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Proving and Improving the Impact of Development Partnerships

12 Good Practices *for Results Measurement*

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BMZ Federal Ministry for Economic Cooperation and Development

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Dear Readers

At the Fourth High-Level Forum on Aid Effectiveness (HLF-4) in Busan, Republic of Korea, a group of representatives from the public and the private sectors endorsed the Joint Statement "Expanding and Enhancing Public Private Partnership for Broad-based, Inclusive and Sustainable Growth". This statement recognises the private sector as a key driver of inclusive and sustainable development. It is being implemented by a new platform for cooperation between governments and private-sector entities: the Partnerships for Prosperity (P4P). Targeting the exchange of knowledge and best practices, P4P helps kick-start joint global initiatives and partner country-level initiatives. In addition, P4P showcases innovative partnerships as a means to greater development effectiveness in the cooperation between the public and private sectors.

Within the P4P platform, we at the German Federal Ministry for Economic Cooperation and Development (BMZ), together with the International Finance Corporation (IFC) and the World Business Council for Sustainable Development (WBCSD) established a working group for monitoring and evaluation. The working group aims to improve results measurement in partnerships by contributing to the discussion on what to measure and how to measure. The working group also seeks to establish a common results measurement language among the private and public sectors.

This study represents our first step in this direction. Instead of merely pointing to the enormous challenges faced by the public and the private sectors in measuring the results of partnerships, we focus on how actors in existing partnerships have met specific challenges. The good practice examples we present in this study show that there are pragmatic solutions for overcoming the most common problems in results measurement. We hope the study will advance the discussion on how to prove and improve partnerships for inclusive and sustainable growth and thereby contribute to more effective public-private collaboration.

Susanne Dorasil

Head of the Division Economic Policy
Financial Sector at the German Federal Ministry for Economic Cooperation and Development
and Member of the P4P Coordinating Committee

Learning to develop sustainably – faster

In the next 30 years, we as a global community face the daunting challenge of enabling nine billion people to live well without diminishing the Earth's carrying capacity. We need to learn, and we need to learn fast. Public-private development partnerships are one promising means of generating and implementing new solutions for sustainable development. By bringing their capacities together, public and private partners reach individual and joint objectives more effectively and efficiently. After all, sustainable development is a business as well as a political and social opportunity.

Effective results measurement in partnerships provides insights into how these partnerships work. Through measurement, we think harder about what we want to achieve and we identify difficulties and failures earlier. Through measurement, we understand the effects of our choices, allowing us to adapt and experiment. Finally, through measurement, we can provide evidence of the factors driving success and share insights enabling us all to learn. Measurement is essentially about improving performance, faster than would otherwise be possible.

We encourage donors, governments, companies and civil society organisations (CSOs) alike to embrace a pragmatic and productive approach to measurement. We have all the tools. We just need to use them.

Christina Tewes-Gradl,
Marieke de Ruyter de Wildt,
Claudia Knobloch,
Johanna Huppert

Endeva, Berlin

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Executive summary

Results measurement is vital to improving the performance of partnerships. This publication therefore identifies 12 good practices for increasing the value of measurement and reducing its costs to public- and private-sector partners.

A public-private development partnership can be defined as a contractual arrangement between actors from the public and private sectors who enter into a joint project to achieve development and commercial objectives, sharing costs and risks. Public actors can be donor governments and/or developing country governments. Companies can include large or small companies from either the developed or the developing world. Partnerships can also include other partners such as business associations, chambers of commerce, civil society organisations, or universities and other research institutions.

The number of development partnerships has grown significantly over the last decade. The partnership approach has been fuelled by global trends, including economic globalisation, the increased attention paid by companies to low-income markets in developing countries, increased scrutiny of companies' business practices, stagnating official development assistance (ODA), and increasingly collaborative forms of governance. Consequently, we can expect even greater use of partnerships in the future.

Improving performance

Public and private partners have a shared interest in proving and improving the results of development partnerships. Donors need to be accountable towards taxpayers and show that their contribution has made a difference ("additionality"). Companies maintain their operating licenses and cultivate good relations with governments and society by showing that their activities benefit communities and society. All parties want to learn how to make their involvement more effective.

Measurement is therefore an integral part of partnership management, not an add-on. In order to monitor and evaluate partnerships effectively, partners would be well advised to build measurement into their projects from the beginning, designing measurement systems strategically so as to provide information that tests key hypotheses and identifies areas for improvement. This approach will ensure that investments in measurement pay off. It brings the costs of measuring indicators down by focusing on the necessary rather than on the nice-to-have. It increases benefits by enhancing performance on a continuous basis.

12 good practices

Challenges have often hindered the productive use of results measurement. Based on a literature review, an expert workshop, 36 expert interviews and 13 new case studies, this study identifies 12 good practices that help partners meet the most commonly encountered challenges. Table 1 provides an overview of the challenges and 12 good practices.

Partnerships that apply these good practices will benefit throughout their lifecycle from having relevant, up-to-date data to guide strategic decisions. Partners will also find it easier to report on results and to limit administrative outlay related to the partnership.

Table 1: **Challenges to measuring within partnerships, with corresponding good practices**

↓ CHALLENGES	GOOD PRACTICES ↓
ACTORS: WHO MEASURES	
Partners have different perspectives	Develop a common understanding by drafting the results chain together
Partners end up with the lowest common denominator	Manage diverging objectives
Project managers lack results-measurement skills	Share responsibilities and involve measurement experts
Partners start from scratch with each project	Share insights across projects
INDICATORS: WHAT TO MEASURE	
Costs can be significant	Select a few manageable indicators
Measuring ultimate outcomes is complex	Recognise the importance of intermediate outcomes
Overwhelming number of available indicators	Use standard reporting indicators
Unclear how to measure partnership itself	Reflect on partnership as an instrument
PROCESS: HOW TO MEASURE	
Confusing array of tools and methods	Draw on established practices
Measurement perceived as a burden	Embed measurement from the start
Baseline often forgotten	Use a baseline to design project
Projects change over time	Stay flexible

Opportunities for fostering good practices in results measurement

Governments from developed and developing countries, the private sector, as well as other partnership stakeholders (CSOs, universities, research centres, business associations, service providers) can each contribute to generating more and better measurement. The challenges identified in this report point to a number of opportunities for stakeholders to invest in improving the support landscape:

- **Centres of excellence** can support partnership projects in implementing results measurement. They can provide partners with an authority to which to turn for advice and help when setting up their results-measurement systems. The centres could also be given a mandate to advance standardisation and joint learning, for instance by promoting a common approach and standard indicators, collecting and analysing results, and sharing insights.

- **Training** can build the capacities of partnership managers in measuring results. Peer-learning forums offer partnership managers the opportunity to present their results measurement systems and receive feedback from others.

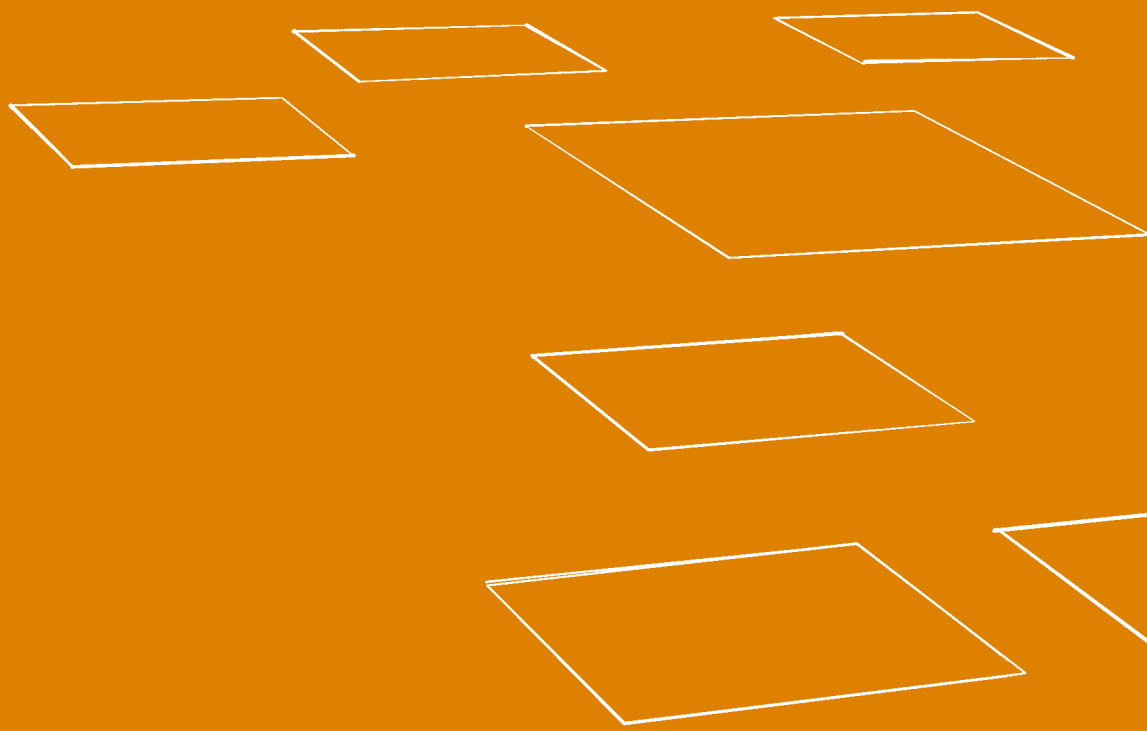
- **Basic research** can establish the links between intermediate and ultimate outcomes, and thus reduce the burden of measurement on the individual partners. For example, companies and public actors work together to fortify staple foodstuffs with micronutrients, because it has been established scientifically that fortification can alleviate malnutrition. Yet, many questions regarding how to achieve development objectives remain unanswered. More research, and closer feedback loops between research and practice, can help to close these gaps.

- A **shared database** could collect evidence from partnership projects. It would also facilitate benchmarking efforts and help project managers make informed decisions about what to measure. Stakeholders should align their work in these areas so as to avoid a further proliferation of approaches, and work together towards creation of a broadly accepted framework able to support the systematic aggregation and comparison of data.

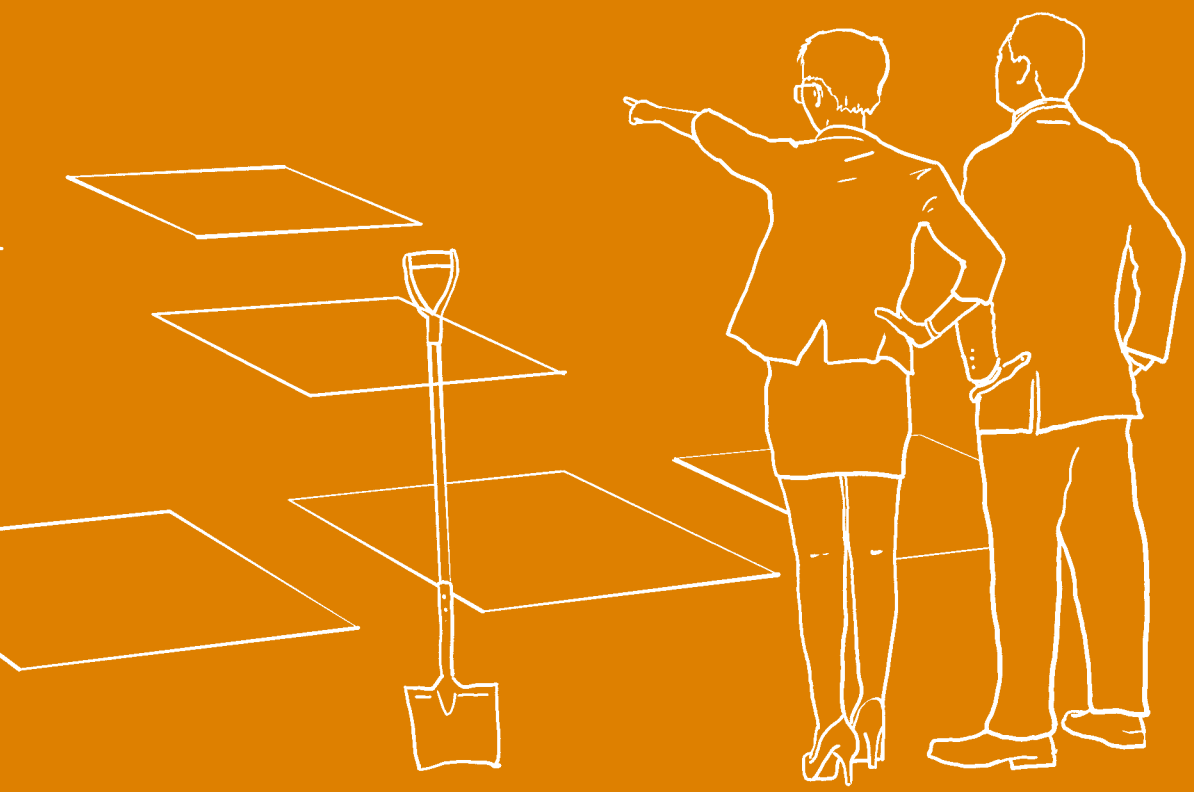
To improve partnership performance, better measurement is the way forward.

Chapter 1

Introduction: Improving partnership performance



Partnerships are an attractive instrument for reaching development goals. Measurement enables partners to improve results. However, a number of challenges keep partners from systematically pursuing measurement. This report identifies 12 good practices that can help partners overcome the most pressing challenges.



Defining public-private development partnerships

A public-private development partnership can be defined as a contractual arrangement between actors from the public and private sectors who enter into a joint project to achieve development and commercial objectives, sharing costs and risks.[1]

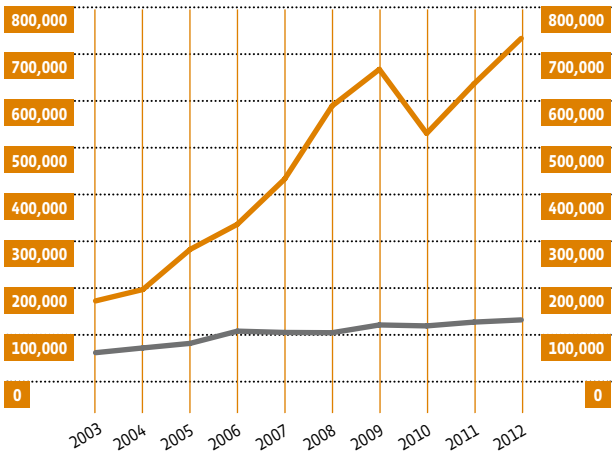
Governments from developed and developing countries alike enter partnerships with both domestic and foreign companies. Partnerships can include two or more partners. While this study focuses on partnerships between donors and companies, multi-stakeholder partnerships can also involve governments of developing countries, business associations and chambers of commerce, and civil society organisations.

