprises benefited
- Net additional income generated
- Net additional jobs created

that programmes, countries and agencies can add together their achievements (taking care to avoid double-counting). As pressures grow for accountability, this aspect will become more important – particularly in a world where programme portfolios and logics can be diverse.

Please note, though, that these impact indicators may need to be customised by individual agencies, to meet their own needs and priorities. Also, these Universal Impact Indicators focus on enterprise-level impacts, since household-level impacts (including poverty reduction) are more difficult to attribute or isolate; programmes generally do not have the expertise to do this. Donors may, however, support measurement to that level, as a separate (and often costly) exercise.

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 5 shows three particular intermediate changes mentioned in the example above, and the types of indicators that could be set for them.

Figure 5: Defining the indicators of change



The Implementation Guidelines on the DCED website provide a more comprehensive list of suggestions of general indicators for broad application.

3. Measuring Changes in Indicators

Once the indicators are identified, programmes must develop a system for measuring changes in those indicators. The first step in this would normally be research to establish the baseline, or starting point, for the key indicators before programme implementation starts.

All research should conform to established good practice; the DCED Implementation Guidelines provide a general overview of tools that can be used – including for example in-depth interviews, focus group discussions, stakeholder meetings, quasi experimental studies, time-series studies, etc. Designing appropriate research may need some expert input, in order to comply with good practice. This expertise is normally available in-country, and the DCED is also planning to publish a guide to good, basic research practice (how to design a questionnaire, how to form a sample, etc.)

Box 2: 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 implementation. 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.

Figure 6 gives an example of a hypothetical in-depth impact assessment of a farmer benefiting from the information that he receives from trained retailers (refer to Figure 4) that can be used for decision-making.

Figure 6: Example of an in-depth interview

Ms. Y is a vegetable farmer who was growing gourds, using her own retained seeds from previous year of cultivation when she noticed that her neighbour had considerably higher yields. She found out from her neighbour that he had recently tried a new variety of packaged seeds recommended by a seed retailer who was very well informed. Ms. Y therefore went to the seed retailer who told her more about the benefits of using quality seeds appropriately (variety of seed to use, how to plant it, when to plant it, etc.). However Ms Y says even though her yields rose considerably, it still was 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 recommended by the seed retailer, because she couldn't afford the fertiliser.

The table shows Ms. Y's profit before and after going to the trained retailer.

	2008 (before)	2009 (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

Upon getting similar results from impact assessments done with other farmers and seeing that yield has not risen to the

benchmark set of 6,000 pieces/acre, the programme staff can use the information to consider how fertiliser might be made available at lower cost.

It is strongly recommended that programmes ‘triangulate’ the information they generate; in other words, the use of different methods and sources to validate and confirm the findings will give a more robust picture of the actual changes on the ground – rather than relying on one method or source of data. For example, programmes might measure enterprise-level changes, and aggregate them – comparing the result with measured changes at the market level.

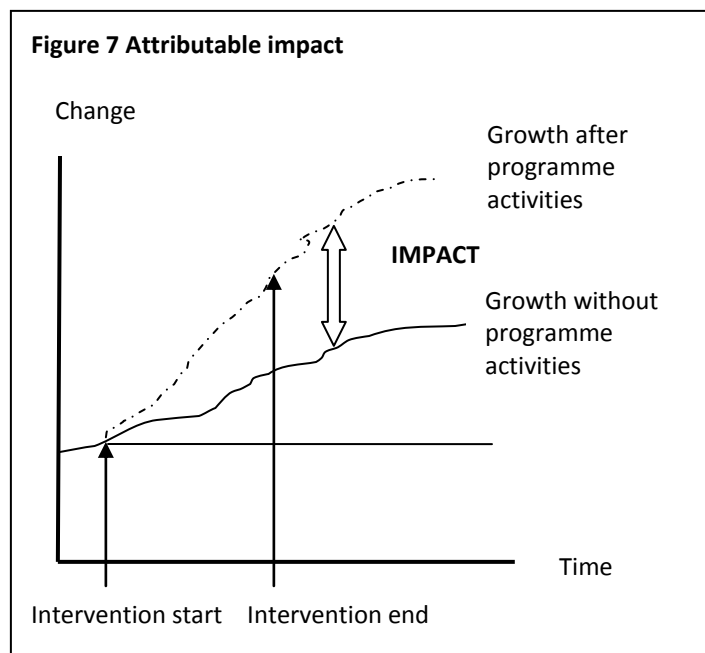
4. Estimating Attributable Changes

The previous steps have generated information about what is changing during the life of the programme, in the areas of most interest to the programme. It does not necessarily say much about the extent to which those measured changes were caused by the programme. Perhaps they would have happened anyway? Or because of the work of a different programme? Perhaps the result would have been even better, without the programme? Figure 7, below, illustrates the challenge.