The number of development partnerships has grown significantly over the last decade. Most donors have established special programmes to involve the private sector. These programmes specify the objectives of the private-sector collaboration, describe specific modalities and formats for achieving them, and provide funding. Challenge funds, for example, are a programme type often used to attract innovative proposals for projects, provide grant funding and deliver technical advice to companies.[2] The Donor Committee for Enterprise Development (DCED) provides an overview of almost all public-private partnership programmes currently offered by public donors. It lists 39 donor programmes and activities.[3]

A global trend

Development partnerships are clearly a continuing trend fuelled by major global developments: Donors have seen public official development assistance (ODA) budgets all but stagnate, while private foreign direct investment (FDI) into developing countries has soared over the past decade (see Figure 1). While most member countries of the OECD Development Assistance Committee (DAC) remain committed to the goal of providing 0.7% of their national income as ODA, only five countries have achieved this goal to date. FDI, on the other hand, is increasing with economic globalisation: Investment in developing countries drives economic growth, which contributes to poverty alleviation. The private sector has thus become an increasingly important actor with respect to the advancement of development goals, and donors have consequently pursued mutually beneficial collaboration opportunities.

Figure 1: **ODA and FDI in developing countries, 2002–2012 , in million US$ at current prices and exchange rates.**



Sources: ODA: OECD DAC online database; FDI: UNCTAD online database (both accessed October 2013).

1 The definition of public-private development partnership used here is based on that provided by: Melina Heinrich (2013). Donor Partnerships with Business for Private Sector Development: What Can We Learn from Experience? Working Paper, March 2013. London: DCED.

2 Challenge funds invite companies to apply for grants (usually matching grants) to tackle development issues. Calls for proposals can be specific to a sector or issue. Challenge funds thus incentivise innovation.

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

Table 2: **Benefits, costs, and risks associated with development partnerships for companies and donors**

	FOR COMPANIES	FOR DONORS
BENEFITS	• Access to technical support and complementary skills (e.g., community access, capacity-building, awareness-raising) • Access to local networks • Contacts with new partners (e.g. CSOs, community organisations) • Facilitation of dialogue with government • Enhanced reputation and legitimacy • Access to grant funding	• Access to specific know-how and capacities available within the private sector • Sustainable and scalable results, as businesses continue working after end of donor support • Leverage private resources for development objectives • Influence companies' perception of their development role
COSTS AND RISKS	• Reporting and administrative burden, can create delays • High visibility of failure	• Need to prove additionality of contribution • Reputational risks (criticism for working with private sector)

It's not just foreign companies who have invested more and more in developing countries. Local companies have also seen significant aggregate growth, as governance and general business environments in many developing countries have improved, and as globalisation, driven by trade liberalisation and enhanced communication and transportation networks, has opened up new markets. Local and foreign companies have thus increasingly been exposed to development-related issues in their value chains; in many cases, these have included risks associated with poverty such as security challenges related to rising crime rates, difficulties in finding skilled labour or an unreliability of customer payments. At the same time, low-income communities have been regarded as a new potential growth market for both selling and sourcing goods and services, and even the source of a potential "fortune at the base of the global economic pyramid".[4] Within this environment, companies have had to tap or develop new skill sets in order to tackle the development constraints standing in their core business's way, while finding sources of funding and access to local networks able to assist them as they start projects in poor communities. They have thus looked to donors and development actors for support.

At the same time, a more open, collaborative mode of governance has been adopted in many countries, as political issues have become too complex and internationally interconnected for national governments to solve alone. This new attitude has been repeatedly expressed in statements resulting from high-level political events. The UNDP report "Unleashing Entrepreneurship" from 2004 asserts that "the private sector can alleviate poverty by contributing to economic growth, job creation and poor people's incomes. It can also empower poor people by providing a broad range of products and services at lower prices".[5] In 2010, G20 members recognised "the critical role of the private sector to create jobs and wealth".[6] At the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011, governments, multilateral institutions and private-sector representatives agreed that "the private sector is now widely acknowledged as a key partner in development".[7] The private sector has also been invited to contribute to the development of the sustainable development goals that will become active following the end of the Millennium Development Goals campaign in 2015.

Aligning public and private interests

Public-private development partnerships have been established as a way to realise the converging interests of donors and companies, and as a means of combining complementary skills. Indeed, partnerships enable diverse actors to achieve their individual goals more effectively together. But they also entail costs and risks, as differing operating rationales and modes come together in one joint project. The benefits, costs, and risks associated with partnerships for each type of actor are summarised in Table 2. The costs and risks relate in particular to the reporting and administrative requirements of development partnerships. The good practices in this guide can help to address these.

4 C.K. Prahalad and Stuart L. Hart (2002). The Fortune at the Bottom of the Pyramid. Strategy + Business 26, 1st quarter.

5 UNDP (2004). Unleashing Entrepreneurship. New York.

6 G20 (2010). The G20 Seoul Summit Leaders' Declaration November 11-12, 2010.

7 Global Partnership (2011). Expanding and Enhancing Public and Private Co-operation for Broad-based, Inclusive and Sustainable Growth – A Joint Statement for Endorsement by Representatives from the Public and Private sectors at the Fourth High Level Forum on Aid Effectiveness. Paris: OECD.

Reasons for measuring results in partnerships

Public and private partners have a shared interest in proving and improving the results of development partnerships. While they may not have the same priorities for what and how to measure, there is a significant overlap.

Public-sector motivation

Results measurement is critical for the public sector. Donors need to be accountable to taxpayers. They need to show that money spent has actually achieved positive outcomes, and that it has been instrumental in generating these outcomes ("additionality"). The need to demonstrate results is becoming more urgent as critics question the effectiveness of working with the private sector. After more than a decade of development partnerships, hard data on these partnerships' "return on investment" for the public sector in terms of development achievements remains scarce and unsystematic. Accountability in development partnerships is indispensable following the Paris Declaration, the Accra Agenda for Action, and the common principles of the Busan Partnership for Effective Development Cooperation, all of which demand that donor activities show greater transparency, efficiency, effectiveness and coordination.[8]

In addition, donors are interested in improving the effectiveness of partnership as an instrument generally, as well as that of specific partnership approaches. What really works and what does not? What conditions need to be in place to make partnership projects a success? How should partners be selected? How can partnerships best be set up, managed and closed? This kind of know-how requires systematic assessment and learning.

Private-sector motivation

The private sector is also keen to show non-financial results. By demonstrating that their activities benefit communities and society, companies can maintain their right to operate in a given market. They can also show policymakers that an improved business environment can lead to even greater social gains. Finally, companies want to assess benefits gained within their value chain, such as improvements in customer or supplier loyalty, enhanced skills and performance on the part of employees and suppliers, improvements in the quality of supplies, increases in market demand, and so on. In general, companies also need to understand the "return on investment" associated with the partnership.[9]

Moreover, companies constantly seek ways to improve their own performance. Measurement in business is typically used to compare performance to expectations, and to help executives select appropriate adjustments if achievements fall short. Companies often pursue partnerships because they want to develop a new approach to business, which makes learning critically important. After all, companies are usually less interested in one-off projects than in activities that can be expanded and replicated; thus, they need to learn how project approaches actually work, and whether they can be improved.

In sum, both donors and companies have an interest in measurement so as to demonstrate and improve partnership performance.

8 Shannon Kindornay and Fraser Reilly-King (2013). Investing in the Business of Development. Ottowa: The North-South Institute/CCIC.

9 World Business Council for Sustainable Development (WBCSD 2012). Measuring socio-economic impact. A guide for business. Washington, D.C.

Challenges to measuring results in partnerships

Although stakeholders in the public and private sectors share an interest in results measurement, both perceive doing so in partnerships as challenging.

Challenges in defining a joint approach to the measurement of partnership results arise from differences in public- and private-sector partners' objectives for results measurement. While donors and companies have a shared interest in demonstrating and improving the results of their partnerships, their interests diverge in terms of what and how to measure, and they have different expectations as to who should do what. Interests also differ with regard to the overarching goal, the focus in measurement, time horizons and communication preferences. Aligning these diverging interests and designing a measurement approach that works for all parties is critical to any effective partnership.

Partnerships are typically implemented under a fixed time frame – often three years – and with a fixed budget. Hence, there is often a perception that time and money are too limited to allow for proper results measurement. And project managers on both sides find it difficult to spend time on measurement.

Results measurement is often perceived as very resource-intensive. Indeed, some methods require significant time and funding. The confusing array of guidelines and information on results measurement can also absorb considerable time, as project managers feel they need weeks or months of study before they can even begin to understand the landscape. Practitioners tend to feel overwhelmed by the terminology and technicality of the subject matter. Few receive training or know where to find effective support.

The differences in objectives, mutual lack of capacities and the multiplicity of guidelines and information on results measurement result in 12 common challenges associated with results measurement. In the following three main chapters, we outline these challenges and present pragmatic solutions derived from existing partnerships. These examples provide inspiration for partnerships, illuminating issues such as who performs what task in results measurement, what should be measured, and how to measure.

CASE STUDY: **DSCL and IFC in India**

Improving the productivity of sugar farmers on a broad scale through measurement

Much of the frustration related to results measurement in development partnerships can be traced to the abstract nature of both concepts, which easily leads to misunderstandings or simply a lack of understanding. This study employs examples to illuminate abstract concepts with actual project situations. The example of the partnership between IFC and DSCL in India illustrates the key messages of the report. It shows how results measurement can be applied strategically in such a way as to inform performance improvements and assist in project replication.

One motivation for DSCL to enter into this partnership was that IFC would bring in a level of measurement systems and methodologies that would help DSCL to move its extension outreach to the next level.

Sunil Radhakrishna, *DSCL*

Background

DCM Shriram Consolidated Ltd. (DSCL) is an Indian agribusiness company selling farm inputs and sugar. The company owns four sugar mills in the Hardoi district of Uttar Pradesh with a total processing capacity of 30,000 tonnes of sugarcane per day.

The International Finance Corporation (IFC) financed two new DSCL factories in 2006 and then signed an agreement with DSCL to provide farmer training advisory services starting in 2009. The project was designed to boost the yields of 2,000 participating farmers supplying two DSCL mills. It aimed to increase productivity by 25% within three years, thereby generating additional income for farmers while providing more sugarcane to the company.

Motivation for measuring results

DSCL had been conducting training programmes for many years, but their effect had been modest. The company was therefore interested in drawing on the IFC's experience with innovative extension approaches. The company was also interested in tracking results through an external agency which could measure productivity increases and help build the business case for scale-up beyond the two initial mills.

The IFC has identified agriculture as a strategic priority and aims to strengthen the development impact of the private sector in the agricultural sector. It was therefore particularly interested in creating a showcase for the merits of rigorous evaluation while demonstrating the value of its advisory services to clients.

Actors

The IFC designed the research methodology in consultation with DSCL. The design phase lasted about seven months, with DSCL and IFC forming a project steering committee once the project was initiated.

An external survey firm was hired by IFC to independently collect data from a sample of farmers providing sugarcane to the two sugar mills.

Indicators

Primarily focused on productivity issues, the evaluation was preceded by a demographic survey of the farmers participating in the project in order to establish a baseline for monitoring indicators. This survey looked at income and education levels, housing types, and assets such as livestock and finance resources.

Indicators were then tracked on a regular basis. These indicators included the number of farmers receiving training, the number of participants reporting feedback on participation, the number of training modules, and the number of new products developed. Further indicators included sales revenues, the hectares of land sub-


Photo: IFC


Photo: DSCL


Photo: IFC

DSCL provides sugar cane farmers with agronomic advice.

ject to new cultivation practices and the number of individuals trained by people and/or institutions that had previously received in-project training. To ascertain the project's social impact, evaluators also monitored improvements in farmers' productivity and income levels.

Process

Results were measured through the use of a quasi-experimental design, which allowed surveyors to control for "uncontrollable exogenous factors" such as weather conditions that might otherwise corrupt a simple before-and-after evaluation. Among the group of 2,000 farmers, individual farmers were selected to receive training (treatment group), while others were selected to receive no training (control group). Farmers of comparable socio-economic status from each group were selected for comparison. Since some villages had farmers from both groups, there were concerns that knowledge could spill over from the treatment to the control group, as farmers in one group could be expected to observe that certain practices were providing their peers with improved yields. Meticulous field-level monitoring helped manage this "contamination" effect by allowing the IFC to understand where spill-overs took place and account for them.

Crop-cutting surveys were used to measure changes in productivity. The IFC was aware that farmers' self-assessment on yields is often prone to error. Researchers were therefore present in the field during harvest time, observing the cutting and weighing of two five-foot-square plots for each selected field and weighing/averaging the results using a standard protocol.

Benefits

By the end of the project's first year, the trained farmers' productivity had increased by 23%, while productivity among those without training increased by only 11%. In year two, the trained farmers' productivity increased 86%, compared to 19% among the control-group. Within these two years, trained farmers were able to increase their net income per hectare by INR 111,000 (approx. €1,300).

Rigid measurement also helped DSCL quickly enhance the project's design in midstream. The approach and content of the training sessions were customised on a continuous basis. DSCL began providing awards for farmers showing consistently good results.

DSCL was able to build a business case and roll out the training to its other sugarcane mills. Since the initial three-year target was achieved in two years, the project was scaled up in the third year to include 12,000 farmers. In June 2013, DSCL signed another three-year contract with IFC for a project including 60,000 farmers. This second project will go beyond the first in targeting the recovery of sugar from cane and cane seedlings in addition to yields.

The DSCL and IFC partnership project has drawn considerable attention within and outside of India, allowing other sugar mills to adopt its approach. It has been showcased at national and international sugar conventions, and was published as a case study in the Indian Sugar Association's trade journal.

The project is a good example of quasi-experimental approaches because the results of the evaluation were very closely linked to a useful business decision both for IFC and DSCL – which is critical for a successful M&E activity.

Pratigya Mohan Kalra, *IFC India*

Sources:
Interviews with Pratigya Mohan Kalra and Harsh Vivek (IFC) and with Sunil Radhakrishna (DSCL), www.dscl.com

Research methods

This study takes a pragmatic approach. It starts with what already works. It identifies examples of partnerships that have used results measurement and have benefited from the resulting insights. From these experiences, the study draws recommendations on how best to use results measurement to improve the performance of partnerships.

The study is agnostic with respect to which tools and indicators to use. Many interview partners stressed that discussions of the technical aspects of results measurement too often overshadow other issues such as expected benefits, the insights that can be gained, and the improvements that may be identified. To be sure, there is a wealth of available tools, methodologies, and indicators, and this study offers pointers towards these. Yet these tools and frameworks do not address the main challenges facing practitioners in the public and private sectors: the lack of a common language, the lack of clarity with respect to possible benefits from measuring, the lack of capacity, and the lack of orientation when faced with a confusing array of advice. This study aims to address these gaps. The good practices showcased here demonstrate how to use the available tools and frameworks in order to generate the greatest benefits for a project.

The research that informs this study draws on several sources:

- A **literature review** was conducted at the beginning of the study and throughout the research to understand the current state of discussion regarding key concepts.
- An **expert workshop** with 25 representatives from the public and private sectors was conducted on December 6 and 7, 2012, in Berlin. Experts identified the key challenges related to results measurement in public-private collaboration and discussed potential solutions. The workshop was informed by nine interviews with experts regarding challenges and solutions in results measurement.
- A **database** of 62 tools and frameworks currently used in the course of results measurement and the management of public-private development partnerships was compiled. The most relevant tools and frameworks are introduced in the following chapters.
- **Interviews** with 36 experts were conducted to document concrete case examples and to help understand what already works in terms of measuring the results of development partnerships.
- Thirteen **case examples** are documented in this study. These represent a variety of approaches, sectors and regions, as the table shows. The guide makes extensive use of insights from these examples.

Table 3: **Case examples**

PARTNERS	PURPOSE	COUNTRY	SECTOR	CASE STUDY ON PAGE
DSCL and IFC	Enhance productivity of sugarcane farmers	India	Agriculture	14
GAIN, WFP and companies	Enhance nutrition through integrated interventions	Bangladesh, Indonesia	Nutrition	43
Heineken N.V., EUCORD and the Dutch Government	Source from smallholder rice farmers	DRC	Agriculture	37
HERi Madagascar and Dutch PSI programme	Provide electricity to villages	Madagascar	Energy	53
Katalyst	Provide enhanced seeds to smallholder farmers	Bangladesh	Agriculture	39
Merck KGaA, German Development Cooperation Programme "DeveloPPP.de" and GIZ	Improve chemical waste management in South-East Asia	Indonesia, Philippines, Thailand	Chemicals	27
Mueller B.V., LEI Wageningen UR and SNV	Build a local dairy cold chain	Ethiopia	Agriculture	29
Rainforest Alliance, UNEP, GEF and companies	Establish sustainable agricultural practices in the cocoa value chain	Ghana, Cote d'Ivoire	Agriculture	51
Safaricom Limited and DFID	Develop a system of mobile payments (M-PESA)	Kenya	ICT	55
SalaUno and IDB	Scale-up eye clinics	Mexico	Health	41
Scania AB, UNIDO and Sida	Train truck mechanics	Iraq	Automotive industry	31
The Sustainable Trade Initiative (IDH)	Promote the production and market uptake of responsible soy	Brazil, Argentina, Paraguay, other Latin American countries	Agriculture	25
Wing (Cambodia) Ltd., Department of Foreign Affairs and Trade–Australian Aid	Provide mobile-money services	Cambodia	ICT	49

Insights from these sources have been clustered around three core questions: "Who measures?" (actors), "What to measure?" (indicators), and "How to measure?" (process). Through this analytical process, 12 good practices were identified that point towards a more productive and therefore more promising approach to measurement.

This publication addresses the key parties in a development partnership: governments of developed and developing countries, companies, civil society organisations, universities, and researchers. The lack of a common language is often mentioned by these parties as a key challenge to setting up effective results-measurement systems. Most publications, tools, frameworks, and indicators are targeted either to the public or to the private sector. By contrast, this publication speaks to all partners in equal measure. In this way, it contributes to creating a shared understanding and a common language.

EXCURSUS

Results measurement 101

Measurement can seem daunting, in part because, as a discipline, it employs specific terms that appear complex. But understanding the basics of results measurement requires grasping only a few key concepts.

Actors: Who measures

In addition to the project partners, measurement often requires the involvement of third parties who bring measurement expertise, a neutral perspective, and/or additional human resources to the process. Scholars or independent measurement experts are often called upon to help set up a measurement system and provide independent evaluation services. Students may assist with the baseline study. Local implementation partners and communities can also be involved in ongoing monitoring processes.

Indicators: What to measure

Asking what to measure when tracking results means asking which indicators to use. This involves defining certain observable facts. However, results are sometimes not directly tangible and must instead be measured indirectly, that is, by proxy.[10] A reduced burden of malaria could, for example, be measured by a decline in the number of diagnosed cases of malaria.

Indicators can be qualitative or quantitative, objective or subjective.[11] Whereas quantitative and objective indicators are directly measurable (e.g., "How many training sessions were provided?"), qualitative and objective indicators are based on objectively verifiable responses (e.g., "Did communities participate in the design of the intervention?"). Finally, qualitative and subjective indicators relate to perceptions and opinions (e.g., "Do communities feel well represented in the design of the intervention?").

Indicators are used not only to measure what has been achieved, but also to understand how results are being achieved. To this end, resources and activities need to be linked with expected achievements via a results chain, or theory of change. However, because activities are also affected by outside factors that can change over time, it is very difficult to ascertain how a specific activity contributes to an ultimate outcome. In effect, project managers must grapple with moving targets throughout the duration of a process.

Results can be classified according to the level of the results chain; that is, according to how directly a result is linked to an activity. Many donors, as well as business associations such as the WBCSD, distinguish between inputs, activities, outputs, outcomes, and impacts. For such organisations, outputs such as volumes sold or training sessions provided result from the activity in question. Outcomes are the changes observed in the lives of the target population and partners and can involve people adopting certain behaviours, obtaining certain opportunities, or having access to certain products and services. Impacts, by contrast, refer to the ultimately desired changes in the target population's lives, such as educational attainments, health status or income levels. These are observable mostly in the long term.[12]

This terminology can be confusing for companies, who frequently equate impact with any kind of result. Indeed, impacts are generally understood as the causal effects of an activity or, seen from another perspective, the changes attributable to an activity. Hence, a more intuitive distinction might be made between outputs (as the direct results of activities) and outcomes (immediate, intermediate, and ultimate).

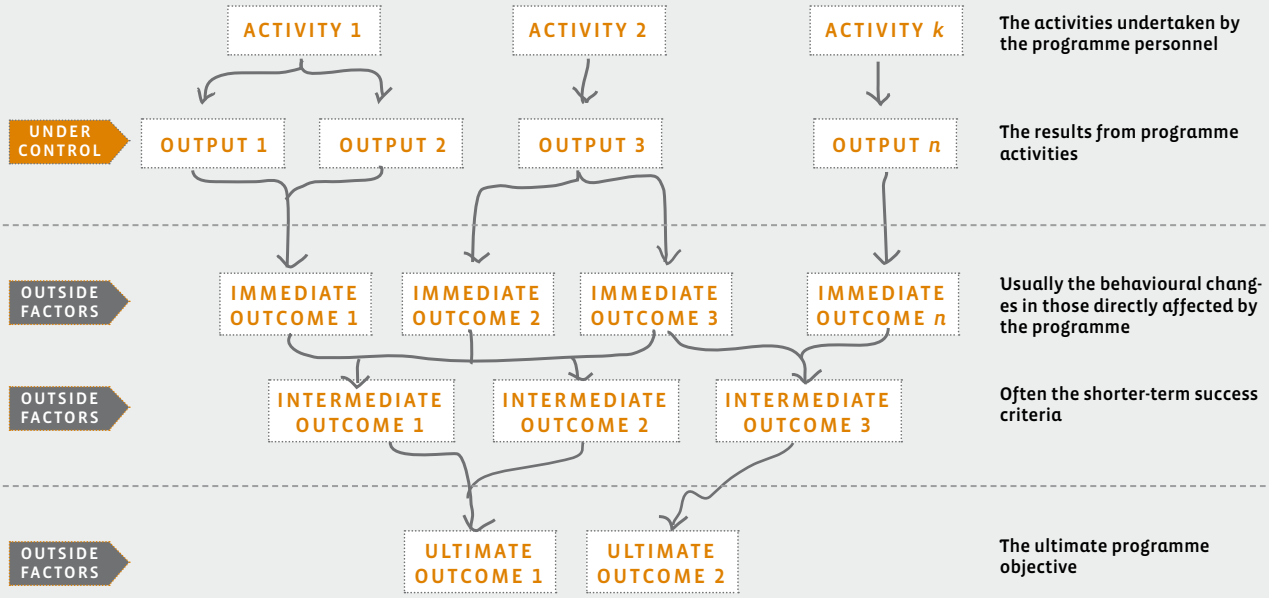
Donors typically depict the results chain and related targets in a logical framework, or so-called LogFrame. Companies, on the other hand, rarely distinguish between different levels of results. Rather, they typically focus on a few "key performance indicators" (KPIs) to manage projects. KPIs can be monitored on any level of the results chain and typically focus on commercial aspects of the project such as revenues or the number of customers. They are "key" because they are used to steer the project and to inform decisions.

10 Claudio M. Radaelli and Anne C.M. Meuwese (2002). Impact Assessment Indicators – Measuring the Quality of Impact Assessment. Exeter: Centre for European Governance, Department of Politics, University of Exeter.

11 Mohammad Muaz Jalil (2013). A Practical Guideline for Conducting Research – Outlining Good Research Practice. London: DCED.

12 WBCSD (2013). Measuring Socio-economic Impact – A Guide for Business.

Figure 2: **Results chain with different level s of outcomes (generic example)**



Source: Adapted from John Mayne (1999). Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly. Canadian Journal of Program Evaluation 16(1): 9

Process: How to measure

Results can be assessed before (ex ante), during, and after (ex post) project implementation. An ex ante assessment is used to decide whether the return on investment will make the project worthwhile. An ex-post assessment, is used to verify whether expected results have actually been achieved. Measurement during project implementation helps steer the programme while it is still under way.

A baseline study documents the situation before the beginning of the intervention. It is useful for understanding a project's results.

Monitoring tracks the key elements of a programme's performance and results on a regular, ongoing basis. Monitoring is a crucial element in project implementation and is typically carried out by the partners themselves. It focuses on activities, outputs, and outcomes, immediate and intermediate alike.

Evaluation is an episodic assessment of the changes that can be attributed to a project. Evaluations require measurement activities that reach beyond the daily project routine. They are therefore usually conducted only every few years, either as mid-term or post-hoc evaluations. However, recent experiences from market-development programmes show that evaluation can also be embedded in a project as a continuous element. Evaluations typically focus on the later steps in the results chain, and examine in particular the links between intermediate and ultimate outcomes. Finally, evaluations are often conducted by service providers or academics to ensure neutrality.

Impact, outcome, result, or effect – which is it?

Much of the confusion over language in results measurement derives from the fact that people use the same words and mean different things, or use different words and mean the same thing, without being aware of it. The terms impact and outcome are defined differently by specific groups. When definitions collide, meaning must be negotiated and a specific definition agreed upon. In this publication, we use "results" as the least contentious of terms when referring to all types of impacts, outcomes, and effects associated with a partnership.

Chapter 2

Actors: Who measures

In addition to the partners themselves, partnership projects often involve other actors specifically for the purpose of results measurement. These include experts from academia or outside service providers, but local communities may also participate.

All these players have unique skills and motivations. These need to be reflected in the design of the measurement system.

Challenges in measuring together

The partners involved in a project have to find a common way to measure, even though interests may differ substantially. This may lead them to a shallow compromise. Partners may lack the skills to set up results measurement properly, and may not have access to data from previous projects.

Partners have different perspectives

Partnerships often start from quite different perspectives with respect to what and how to measure. Companies are used to measuring on the basis of indicators that offer only insight into business performance. Typically, they pay less attention to exploring the wider ramifications of their activities, such as changes in household or community health, income or education levels, or changes in local gender balance. In general, companies are not expressly concerned with understanding the counterfactual, or what would have happened had they pursued a different course of action. However, this kind of information is exactly what donors are after, since they are working to achieve development impact, need to prove their additionality in the partnership, and must be accountable for spending taxpayers' money. Company partners may not see the business case for taking up complicated measurements, as understanding these broader effects is usually costly and time-intensive, and hence outside the scope of private partners' operations.

SEE TOOLBOX ON INTEGRATING INTERESTS OF ALL PARTNERS, PAGE 24

Partners end up with the lowest common denominator

Partners frequently end up settling for the lowest common denominator in their agreements because they are unable or unwilling to split responsibilities. There are often no clear guidelines as to who should measure what. Partners feel responsible for tracking only those indicators relevant to their own processes or individual reporting needs. In many cases, responsibility for analysis of the data and the management of results also remains undefined.

Project managers lack results-measurement skills

Many project managers, both in the public and the private sector, lack the skills to set up proper measurement processes. Moreover, the organisations involved in partnerships often lack internal experts who understand the special requirements of measuring results in partnerships. This is especially true at the local level. Bringing in consultants or monitoring and evaluation (M&E) experts from abroad drives project costs up.

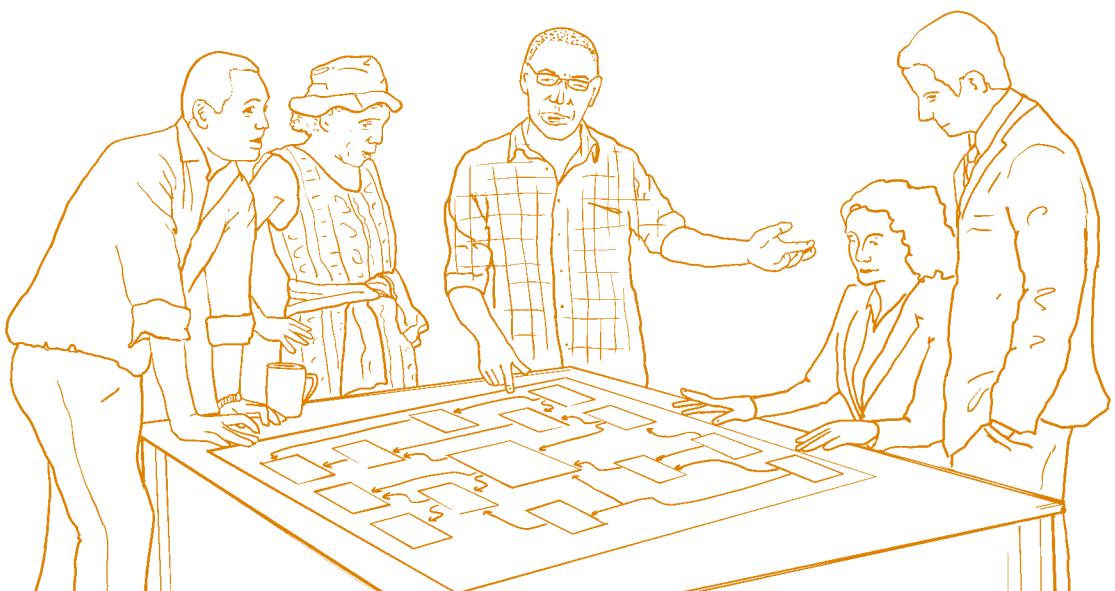
Partners start from scratch with each project

Partners typically do not systematically share the results and insights accrued within partnership projects with other players. As a consequence, partners cannot learn from each other, a task that would help identify what works in partnership management and which project approaches may be most promising. Rather, they have to learn everything the hard way, by trying it out themselves.