The 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 clear changes that are obviously attributable to the technology. On the other hand, attributing behaviour changes to training courses can at times be challenging, and require more sophisticated techniques. The DCED Implementation Guidelines include a Table listing the applications, advantages and disadvantages of various techniques.

For example, and drawing again on the example, the intervention was designed to enable vegetable farmers to get good information on the application of good quality seeds from retailers, and to apply that knowledge. As a result, their yields are expected to improve, and their profits to increase. If profits increase, but yields stay the same, the impacts probably cannot be attributed to the programme’s activities. The increase in profit can be due to other reasons, for example such as increased market price of vegetables, or reduced cost for inputs.



Note that the Standard requires a mention of other publicly-funded initiatives that contributed to the results being reported. This is already a step forward for some programmes, but does not require estimating the relative contribution of each programme (i.e. isolating the impact of one programme) unless that is feasible.

5. Capturing Wider Changes in the System or Market

Many programmes work to change entire systems or markets; impacts are therefore not limited to direct programme recipients or partners. Instead, programmes aim to play a catalytic role, triggering much wider change through a demonstration effect. 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 Standard, however, calls on programmes to make efforts to capture these wider changes – often through ‘detective work’ - so that they do not ‘under-report’ their achievements. While attribution (as above) clearly needs to be addressed at this level too, there are various ways in which market-wide changes may be achieved, including for example:

- **Crowding-in and copying:** Other service providers and entrepreneurs see the benefits for direct ‘beneficiaries’, and copy their business practices (for example, as shown in Figure 2, other retailers and vegetable farmers recommending and using good quality seeds, after seeing the benefits enjoyed by trained retailers and their client farmers).
- **Sector growth:** As a result of programme activities, the whole sector grows; existing enterprises invest more, while new enterprises start (for example, the area under vegetable cultivation expands).
- **Backward and forward linkages:** Direct impacts trigger changes at other points in the market (for example, increased vegetable productivity stimulates the vegetable-transporting industry).
- **Other indirect impacts:** Direct impacts lead to indirect impacts in completely different sectors (for example, vegetable farmers spend their increased income on consumer durables).

Note that the Standard does not currently require programmes to measure displacement – how much some people may be doing worse, as a result of programme activities. For example, if some farmers earn more by selling into a limited market, other farmers may only be able to sell less, and therefore lose. While this is a real issue in some cases, it has proved too complex a measurement challenge for most programmes to try to capture at this stage. It is therefore only ‘recommended’, for the time being.

6. Tracking Programme Costs

The Standard calls for a statement of the programme’s annual and cumulative costs, so that the achievements of the programme can be put into perspective. Clearly, 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.

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 fit. 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. It may, however, use aggregated, anonymous data.

8. Managing the System for Results Measurement

The results measurement system should serve programme management, and be integrated into day-to-day decision-making. The Standard therefore calls for programmes to develop a system for measuring key indicators at selected intervals. This serves as the framework to guide programme staff, so the Standard requires each programme to have a monitoring system that shows for each results chain:

- What information will be gathered for each key indicator
- How the information will be gathered
- How each key indicator will be calculated or described
- The timing for when each indicator will be measured or assessed

Box 3 lists the elements that would normally be in the monitoring plan. The 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.

Please note that the greatest investment is often not in extra or specialist staff, but in management time to clarify and define the logic of the programme. This is not so much a results measurement task, as an effectiveness task, that can also serve for team-building.

Box 3 Elements in a monitoring plan

Change	Defines 'what' we want (or expect) to see changing
Indicator	Defines what will be measured, to detect the change
How	Defines the tools that can be used to measure change
Whom	Defines responsibilities
When	Defines timelines to assess change
Document overview	Defines what is there in terms of reports, studies etc.

Conclusion

This document provides only a preliminary walk-through of the DCED Standard; there is also a Frequently-Asked Questions document, and a more comprehensive Implementation Guidelines. All of them, and more background literature, can be downloaded from www.enterprise-development.org/page/measuring-and-reporting-results. The Standard also includes a list of Definitions of terms used, as an Annex.

None of the elements of the Standard, outlined above, are totally new; all of them are necessary, if an external and sceptical audience is to be reached and convinced. Most programmes already work on many of them, but may find gaps. One may be the 'paper trail' –

documenting the work on each element; again, many programmes already have documentation in one form or another for most elements, but filling the gaps may require a little effort. Doing so allows an external reviewer to validate the whole system – making its findings credible to external audiences.

The DCED and its network of experts and field programmes can help you to work towards compliance with the Standard – giving you greater clarity and effectiveness in your work. Please contact Results@Enterprise-Development.org with any queries; in particular, if your agency already has a methodology for measuring or managing for results, the DCED welcomes the opportunity to explore how the two may converge.