The process of agreeing on a joint measurement approach can be challenging, yet often helps to strengthen partners' alignment around shared objectives.

Sonja Patscheke, *FSG*

CHALLENGES	GOOD PRACTICES
Partners have different perspectives →	**1** Develop a common understanding by drafting the results chain together
Partners end up with the lowest common denominator →	**2** Manage diverging objectives
Project managers lack results-measurement skills →	**3** Share responsibilities and involve measurement experts
Partners start from scratch with each project →	**4** Share insights across projects



Good practice 1:
Develop a common understanding by drafting the results chain together

KEY MESSAGE

Start by agreeing on the project logic, and by identifying milestones and key hypotheses. This will be the basis for project and measurement design, and will help identify different views and diverging objectives.

The basis for designing a measurement approach, and indeed for designing a partnership itself, is a shared understanding of how the objective can be achieved with the resources available. This project logic can best be spelt out in the form of a results chain.

The results chain, or related concepts such as logical framework or theory of change, describes how the objective of the partnership can be achieved based on certain activities and inputs on the part of partners and others. In outlining the approach at this level of specificity, partners agree as to what the project should deliver and how these deliverables may change the social situation and eventually improve peoples' well-being. This chain of events is linked by certain hypotheses about how one step leads to the next.

SEE FIGURE 2, P. 19

Speaking the same language

Partners would be well advised to agree on a results chain for their project from the earliest stages of partnership design. When partners discuss and agree on the results chain describing their joint project, it helps them develop a common understanding. They share their respective views about what resources should go into the project, what activities should take place, what the objectives are and how they believe these will be achieved. In the process, they develop a common vocabulary for the project. In the case of the Standard for Responsible Soy Production, partners had to agree on current sustainability issues and how those could be addressed.

TOOLBOX

Integrating interests of all partners

A results chain spells out how a project is supposed to work. It logically describes how the resources and activities that go into a partnership are expected to result in outcomes.

Donors typically capture the logic of a project in a logical framework (LogFrame) or results chain.

A **LogFrame** describes the logic of the project, dissected into inputs, activities, outputs, outcomes and impacts. The different levels of the results chain are usually written next to each other, often in standardised forms with columns, in a rather linear way.

→ NORAD (1999). **The Logical Framework Approach (LFA) – Handbook for Objectives Oriented Planning.**

A **results chain** is similar to a LogFrame. In addition to defining the various results, however, it articulates the causal links between them as more or less robust hypotheses (or assumptions). The results chain is also usually less formalised than a LogFrame, and hence allows for more complex descriptions of interdependencies between various elements of the chain.

→ DCED (2013). **Guidelines to the DCED Standard for Results Measurement: Articulating the Results Chain.**

Impact investors and CSOs frequently talk about a theory of change or impact pathway. These terms refer to essentially the same concept as the results chain. Companies usually talk about "making the case" or "defining the business case" when they explain why and how resources invested are likely to attain certain objectives, while seeking to ascertain whether the project will "pay off" or provide a "return on investment". Even though this language sounds very commercial, companies are used to factoring non-financial results into a project as drivers for or risks to growth.

Partners typically draw on existing research to come up with a project idea and to find inspiration and empirical evidence enabling description of the results chain. Some publications provide generic frameworks that help partners think through potential results. "Towards Triple Impact", for example, brings together various dimensions of sustainability – the life cycle, the stakeholder ecosystem, and the triple bottom line. Ted London's BOP Impact Assessment Framework identifies typical dimensions of change with regard to projects in poor communities.

→ UNEP (2010). **Towards Triple Impact – Toolbox for Analysing Sustainable Ventures in Developing Countries.**

→ Ted London (2009). **Making Better Investments at the Base of the Pyramid. Harvard Business Review.**

SEE GOOD PRACTICE 12, P. 54

Measuring and learning

The results chain is a basis for proving that a project has been successful, since it spells out in detail what success would mean for the project. Being clear about expected results helps to define indicators by which they can later be measured. Understanding the robustness of the individual hypotheses that link the various levels of the results chain will allow partners to focus on the less well-established links during measurement.

The results chain is thus also a tool for improving the project. As the hypotheses are tested, the mechanics of the project can be fine-tuned over time. Hypotheses can be adjusted and revised. Only by understanding what is not working well and by making appropriate changes can performance be enhanced. By providing flexibility, a learning agenda implies that the project implementation plan allows for adjustments through trial-and-error. Thus, the results chain can be updated both during and after the project to reflect new insights.

Besides the intended effects, the results chain can also point to potential unintended effects, both positive and negative. In this way, partners will be able to keep track of and learn more about the side effects of the project. In addition, coming to mutual agreement on a results chain increases commitment to the project from both sides.

SEE GOOD PRACTICE 5 ON SELECTING FEW INDICATORS, P. 36

NGOs and companies agreed on indicators right at the beginning, since it is easier to achieve alignment before project work starts.

Jan Gilhuis, *IDH*

WHO

CASE STUDY: **The Sustainable Trade Initiative (IDH) in Latin America**

Integrating partners' interests around sustainable soy

Photo: Wim Opmeer

Farmers in Argentina receiving advice on good agricultural practices.

Photo: Jan Gilhuis

Farmers in Tapurah, Brazil rotate field use from soy crops to cattle grazing.

Under the auspices of the Round Table on Responsible Soy (RTRS), a broad set of actors have come together since 2005 to set standards for responsible soy production. Members of the RTRS include soy producers, traders, processors, companies such as Unilever and Cargill, financial firms such as Rabobank, and other organisations including the World Wildlife Fund (WWF) and the Product Board for Margarine, Fats and Oils.

RTRS receives support from the Sustainable Trade Initiative (IDH), which is funded by the Dutch Ministry of Foreign Affairs and other donors. The IDH brings together market players to promote demand and provides co-funding for producer support along supply chains in Latin America in order to create the necessary supply of (certified) responsible soy.

Standards for responsible soy were finalised in 2010 and have been implemented by soy producers since 2011. These include rules regarding companies' interaction with workers and communities as well as their environmental sustainability and agricultural practices. On the market since 2011, RTRS-certified soy benefits farmers by promoting compliance with good agricultural practices, establishing legal compliance standards, fostering improved internal control mechanisms and potentially strengthening their access to financial services and markets. Mainstreaming RTRS compliance also supports government efforts in Latin America in halting deforestation.

The IDH succeeded in bringing all Dutch-based stakeholders in the supply chain – from the feed and oil industries to dairy, meat and poultry to retail – to agree to a target of 100% responsible soy processing by 2015. The agreement also aims at increasing responsible imports over the next three years and institutionalising responsible soy in procurement and production requirements within the sector. Milestones involving M&E were also set for these targets. Private participants defined the indicators for the project in cooperation with CSOs from the beginning. The participating CSOs and companies were open to changing, when necessary, the measurement strategy along the way. The IDH and the soy sector established a foundation to fund the supply chain transition and co-fund M&E activities. All RTRS members contribute funds.

Sources: Interview with Jan Gilhuis, www.idhsustainabletrade.com/soy

Good practice 2:
Manage diverging objectives

KEY MESSAGE

Take note of diverging interests and agree on how to deal with them.

When measuring results, partners face challenges similar to those associated with management of the partnership in general.

Among the most common challenges in managing partnerships are partners' failure to make the partnership a priority, the inability to resolve disagreements, and the wide divergence of partners' approaches. Differences in organisational culture and in expectations regarding outcomes or time frames are also common areas of conflict and frustration. These internal challenges are amplified by external pressures, including scepticism from key stakeholders, the unwillingness of others to participate in the partnership, or a generally hostile environment.[13] Measuring can help address all these challenges. It facilitates a structured dialogue, establishes and tracks clear timelines and responsibilities, and increases internal and external accountability.

However, disagreements, differences in organisational culture, and diverging approaches can also be present in the measurement process itself. In the case study provided, Merck KGaA was at first reluctant to share contact information and data about their customers in the Philippines because it considered this data confidential. Yet this data was needed to implement a baseline study. The company was also hesitant to allocate project resources for results measurement in the beginning.

13 The Partnering Initiative (2010). Partnering: An Introduction. IBLF: London.

TOOLBOX

Identifying areas of conflict

Drawing on the diverging interests typically found between public and private partners, the checklist below can be used to talk through and identify potential areas of conflict and to find solutions.

Table 4: **Typical areas of conflict between public and private partners and potential solutions**

AREA OF CONFLICT	PUBLIC-SECTOR FOCUS	PRIVATE-SECTOR FOCUS	POTENTIAL SOLUTION
Overarching goal	• Development objectives • Alleviate poverty, improve access to basic goods and services, enhance incomes, promote gender empowerment and environmental resource conservation	• Business success • Skilled and reliable workforce, strengthened supply chains, increased sales, new markets, good government relations, obtaining license to operate, creating a sustainable resource base	• Accept different goals, use results chain to determine if they can be achieved jointly
Measurement focus	• Social impact • Changes in social well-being and the environment	• Performance • Changes in business performance (e.g., sales, sick days, error rates, supply quality)	• Share responsibilities for measurement based on interest
Time	• Project focus • Donors work with a project logic, and with a set timeframe	• Business focus • Companies implement projects to achieve enduring performance gains	• Design results measurement in a way that can be continued (partially) • Understand difference between (ongoing) monitoring and (one-time) evaluation
Communication	• Transparency • Make results available to the public	• Confidentiality • Share only indicators of success	• Agree on rules for communication of results • Define ways to publish data
Resources	• Learn • Invest in understanding the project and how it functions, and in proving outcomes	• Learn • Embed measurement in business processes	• Define who pays for which part of management, and which resources will be allocated to measurement in total

SEE GOOD PRACTICE 1, P. 24

Understanding is half the solution

Identifying diverging interests is a first step to managing them. Agreeing on a results chain will typically reveal different perspectives and priorities. Partners can assume that interests will be different. Accepting this as a starting point creates an open environment for dialogue. Examining the classic areas of divergence can also help to reveal and address potential sources of conflict early in the process.

Once on the table, differing interests can be negotiated and reflected in the measurement approach. For example, responsibilities for measurement can be shared according to each partner's specific interest. In the case study, Merck and GIZ had initial difficulties discussing their interests openly and agreeing on appropriate measurable indicators. This was solved by using an "umbrella concept design", which allowed each partner to define key performance indicators linked both to development and business-oriented interests, while sharing measurement tasks.

Identifying and managing diverging interests at the beginning of a project will help give all partners the confidence that their own needs will be reflected in the measurement process.

SEE GOOD PRACTICE 3, P. 28

The communication with GIZ was quite open, despite our different interests. Whereas Merck focuses mainly on customers, the GIZ has broader interests, like influencing policy-making. We were able to reach a compromise.

Horst Hofferberth, *Merck KGaA*

WHO

CASE STUDY: **Merck KGaA and German Development Cooperation in South-East Asia**

Open communication to align interests around waste management

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, on behalf of the BMZ, teamed up in 2009 with the pharmaceutical, chemical and life science company Merck Group to improve the management of chemical waste in Indonesia, the Philippines, and Thailand. The project aimed to enable both users of chemicals and small and medium enterprises involved in the disposal of chemical waste to implement environmentally sound waste management processes. The project provided training for more than 9,000 individuals. In addition, 230 tonnes of laboratory waste were processed in "showcase projects" with technical support and guidance offered by GIZ and Merck experts.

In the beginning, partners' expectations regarding the project and its measurement differed substantially. There were difficulties in shifting the dialogue focus away from activities and towards targeted results, in part because Merck thought that the public partner, GIZ, could not appreciate its business interests. Merck expected GIZ to focus exclusively on influencing policy and regulations. There were also differing interests among Merck's subsidiaries in the three implementation countries, each of which invested resources and had a voice in project preparation.

Meetings and an appraisal mission in each implementation country allowed the partners to better understand each other and to speak transparently about their own interests in the project. For its part, Merck recognised an essential criterion for partnerships with GIZ: the business case is necessary, legitimate, and ensures sustainability. Once this was clear, an open dialogue was possible.

GIZ and Merck developed an umbrella concept for results measurement. Following this concept, each GIZ-Merck country team was given the opportunity to define their own objectives and indicators. The language of the partnership was adapted to that of the private partner with a focus on KPIs rather than target indicators and results chains.

Photo: GIZ

Merck customers like these in the Philippines receive hands-on-training in chemical management

Diverging interests needed to be continually managed and negotiated throughout the duration of implementation. Whereas GIZ pushed for the definition of measurable indicators, Merck found it difficult and time-consuming to quantify soft factors such as customer loyalty or greater trademark protection.

Discussions about defining indicators and the need for measurement triggered learning processes among both partners. GIZ recognized that it is worth investing extra effort in open and transparent dialogue to ensure partners that their commercial objectives are fully legitimate and avoid hidden agendas. Merck recognised that it needs measurable indicators of business benefits like increased sales or more customers, even for projects that involve activities beyond the core business. This helps ensure stability in commitment and resources, even in hard times.

Sources: Interviews with Romina Laumann (GIZ) and with Horst Hofferberth (Merck KGaA), GIZ Status Report November 2012

Good practice 3:
Share responsibilities and involve measurement experts

KEY MESSAGE

Assign responsibilities for measuring various indicators at certain points in time based on participant capacities. Bring in experts for support when needed.

By sharing tasks, partners can contribute their specific skills and interests to the measurement process. Additional actors, including experts and local communities, can be involved for specific tasks.

Company role

The company typically implements the business processes related to the partnership. In Ethiopia, for example, Mueller develops cooling units, sells them to dairy companies, and provides training and service. Companies are in a good position to monitor inputs on a monthly basis. Tracking costs, revenues, and certain key performance indicators (KPIs) such as litres of milk collected or milk quality are part and parcel of any business undertaking.

Donor role

Donors often complement company activities by providing more specifically development-related activities, such as awareness-raising or capacity-building. Often contracting with a local CSO, donors usually have their own systems in place to track these activities.

In order to understand a project's ultimate outcomes, donors typically conduct evaluations after two or three years. These evaluations focus on the higher levels of the results chain, in the form of intermediate and ultimate outcomes. Donors often have the in skills to design and implement these evaluations in-house, or alternatively seek the help of experts. The cost of these more expensive assessments is typically either an explicit part of the overall project budget, or covered by the donors from their own M&E budgets.

Academics and experts

Donors often contract with academics or experts to conduct project evaluations. While donors increasingly see the need to build the capacities for results measurement within their own staff, external experts with a neutral perspective

SEE GOOD PRACTICE ON EMBEDDING MEASUREMENT FROM THE START, P. 50

TOOLBOX

Transforming the results chain into a work plan

Once the results chain has been agreed upon and indicators have been defined for measurement, partners define who measures what when. This results-measurement workplan can be developed directly from the results chain. With the help of this project description, partners can clearly see who can best measure which indicator are part of their existing processes, and where additional measurement efforts are needed. On this basis, partners can also decide where the assistance of experts or local communities is required. In defining the timelines for the measurement work plan, partners can also take reporting cycles and other relevant management processes into account.

The work plan for the results measurement is aligned with, but usually separate from the project work plan. It details by indicator:

- the types of measurement to be employed (baseline, monitoring and evaluation) and when they are to be implemented;
- the actors involved in measurement and who measures what when;
- the time and resources that will be needed to complete measurement;
- which measured level will be deemed "red" – or at what point immediate action is required.

Table 5: **Example work plan for one indicator**

INDICATOR	METRIC	RESPONSIBLE	BASELINE	FREQUENCY	COST	RED FLAG
Milk quality	Total bacteria count	Milk-collection business	Yes (by students)	Daily	Cost of testing equipment	Bacteria count exceeds a certain number

can identify issues that may have previously escaped the partners' notice and thus render evaluations more credible.

Academics and experts also play an important role in propagating learning and know-how about results measurement by working with a broad range of partners and projects. They can help design measurement systems and facilitate the development of results chains. They can transfer insights from one project to the next. In the agri-economics case example, the experts from Wageningen University not only designed the results-measurement system for the milk cooling project, but also collected data on the partnership's functioning, since they were able to study it from an outsider's perspective.

Local communities

As target groups, local communities are often seen as beneficiaries and hence as no more than passive participants in measurement processes. But they may also be involved as active contributors. First, how the results chain is articulated depends on their views about what positive change entails. The WBCSD Measuring Impact Framework presents a methodology for stakeholder involvement in defining the type and relative weight of indicators used.[14] Second, local communities can be involved in data collection through self-reporting. In the Mueller project, for example, the local milk collector gathers data about milk quantity and quality every day, and reports that to Mueller. Being involved in measurement increases local actors' sense of ownership in the project, as well as their visibility to partners.

You need a good relationship with local actors. Trust and commitment on both sides is essential for the collection of reliable data.

Lucas Judge, *LEI Wageningen UR*

WHO

14 WBCSD (2011). Measuring Impact Framework. Washington, D.C.

CASE STUDY: **Mueller B.V., LEI Wageningen UR and SNV in Ethiopia**

Dividing responsibilities by skill in the milk cold chain

Under the coordination of Dutch inclusive-business incubator BOP Inc., Dutch cooling systems company Mueller B.V. is working with LEI, the agricultural economics institute of Wageningen University, Dutch development agency SNV and a local Ethiopian entrepreneur to develop a cooling unit for small-scale dairy farmers. Cooling enables producers to preserve the quality of their fresh dairy products during storage and transport, allowing them to sell to higher-value market segments such as local processors or retailers in urban areas.

The LEI experts were responsible for the design of the results-measurement system. Together with the other partners, LEI defined four different dimensions of monitoring in line with the project's objectives: 1) partnership, 2) co-creation and co-innovation, 3) milk quality, and 4) producers' well-being. Measurement tasks were divided between the partners according to skill sets, and external resources were drawn in to make the measurement process more efficient.

LEI took responsibility for measuring the first two dimensions. Partners were asked questions relating to their relationship with other partners, their contribution to the project, the contribution of others, the relative importance of partners, and so on.

LEI students were recruited to undertake the baseline study in Ethiopia with a focus on milk quality. Students took samples at the test locations and at all stages of the supply chain. Milk was tested for total bacteria count and temperature at each step of the chain, in the case of both of evening and morning milk. Students additionally took samples in other regions in an attempt to establish control groups. They also interviewed the local population on how much milk was produced and sold, to whom the milk was sold, what percentage of household income came from dairy production, and what investments were yet to be made.

Photos: Olga van der Valk-LEI-Wageningen UR

The cooling stations help small milk farmers in selling high-quality milk.

The owner of a local milk-collection and processing business has been hired to monitor milk quality on an ongoing basis. She samples the milk at collection points.

The fourth dimension will look at what differences the project makes in farmers' lives. A local consultant will conduct in-depth interviews with a small number of farmers.

By sharing responsibilities and bringing other actors in to assist, the process is effective and efficient. Information is gathered where it is most easily available, and by those best able to gather it. Data for all dimensions is ultimately collected by LEI. The institute also ensures that insights developed inform other innovation projects.

Sources: Interviews with Lucas Judge and Olga van der Valk (LEI), www.bopinc.org/en/projects-initiatives/cross-cutting-themes/small-scale-storage

Good practice 4:
Share insights across projects

KEY MESSAGE

Access insights from previous projects and actively share insights with others.

Learning takes place not only within a development partnership but, even more importantly, across partnerships. By sharing insights across projects, partners can save costs in measuring and learn quickly, applying lessons learned to the next step or project.

Invest in learning from others

When setting up a new project, time allocated to learning from others is well invested. Partners can learn about success factors and stumbling blocks in both project implementation and the measurement process. Many partnerships document their experiences (or are documented by others) in case studies or other publications. Researchers also conduct analyses within and across projects, publishing their findings, often in academic literature. Investing time in a literature review can therefore really pay off. Conversations with peers can be fruitful in obtaining access to hands-on experience and learning about useful take-aways. Project managers are usually quite open to sharing their experience when they are contacted directly.

Sharing data

Partners can save costs and reduce measurement burdens for others when they share and use existing data. In the case of Wing (Cambodia) Ltd., for example, the Enterprise Challenge Fund built on the IFC's assessment in making its own funding decision.

To date, there is no system in place for sharing measurement data. As a result, opportunities for building on existing data often go unrecognised. In addition, repeated assessments can overburden local project partners and beneficiaries. Some smallholder cooperatives in developing countries receive donor representatives on a weekly basis. They spend significant amounts of time organising field visits, interviews, and focus groups. Sharing data in a more systematic manner can reduce efforts on all sides and increase the capacity to learn from each project.

TOOLBOX

Comparing results

Comparisons of project results are generally based on the idea of a cost-benefit analysis, or cost-effectiveness analysis. In other words, organisations are interested in what approach can achieve the best results with the least resources. Whereas companies typically capture this idea as a "return on investment" or "business case", donors tend to speak of "cost effectiveness". "Towards Triple Impact" provides an overview of different approaches to comparing results.

→ UNEP (2009). **Towards Triple Impact – Toolbox for Analysing Sustainable Ventures.**

The concept of a Social Return on Investment (SROI) has gained in popularity among non-profit organisations in particular as a parallel to the return on investment, but with a focus on social impact instead of profit. The concept derives from a process in which non-financial results are translated into financial terms, thereby distilling complex sets of results into a single common denominator. SROI is used above all as a communicative tool. In order to be useful, decisions regarding how financial equivalents are calculated and how results are weighed must remain transparent.

→ www.**thesroinetwork.org**

Analysing data

Results measurement is used primarily to understand the return on investment of the individual development partnership project. Increasingly, however, donors and companies are looking for ways to compare results across projects, and thereby understand which approaches are most effective, which factors contribute to success, or propagate problems. This analysis must take regional differences and specific contexts into account, since what works in one setting will not necessarily work in an other setting. The Learning and Knowledge Development (LKD) Facility for development partnerships represents a great example of how such learning across projects can be organised. The organisation combines results measurement with management training and policy advice, allowing insights from measurement to be fed directly back into project and policy development.

Impact investors have also begun building benchmarking data that is based on standard indicators. The Impact Reporting and Investment Standard (IRIS), for example, provides a framework of common indicators and a platform to share results from projects while comparing them with similar ones.

SEE TOOLBOX ON IRIS, P. 40

The Learning and Knowledge Development Facility brings private companies, donors, and governments together to discuss the benefits of development partnerships and how they work. Results measurement is an integral part of this learning approach.

Erik Ladefoged, *UNIDO*

CASE STUDY: **Scania AB, UNIDO and Sida in Iraq**

Building knowledge on partnerships for vocational training

The United Nations Industrial Development Organization (UNIDO) and Swedish development cooperation agency Sida are currently establishing the Learning and Knowledge Development Facility, in partnership with truck and automation manufacturers Volvo, Scania, and Festo as well as private-sector association WorldSkills Germany. The programme will support the development of vocational training centres and training programmes in partnership with private businesses.

The basis of the facility is the results measurement programme. Through evaluating projects, the facility identifies the success and challenges to partnerships, identifies what makes interventions effective and how to take informed corrective measures. Drawing on these insights, the facility will provide management training to vocational training centre staff and advice to policy-makers. This will foster systematic learning processes and allow insights from one project to inform the next.

One of the two projects currently supported by the facility is a partnership project targeting technical training in Iraq with Scania, Sida, UNIDO, Education First, and the Ministry of Labour and Social Affairs of the Kurdistan Regional Government as partners. In Iraq, where unemployment remains high (15% in 2010), there is a shortage of qualified technical staff. Aiming to build skills among youth and thus help them access quality jobs, the partners built a vocational training school. The Swedish Academy for Training, which offers vocational training in mechanics, driver training for experienced truck drivers, as well as English language and computer skills, was officially opened in April 2012. The partners have shared responsibilities: UNIDO and Scania's local partner Qanadeel Al Rafidain established a training academy management team, and the Ministry have provided the facilities and assigned several trainers to work in conjunction with the training academy team. Scania has provided advanced training equipment and a full-time Master Trainer, while Sida funds the project's operational expenses.

Monitoring these activities is the responsibility of the project management team at UNIDO and Qanadeel Al Rafidain. As part of the standard monitoring activities, Scania and UNIDO technical staff make field visits to the academy and prepare reports detailing the project's progress and lessons learned. These metrics are used in developing the school further. For example, partners use monitoring to track whether students actually find employment and to adjust the skills provided to the Iraqi job market.

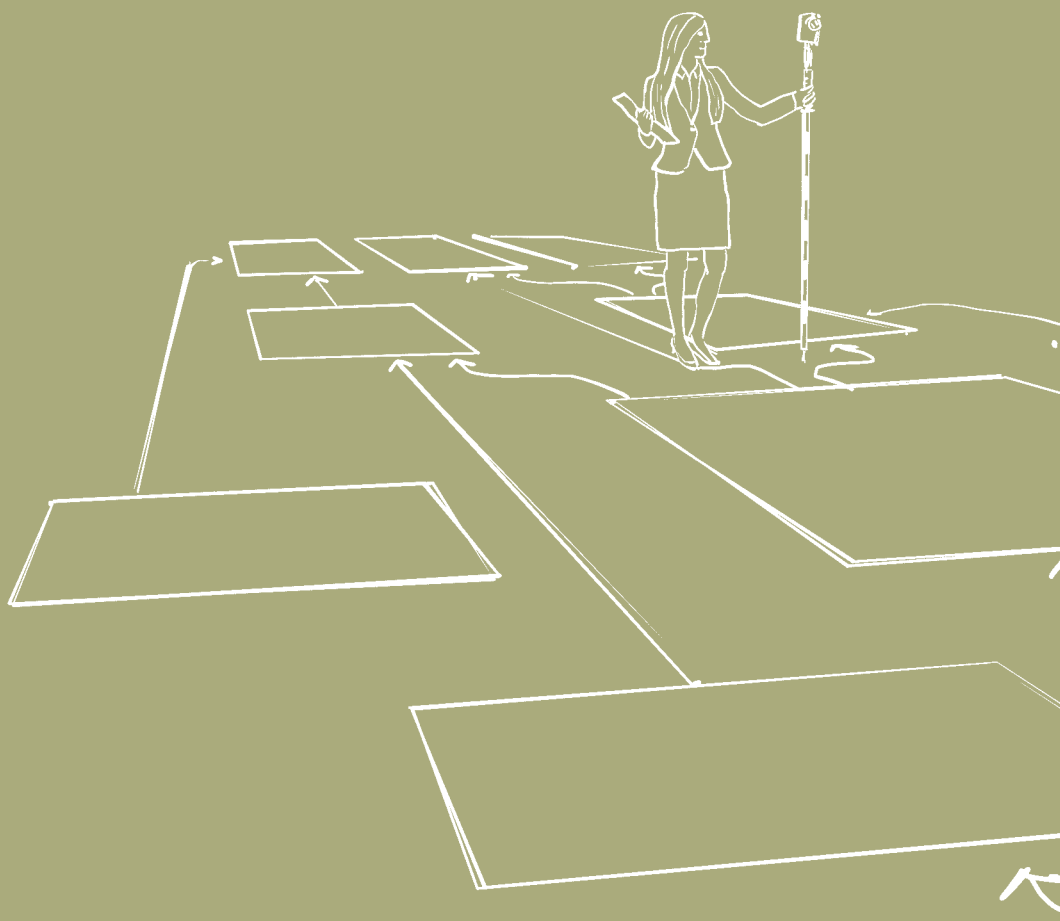
Photo: UNIDO

The Swedish Academy for Training in Iraq provides skills upgrading for mechanical trainers.

The Learning and Knowledge Development Facility not only supports results measurement of the project, but also feeds the lessons learned back into management training.

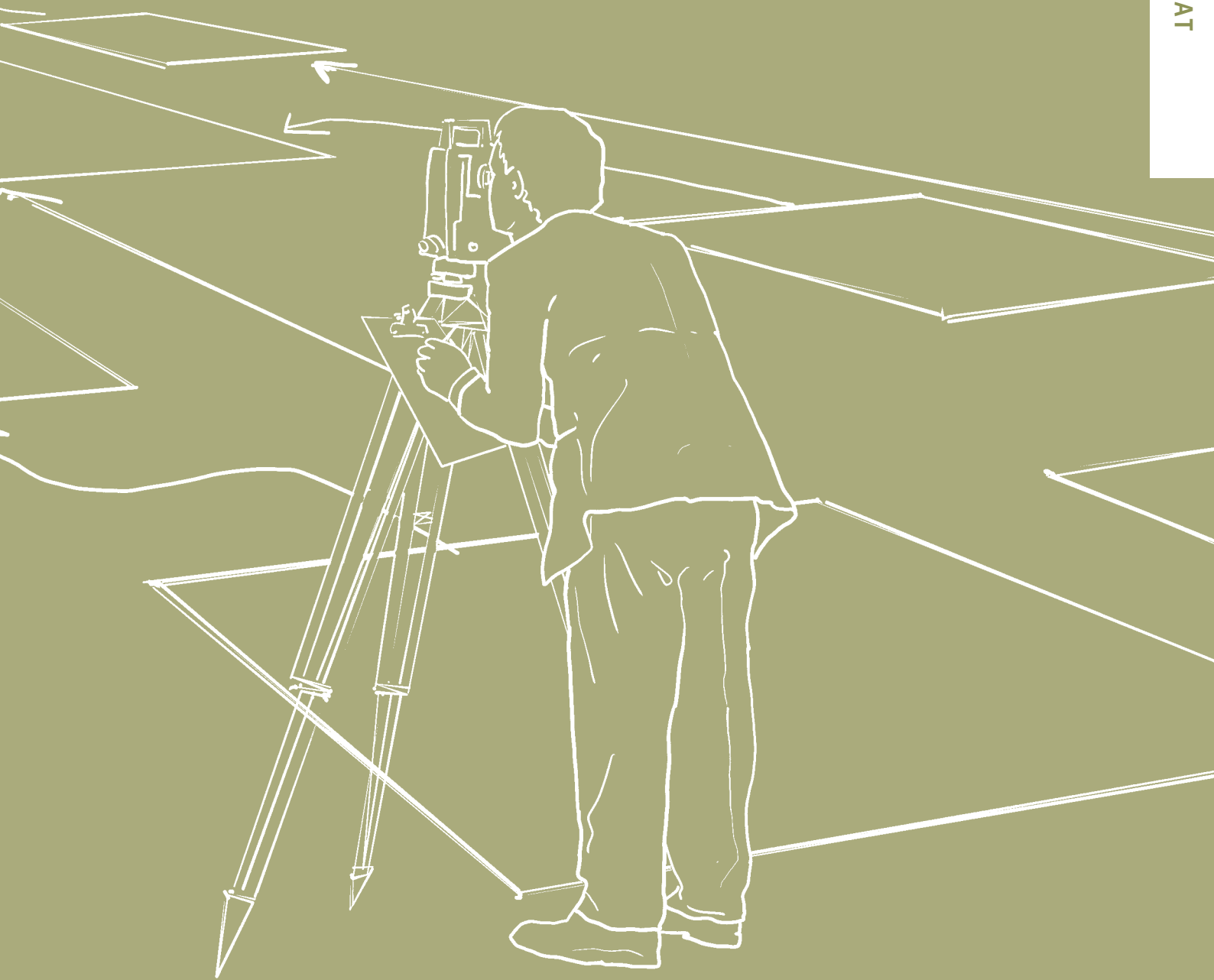
Sources: Interviews with Anna Rosendahl (Sida) and Helena Ewers (Ministry of Foreign Affairs), Erik Ladefoged (UNIDO), Bernt Steinnagel (Scania AB), Scania Project Proposal May 2011, www.scania.com, http://lkdfacility.org/unido-scania-project.html

Chapter 3



Indicators: What to measure

Indicators capture what gets measured. Partnerships are well advised to select a few manageable indicators, to recognize the importance of intermediate outcomes, and to use standard indicators where possible. Indicators can also capture insights about how the partnership works as an instrument.



Challenges in selecting indicators

Because there are no clear guidelines and standards for reporting on partnership projects, partners often end up with the a small set of output KPIs that can be tracked as part of the project's standard implementation processes. But these output indicators are usually not enough to allow partners to understand whether the project has really had an impact on individuals' well-being.

For example, are farmers really earning more because they have received training in organic agriculture? Selecting informative indicators is key to generating value through measurement.

Costs can be significant

Tracking too many or too complex indicators can make measurement costly. Partners often already need to track certain indicators such as those required for sustainability report standards or M&E systems of donors. The list of indicators can be extended by the expectations of impact investors and by other partners or civil society stakeholders. Measuring and administering a long list of indicators inevitably drives costs up.

Measuring ultimate outcomes is complex

Measuring the ultimate outcomes of projects is often expensive. In order to demonstrate that the lives of the target group have changed as a result of a specific intervention, and if so, to what degree their lives have changed, experts need to integrate statistical methods into the design process that define treatment and control groups, and they need to track closely social changes. Going this extra mile is often too great of a burden for development partnerships which typically have limited resources and face time constraints.

Overwhelming number of available indicators

It is hardly surprising that no single set of generally accepted indicators exists for all partnerships. Partnerships are simply too diverse and their objectives too varied to be captured by a predefined set of indicators. There are enormous differences among development partnerships in terms of their objectives and approaches. These can differ across sectors that range from agriculture to health to energy, targeted beneficiaries can vary from producers to employees or entrepreneurs to consumers and communities, and projects can aim for changes at the micro-, meso-, or macro-level. Indicators will therefore naturally differ widely.

At the same time, increased standardisation would help provide project managers guidance on what to measure. Furthermore, this would allow all stakeholders to compare results across projects and programmes and identify the most effective approaches.

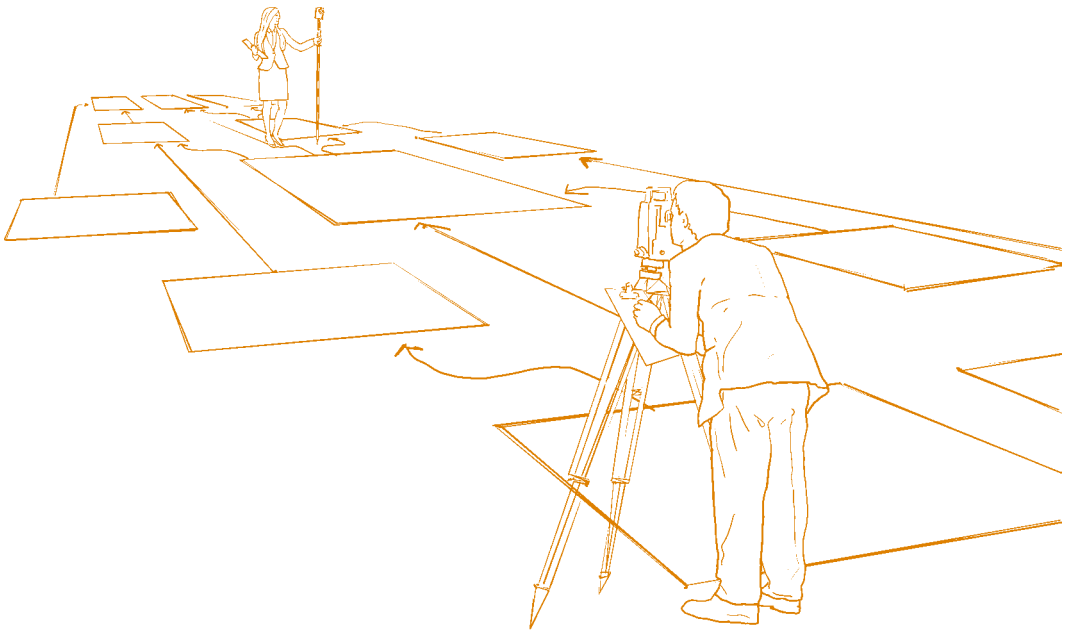
Unclear how to measure partnership itself

Development partnerships are a rather new way of implementing projects together. Many questions remain about how best to implement this instrument. Furthermore, there is no established means of measuring the success and performance of a partnership itself. How do partners collaborate? How are conflicts managed? What are the success factors in a partnership? These kinds of questions are rarely ever asked as part of the measurement process.

Some years ago we focused on measuring ultimate impact, but that was really difficult. Now we say that impact is something we target but can't measure and look instead to output and outcome.

Helena Ewers and **Anna Rosendahl**,
Ministry of Foreign Affairs, Sweden and Sida

CHALLENGES	GOOD PRACTICES
Costs can be significant →	**5** Select a few manageable indicators
Measuring ultimate outcomes is complex →	**6** Recognise the importance of intermediate outcomes
Overwhelming number of available indicators →	**7** Use standard reporting indicators
Unclear how to measure partnership itself →	**8** Reflect on partnership as an instrument



Good practice 5:
Select a few manageable indicators

KEY MESSAGE

Track only the indicators needed to take decisions, and use indicators that are informative yet easy to access.

Focusing on a few good indicators is at once more productive and less costly than collecting data on many indicators. And good proxies can help ensure measurement efforts remain manageable.

A focus on milestones and causal gaps ensures that measurement results will be useful in managing, steering and adjusting the project.

Prove the milestones

The results chain spells out how resource and activity inputs lead to outputs and outcomes. To make the chain actionable, partners will also formulate ambitions regarding how much should be spent on inputs and the commensurate achievements in terms of results. These agreed-upon targets act as milestones for proving the success of the partnership. Targets can be defined on all levels. Some outcome indicators should be included.

Meaningful indicators trigger action when milestones are missed. For example, Heineken has a target of sourcing 60% locally by 2020. If, at any point in the future they do not advance towards this target, the company will need to review and possibly identify more effective activities.

TOOLBOX

Collecting data

Methods for assessing indicators naturally depend on what needs to be measured. Researchers typically distinguish between qualitative and quantitative data collection tools. Quantitative data consist of counts or frequencies, rates or percentages and other numerical data. They often derive from surveys, structured interviews, observation checklists, or archival records, such as those found in government databases. Qualitative data describe instead problems, behaviours, opinions, experiences, attitudes, and beliefs. Qualitative data can derive from key informant interviews, focus-group discussions, open-ended questionnaires, field notes, or personal logs and journals.

The two critical criteria for good measurement are validity and reliability. Validity asks "how do we know that we are indeed measuring what we want to measure?" Reliability asks "can we be sure that if the measurement is repeated we will get the same result?"

The most important data collection tools are listed in the table below.

Table 6: **Data collection methods**

TOOL	DESCRIPTION
Observation	Visiting workshops, events or projects, and watching what happens. Direct observation is undertaken in person while indirect observation takes place when using appropriate technology such as video recording.
Secondary research	To use pre-existing sources (e.g., documents, data files, log sheets or other written pieces) with the intention of collecting independently verifiable data and information.
Interviews	Purposeful exchange between two people to uncover perspectives, experiences, and insights on a phenomenon. It is useful for collecting in-depth and detailed qualitative data.
Focus groups	Specially selected group of six to twelve individuals is interviewed by a moderator. Focus groups are useful for exploring norms, beliefs, attitudes, practices and languages. Focus groups require trained moderators.
Surveys	Data collection from a large number of people, using a standardized set of questions. Cross-sectional surveys collect data at one point in time from a sample selected to represent a larger population. Longitudinal surveys are repeated over a period of time.

Source: Adapted from Mohammad Muaz Jalil (2013).

Methodological guidelines for each approach are available on the Internet. Useful guides to the different methods for measuring changes in indicators have been provided by the DCED as well as the ACT.

→ Mohammad Muaz Jalil (2013). **A Practical Guidelines for conducting research – Summarising good research practice in line with the DCED standard. DCED.**

→ Ali Yildrim, Hanife Akar, Hans-Dieter Haller, Leena Freitag, Jutta List-Ivankovic, Barbara Brodigan, Jikky Dincelek-Letinga (2007). **ACT Evaluation Toolbox – Collection of Methods and Materials for the Evaluation of Active Citizenship.**

Fill the causal gaps

The different levels of the results chain are connected by hypotheses regarding causal links. In the Heineken example, farmers in the DRC are trained in sustainable agricultural practices with the hypothesis that they will increase their productivity and increase their income. Some of these causal links are always better established than others. It may have already been proven that the practices taught will increase productivity, but it may be unclear whether farmers really use the practices once training has ended.

Measurement that targets improved performance should focus on those causal gaps. Ideally, projects should be set up in a way that allows some variation around the weak causal links. Doing so will allow observers to identify which approach actually leads to the best outcomes.

Keep it manageable

While all indicators are measurable in some way, some are easier to measure than others. Measurement efforts can be reduced significantly if indicators are chosen in a smart and pragmatic way. Which indicators are already tracked as part of the business management processes? Which are easy to assess? There may be trade-offs between the meaningful and the measurable, and partners may need to weigh and compare where the "return on investment" is better.

It is important to identify the most essential elements for results measurement. This will help ensure that only the most relevant data is collected. More data is not always better.

Lucas Judge, *LEI Wageningen UR*

CASE STUDY: **Heineken N.V., EUCORD and the Dutch Government in DRC**

Tracking targets for local sourcing

In 2009, Bralima S.A.R.L. (a subsidiary of Dutch brewer Heineken International N.V.), together with the European Cooperative for Rural Development (EUCORD) and the Dutch government launched Projet Riz in the Democratic Republic of Congo (DRC). The project supports smallholders in growing rice by providing them training and access to inputs. Bralima then procures rice for its breweries. Thanks to the secure market provided by Bralima, farmers can increase their productivity and income. At the same time, Bralima can reduce transport costs and develop a secure, sustainable source of raw material.

> *The good numbers from DRC are very useful for Heineken's reputation – it's a good way to show what a partnership can bring!*
>
> **Patrick Villemin**, *Heineken N.V.*

EUCORD manages the project on-the-ground, trains farmers, and keeps project partners informed. It is also responsible for measuring results with the help of a local consultant. It developed a results chain, proposed indicators, and came up with questionnaires for the household surveys. Heineken has provided feedback at each step in the process.

Measurement focuses on three key indicators: productivity enhancement, increased incomes, and increased local sourcing. These KPIs are used to monitor whether the project is achieving its objectives. Should measurement fall behind target, management action would be taken.

Photo: Bastiaan Huesken

EUCORD field extension agents receive training in administration and other skills (Kisangani,2012).

From 2009 to 2012, total rice production increased by 62%. During the same period, the per farmer yield has grown by 42%, and farmers' revenues from rice have also increased. In the Kinshasa region alone, rice revenues increased more than threefold, from CDF 45,200 in 2009 (roughly €35) to CDF 191,500 (€152) in 2012. Heineken aims to source 60% of its raw material locally by 2020. In 2012, they had already reached 49%. Due to the clear success reflected in the KPIs, Heineken will replicate the approach, together with EUCORD and the Dutch government, in Ethiopia, Burundi, Rwanda, and Sierra Leone.

Sources: Interview with Patrick Villemin (Heineken N.V.), Executive Summary, DRC Rice Project Brochure, http://eucord.org/where-we-work/current-projects/congo/

Good practice 6:
Recognise the importance of intermediate outcomes

KEY MESSAGE

Focus on those outcomes in the results chain which quickly show that change is underway and which can be influenced directly.

Measuring intermediate outcomes enables project managers to track change quickly and take corrective measures.

For some time, measuring ultimate outcomes appeared to be the holy grail of results measurement in development partnerships. However, many private sector and donor project managers did not see the value of measuring changes that were far removed from their own sphere of influence and which might not be observable during a project's lifetime. In addition, measuring ultimate outcomes properly seemed expensive and would often require an assessment some years after a project had been completed.

Consequently, much of the actual measurement focused on inputs, activities, and outputs. However, this kind of focus did not provide donors the information needed to understand if and how a project was actually achieving development results, nor did it allow companies to understand whether the conditions for their long-term success were improving.

Towards intermediate outcomes

There is now a trend towards measuring intermediate outcomes. Indicators that track these outcomes help measure changes in behaviour in particular. They are more meaningful than output indicators because they point to project success. In the case of Katalyst in Bangladesh, the output of smaller seed packages has led to the desired outcome of farmers using higher quality seeds. These intermediate outcomes are more quickly identified and easier to measure than ultimate outcomes such as an increase in income derived from vegetables grown from improved seeds.

Intermediate outcomes go a long way in proving results. The link between outputs and immediate and intermediate outcomes must be proven, while the link between intermediate and ultimate outcomes is often fairly well established. It is well-known, for example, that quality seeds are a key ingredient in increasing

TOOLBOX

Measuring intermediate outcomes

The International Development Research Centre has developed a methodology for outcome mapping that helps project managers identify the critical links in their project.

→ Sarah Earl, Fred Carden, and Terry Smutylo (2001). **Outcome Mapping - Building learning and reflection into development programs.**

Experimental evaluation designs can help illuminate causal links at the intermediate level of outcomes. Experimental designs are able to vary the "treatment" provided to the treatment group; this not only helps learn whether or not an intervention has an effect, but also indicates which approach is comparatively more effective.

→ CSO Innovation for Poverty provides support in setting up experimental evaluation designs. **www.poverty-action.org**

SEE IFC/DSCL CASE STUDY ON P. 14

farming productivity. However, it is unclear under which circumstances farmers buy and utilise quality seeds. Monitoring intermediate outcomes allows project organisers to adapt during the project's lifetime instead of waiting for an ex-post evaluation of ultimate outcomes.

Moreover, intermediate outcomes can be used to improve project results. If foreseen changes are not evident, this can be detected quite early in the project, and steps can be taken to improve results. In the case of Katalyst, when the project organisers saw that farmers were not buying from retailers, they switched to mobile vendors for distribution. As this case study shows, intermediate outcomes are the part of the results chain where public and private partners' interests converge. This is also where most learning in a partnership takes place.

Outcomes of a partnership approach

Intermediate outcomes also offer opportunities in identifying standard indicators for measuring the success of partnerships. Partnerships build on the belief that partners will complement each other and that a project will be implemented differently as a result of the partnership. This difference will be tangible in intermediate outcomes, and observable in changes in behaviour and attitudes. For example, the seed company that collaborated with Katalyst changed its perception of the smallholder market as a result of its collaboration. Partnerships also typically raise awareness among important stakeholders, build capacities at different levels, and bring together actors from different backgrounds who nonetheless share a joint agenda. These kinds of intermediate outcomes could be captured in benchmark indicators to track the benefits of the partnership approach.

We and the grantee align around a clear vision of outcomes that can be achieved together. This upfront focus on outcomes encourages programme officers to manage against results rather than activities.

Nushina Mir, *Bill and Melinda Gates Foundation*

CASE STUDY: **Katalyst in Bangladesh**

Monitoring demand for quality seed to increase project success

Katalyst is a multidonor programme aimed at developing agricultural supply chains in Bangladesh. Now in its third phase, the programme works with the private sector to develop markets that are vital for poor people. To that end, the programme identifies key constraints and designs targeted interventions.

In order to enhance smallholders' access to high-quality seeds, Katalyst worked with seed companies to develop small packages and new distribution systems. Before the intervention, only 25% of small farmers used high-quality seeds. As a result, yields among the other farmers were very low. Small farmers typically cannot afford to buy large packages of seed, and thus often purchase poor-quality seed from mobile vendors. Katalyst convinced a seed company to produce smaller packages and sell them to mobile vendors. The pilot project started with 50 varieties of vegetable seed and 50,000 packages in 10 districts. Within 18 months, the company had expanded to 80 seed varieties and 2 million packages. Each farmer within the target group uses an average of two to three packages; thus, Katalyst reached around 650,000 farmers.

For results measurement, Katalyst used the DCED standard and LogFrames. Every intervention had a result chain and a monitoring plan. The monitoring plan covered three stages of assessment: output, intermediate outcomes, and ultimate outcomes. Moreover, Katalyst had a specialised M&E team that worked with the project team to measure results from the beginning.

To measure intermediate outcomes, Katalyst monitored whether farmers were actually buying the seed and found that farmers bought mostly from mobile vendors, rather than from retailers. Katalyst then hired 30 people to accompany the mobile vendors, noting the name of everyone buying seed and what they bought. This helped illuminate which varieties were most popular and where they were sold, valuable information that could be fed back to the seed company.

Photo Katalyst

Mobile seed vendors sell high-quality seeds in small packages to make them available to small farmers.

As one result of the intervention, the seed company integrated the mobile vendors into its distribution network and adapted its promotional activities to better address them. Two more companies subsequently entered the market to sell vegetable seeds. Local companies also started producing seeds, but at a lower level of quality. The challenge today is learning how to differentiate between low- and high-quality seeds.

Sources: Interview Muaz Jalil (Katalyst), http://katalyst.com.bd, http://enterprise-development.org/page/case-studies

Good practice 7:
Use standard reporting indicators

KEY MESSAGE

Refer to existing sets of indicators in order to build on widely accepted definitions and work towards harmonisation.

While the spectrum of development partnership interventions is too large to limit itself to just a few indicators, there is ample room for alignment and standardisation.

Emergent standards

Standards facilitate measurement by providing clear guidance as to what should be measured, and how. They can reduce the cost of measurement and reporting, since indicators no longer need to be developed and tested in each case. Some standards of this kind are emerging.

IRIS today is the most commonly used set of company-oriented indicators. Originally developed by and for private-sector impact investors, this set of indicators is increasingly being used by public-sector donors as well. IRIS concentrates mainly on output and a few outcome indicators. This means projects using the standard may still need to develop their own indicators to monitor changes at the higher levels of the result chain.

The Business Call to Action (BCtA) encourages companies to make pledges to achieve development objectives related to certain core aspects of their business. It supports members in their results measurement and reporting.[15] Members can pick seven indicators from a list of 70 to use for their BCtA reports. This pick-and-chose approach allows alignment without putting members into a straightjacket or running the risk of failing to capture the most significant results.

Other programmes start with a narrower mission, and hence can provide greater focus when it comes to indicators. The Donor Committee on Enterprise Development (DCED) is dedicated to private-sector development, and hence suggests three universal indicators in judging programme performance: scale, net additional income accrued by target enterprises, and net additional jobs created.[16] The Global Alliance for

15 www.businesscalltoaction.org

16 DCED (2013). Guidelines to the DCED Standard for Results Measurement: Articulating the Results Chain.

TOOLBOX

Reporting in line with others

The Impact Reporting and Investment Standards (IRIS) is an initiative of the Global Impact Investing Network (GIIN). IRIS is a catalogue of generally accepted performance metrics with a special focus on businesses that have a positive social or environmental impact. The catalogue includes generic as well as sector-specific indicators. The indicators are continuously refined based on feedback from users, partners, and working groups of formal expert advisers.

➔ **iris.thegiin.org**

The Global Reporting Initiative (GRI) provides guidelines and standard indicators for reporting on social, environmental, economic and governance performance. It is one of the most widely used reporting standards, and more than 4,000 organisations use the guidelines to produce sustainability reports.

➔ www.**globalreporting.org**

The U.N. Global Compact calls on companies to commit and adhere to ten principles for sustainable management. Principles are based on widely ratified U.N. conventions and fall into the domains of human rights, labour, environment and anti-corruption. More than 10,000 companies have signed up to the compact. Many of them report on the principles on an annual basis following the Global Compact reporting system.

➔ www.**unglobalcompact.org**

The Millennium Development Goals (MDGs) are an international commitment to achieve eight goals related to sustainable development. All development organisations and many companies report their development achievements within the MDG framework

➔ www.**un.org/millenniumgoals**

Improved Nutrition (GAIN), which focuses on improvements in nutrition, has defined a set of 17 standardised indicators that are used for every GAIN project.[17]

Development finance institutions (DFIs) have led the way in seeking to harmonise indicators. Since they all offer financial assistance to their clients, they can build on a shared understanding and experience of potential results. The International Finance Corporation (IFC) uses the Development Outcome Tracking System (DOTS) as a set of standard indicators for all its projects.[18] Likewise, the German DFI DEG employs the General Performance Review (GPR) standard to benchmark its portfolio.[19] Recently, 12 members of the European Development Finance Institutions group, along with 13 additional international financial institutions, achieved a breakthrough with the launch of the Harmonised Development Results Indicators for Private Sector Investment Operations, a set of 28 core indicators from 12 different sectors.[20]

Alignment on reporting

Companies today report non-financial results in a number of ways, making reference variously to the Global Reporting Initiative (GRI) standard, the ten principles of the U.N. Global Compact and the eight Millennium Development Goals (MDGs). In general, companies try to align their project reporting with their existing reporting requirements. Development partnerships would thus do well to choose indicators that harmonise with these standards. This will increase the attention for the projects from within and outside the organisation, and will reduce the reporting burden.

Using IRIS is a good first step. Everyone speaks the same language, which reduces the burden of reporting, especially for programmes where multiple investors are involved.

Genevieve Edens, *Aspen Network of Development Entrepreneurs (ANDE)*

17 www.gainhealth.org/performance/performance-indicators

18 www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IDG_Home/Monitoring_Tracking_Results/Tracking_System

19 www.deginvest.de/International-financing/DEG/Die-DEG/Auftrag/Entwicklungspolitischer-Auftrag/Entwicklungswirkungen-ermitteln

20 www.edfi.be/news/news/31-ifis-harmonization-initiative.html

CASE STUDY: **SalaUno and IDB in Mexico**

Building on IRIS to be ready for benchmarking

The Opportunities for the Majority (OMJ) initiative within the Inter-American Development Bank (IDB Group) invests in inclusive businesses in Latin America and the Caribbean. OMJ restructured its results measurement programme across its grant and investment portfolio, embedding IRIS metrics in the programme's foundation.

One of OMJ's investments is SalaUno, an eye-care clinic that specialises in cataract operations following the well-regarded approach of the Indian Aravind hospital chain. In 2010, OMJ awarded SalaUno a grant and provided it with consulting advice, thereby helping prepare it for further investment. In a second step, it plans to provide the company with debt funding in order to finance the expansion of its operations.

To select indicators for results measurement, OMJ investment officers work closely with their development effectiveness team. These internal experts help render projects comparable by ensuring that measurements are made on the basis of a small set of universal indicators and that the same indicators are used in similar projects. For example, in the health sector, the number of patients, diagnostic visits or curative visits can be tracked for all interventions. The metrics expert also advises investment officers on how best to track the project's most critical questions.

In its work with SalaUno, the IDB tracked 24 IRIS indicators. Combining certain IRIS indicators – such as "client individuals" with the sub-category "products" – allowed OMJ to measure certain outcomes without having to develop new metrics. Other, more specific indicators outside the IRIS portfolio were also used. The "patient conversion rate", for example, allowed the IDB to understand how successful the company is in converting the number of cataracts diagnoses (potential demand) into surgeries (actual demand). "Best Corrected Visual Acuity – Blindness (20/200)" and "Best Corrected Visual Acuity – Normal (20/60)" enabled OMJ to track the number of patients whose eyesight was restored following the surgery, which represents the final developmental outcome.

Photo: SalaUno

SalaUno provides information on cataract operations at awareness-raising camps.

The partnership with SalaUno represents a new approach within the health sector in which indicators are defined in collaboration with the company, which now reports regularly on results. Data is collected in a central system called PULSE which is based on the Salesforce platform and includes the IRIS taxonomy. OMJ's metrics experts can now analyse data on an ongoing basis and provide feedback to teams, which helps them select appropriate indicators and design new projects.

Sources: Interview with Sarah Gelfand (GIIN) and Claudia Martinez Ochoa (OMJ), www.IDB.org/en/topics/opportunities-for-the-majority/idb-opportunities-for-the-majority-serving-the-base-of-the-pyramid-in-latin-america,1377.html, http://iris.thegiin.org/materials/iris-use-case-idb-group-s-opportunities-majority-initiative

Good practice 8:
Reflect on partnership as an instrument

KEY MESSAGE

Pay attention to the benefits, success factors and hurdles associated with working in partnership.

Partnerships are based on a hypothesis of complementarity – that is, a conclusion that the project can be implemented together more effectively and efficiently than would be the case individually.

Entering a partnership

However, partnerships come at a cost, as coordinating decisions among often very different organisations can be difficult. The decision to enter into a partnership is thus often a gamble. Measurement can help procure a better understanding of when partnerships make sense. A number of specifics could in fact make the difference between success and failure. Which complementarities work best? Which partner should bring which assets on board? Even more broadly, when does a partnership approach make sense, and when should companies and donors instead go their own way?

For donors, the assessment of these questions relates to the need to prove input additionality. In other words, donors are required to prove that the project would not have happened, or would have not been as successful, without their contribution.

Managing a partnership

Once partners have decided to join forces, they face a number of decisions with regard to project management. What is the best governance structure for the project? Who should be represented on the steering board? How are the partners to make decisions together, and who is to be involved in decision-making? Which decisions are made at which level? Do partners meet personally on a regular basis, or only virtually? While these and other questions depend on the context and structure of the individual partnership, results measurement can help partners become more aware and informed about the options and their implications. GAIN, for example, pays close attention to success factors in its management of partnerships, aiming to learn and improve with each project.

We want to learn about the dynamics of multi-sector, high-visibility partnerships and how to best make them work.

Matt Freeman and **Eline Korenromp**, *GAIN*

TOOLBOX

Documenting a partnership over time

In order to understand how a partnership functions and evolves, partners can document relationships and roles at different points in time. The attention paid to the partnership itself will trigger discussions about expectations and insights, on how best to organise a partnership, and on how to avoid conflict. The conversations can be documented and shared with others. They can also trigger and inform changes in collaboration procedures.

One tool useful in discussing and documenting the roles and views of partners is the business model canvas. As a generic framework for any business, or indeed any project, it provides guidance in reviewing various aspects of the relationship while never restricting or predefining the conversation. Filling in the canvas at different points in time can reveal how partner roles and views are changing. It is best used in a dialogue with the relevant stakeholders.

➔ www.**businessmodelgeneration.com/canvas**

Other frameworks, such as the value chain, are equally useful for this exercise. The important thing is to stick to the same framework over time so that you may observe the changes.

Measuring output additionality

In addition, it can be valuable to observe the outcomes of a partnership approach on the partners themselves. Do they change their attitudes and behaviours as a result of working together? Donors conceptualise this effect as "output additionality" or "development additionality",[21] both terms that refer to results that would not have been achieved without the public-sector partner's involvement. For example, an increased attention to marginalised groups, a deepening of participatory processes in developing and implementing project activities, or better natural-resource management practices might all result from the contributions of the public-sector partner.

21 Melina Heinrich (2013). Donor Partnerships with Business for Private Sector Development: What Can We Learn from Experience? Working Paper March 2013. London: DCED.

* SEE GOOD PRACTICE ON MEASURING THE INTERMEDIATE OUTCOMES. P. 38

We seek to learn more about partnerships as an instrument. What drives this is a single question: how can we make PPP's work best?

Natalie den Breugom de Haas, *Dutch Ministry of Foreign Affairs*

CASE STUDY: **GAIN, WFP, and major food companies in Bangladesh**

Learning how to make partnerships work against malnutrition

Unilever supports school-based meal interventions.

In Bangladesh, Unilever also supports projects around hygiene.

Project Laser Beam is a five-year joint initiative of the World Food Programme (WFP), the Global Alliance for Improved Nutrition (GAIN), and a range of global companies including Unilever, Kraft and DSM. Launched in 2009, it aims to alleviate child malnutrition through a holistic approach that includes nutrition, hygiene/sanitation and food-security interventions.

The two pilot countries are Bangladesh and Indonesia. Each of the corporate partners pledged US$10 million over five years to support projects in the target regions. Some projects are implemented by WFP and others by third parties, usually non-governmental organisations. In Bangladesh, Unilever supports school-based meal and hygiene interventions; DSM has supported the optimisation and release of Pushti Packet, a supplementary nutrient mixture; while GAIN works with local private-sector and CSO partners to make multinutrient powders, fortified vegetable oil and iodised salt widely available to poor people.

GAIN is responsible for the partnership's performance framework. This framework was constructed from the bottom up, based on the individual partners' project-planning and monitoring documentation. Baselines and target values have now been established for every KPI. In January 2013, partners began reporting on progress towards project targets and the partnership KPIs for the first time.

GAIN works consistently in partnership with actors from a variety of sectors. It has learned that organising many stakeholders can be a challenge – transaction costs are high, and processes often take quite a long time to complete. It can be particularly difficult when donors expect delivery within tight timeframes. Therefore, GAIN is interested in learning how to make partnerships work more efficiently and effectively.

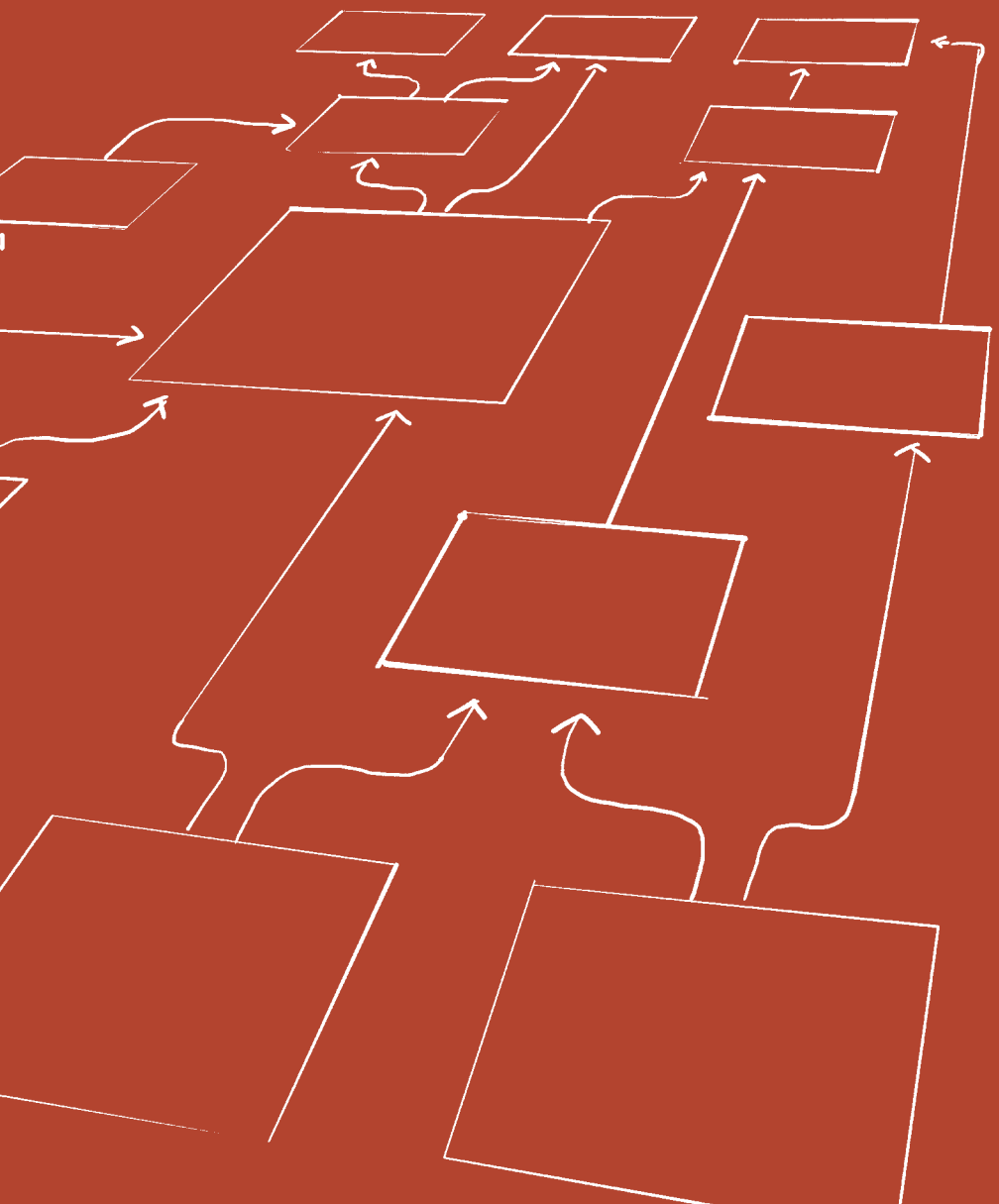
A number of lessons have been learned to date. For example, there are limits to the degree to which partners' diverse objectives can be aligned. Clear governance and decision-making structures are needed to overcome differences in perception and objectives, and to enable agreement on a joint way forward. Joint site visits are crucial in identifying opportunities for partners to work together, rather than simply side by side.

Sources: Interview with Matt Freeman and Eline Korenromp (GAIN), www.unilever.com/aboutus/foundation/wfp/laserbeam/allforone/index.aspx

Chapter 4

Process: How to measure

The process of results measurement includes the whole cycle, from defining the needs of partners, to designing and implementing the measurement, and finally to using the end product for management and reporting. Measurement is best embedded within management processes, to ensure that enough flexibility to respond to changes is retained.



Challenges in managing the process

Partners often focus on picking indicators and collecting data as the main tasks when it comes to measuring. The availability of so many potential tools and methods draws attention to the technical, away from the practical.

Too frequently, measurement is consequently perceived as a burden, a rigid system focused primarily on meeting reporting requirements. The broader picture, in which participants identify what data is most useful and then use it to improve their work, tends to be overlooked. This is the part of the measurement process that holds most potential for value creation.

Confusing array of tools and methods

In first designing a measurement process, partners have a whole array of frameworks and tools at their disposal, but no single standard able to provide guidance. The confusion is aggravated by the fact that most tools are either used by the public sector or by the private sector, but not by both. As a result, most partnerships rely on a custom-built system that is "good enough" for project management, but doesn't lend itself to the comparison of results across projects.

Measurement perceived as a burden

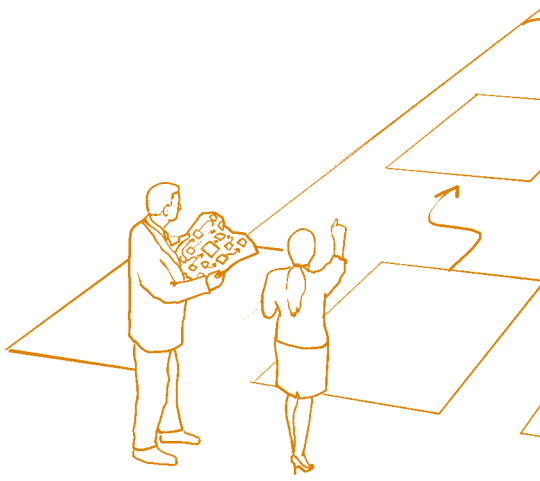
Partners often perceive measurement to be an adjunct to the project, performed only to comply with external expectations. Measurement then becomes a burden, in large part because this perspective also keeps partners from identifying the benefits that measurement can bring to their core work. Treated solely as a checkbox exercise, measurement does not create value for the project.

Baseline often forgotten

Partnerships often commence in an atmosphere of great enthusiasm. With all minds focused on action, properly preparing the measurement process by implementing a baseline study tends to get forgotten or time pressure does not allow for the baseline study to be implemented before the project starts. Once activities have begun, it can be difficult to recapture this critical early-stage information.

Projects change over time

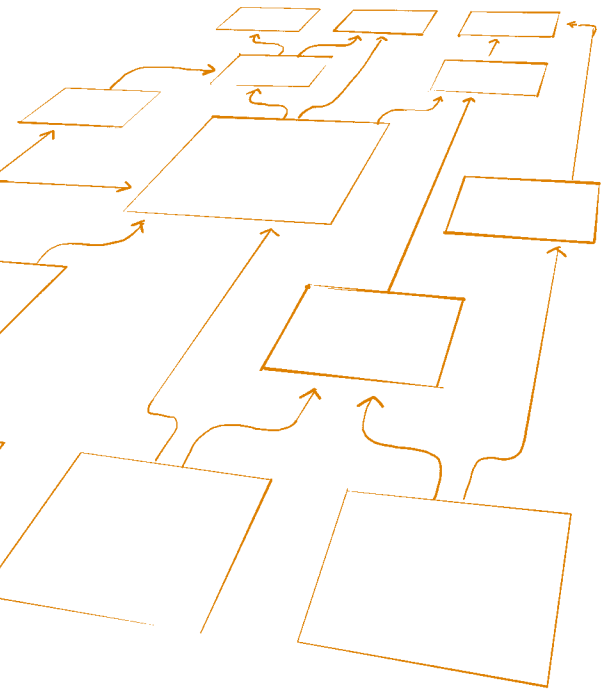
Partnership projects often start with assumptions that need to be revised during project implementation. Hence, the initial project plan may need to be revised over time. The results-measurement system must be able to adapt to these changes.



You have to increase awareness of what constitutes M&E. Many people think it is a very technical approach that requires special skills. But in reality, the project officer who works on site usually knows the numbers needed – so he is the one who makes that assessment, but he doesn't realise that he is doing M&E!

Subathirai Sivakumaran, *UNDP Business Call to Action*

CHALLENGES	GOOD PRACTICES
Confusing array of tools and methods	**9** Draw on established practices
Measurement perceived as a burden	**10** Embed measurement from the start
Baseline often forgotten	**11** Use a baseline to design project
Projects change over time	**12** Stay flexible



Good practice 9:
Draw on established practices

KEY MESSAGE

Certain aspects of the measurement process are already widely used. These are generic, "common sense" steps for any project.

While a variety of tools and frameworks do exist, they are usually compatible with each other and can be combined within a generic process. This process can be summarised in six steps:

Define the objectives and results chain

Results chains, theories of change, or LogFrames are all tools to describe how certain inputs and activities will lead to the desired results. Achieving agreement on this mechanism among partners is an essential factor for a partnership's success.

SEE GOOD PRACTICE 1, P. 24

Identify indicators

Agreeing on specific indicators and how to measure them helps to establish a common language among partners, while simultaneously identifying critical gaps in the causal chain and hence risks for project success. The Impact Reporting and Investment Standards (IRIS) set of indicators is emerging as one of the most important.

SEE GOOD PRACTICE 5, P. 36

Measure results

For each indicator, a measurement approach has to be defined. Many reference documents describing good measurement practices are available. Partners then need to collect the appropriate data.

SEE TOOLBOX, P. 36

Analyse data

Analysing data within projects usually focuses on comparing targets with actual results, and reviewing results-chain hypotheses to see if adjustments are needed. Analysing data across projects can entail aggregating or comparing results, often with reference to the resources invested (e.g., examining return on investment or cost-effectiveness).

SEE TOOLBOX ON COMPARING RESULTS, P. 30

HOW

TOOLBOX

Following the standard process

The DCED has developed a standard to use in measuring results achieved by private-sector development (PSD). In essence, it is a summary of best practices in results measurement more generally. Donors therefore refer to it as a standard in results measurement, even when it comes to partnerships.

The DCED standard essentially follows the generic process outlined above, with a greater focus on the projection and attribution of results. It encourages project managers to include system-wide results in the results chain. Moreover, it requires documentation of each step of the measurement process, in order to make the system transparent for outsiders. Documentation also improves sustainability, for example when new staff members join the project.

Efforts are currently being undertaken to further develop the DCED standard to fit certain other programme approaches. A guidance document for measuring results in the context of challenge funds has just been published. Further guidance on measuring results in partnerships is under consideration.

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

Designed primarily to help companies understand the impact of their activities on development, the WBCSD framework naturally takes the perspective of companies. Yet it can also be employed in a partnership setting, for a new joint project. It starts by setting the boundaries of the assessment, in part by clarifying objectives. It goes on to measure direct and indirect impacts. Assessing the business's contribution to development goals is described as a separate step, explicitly linking outcomes with development objectives. Finally, it provides recommendations for prioritising management responses. Thus, while reflecting the organisational process of companies, the WBCSD framework is a good complement to and is methodologically aligned with the DCED standard.

➔ www.**wbcsd.org/pages/edocument/edocumentdetails.aspx?id=205&nosearchcontextkey=true**

Adapt approach

Based on insights from the analysis, project activities can be adjusted. Insights on where to improve performance can in particular be derived from metrics that focus on results-chain hypotheses that are less well established than others. If a metric fails to meet expected targets, partners must build and test alternative hypotheses so as to adjust the results chain.

Report

Partners report project results together, while making use of their individual organisational logics. Hence, reporting cycles are best aligned with broader reporting requirements and timelines, as well as with project steering cycles.

The Enterprise Challenge Fund uses this standard process, following the DCED protocol, to assess its investment portfolio. Wing (Cambodia) Ltd., one of the fund's beneficiaries, used the approach to gain insights into user preferences that were valuable for future product development. While terminologies may differ, results speak a clear language to all partners.

Combining tools along the generic results measurement process

The toolboxes in this report point to relevant tools and frameworks for measuring results. The WBCSD recently published an overview of ten results-measurement tools with indications of where and when they are best used.[22] The available tools and frameworks are broadly compatible with one another. For example, partners could use the DCED standard as a guide to develop the results chain, use IRIS to select suitable indicators, and report results in line with the Global Reporting Initiative (GRI) standard.

22 WBCSD (2012). Measuring Socio-economic Impact.

By using the DCED standard, country managers are now more aligned, and they are in charge of M&E. Using the standard also provides reassurance to investors, and it gives us the opportunity to compare our programme against others.

Amanda Jupp, *Enterprise Challenge Fund (ECF), Coffey International*

*SEE GOOD PRACTICE 10, P. 50

CASE STUDY: **Wing (Cambodia) Ltd. and Enterprise Challenge Fund in Cambodia**

Using the DCED standard

Operating in Cambodia since February 2008, Wing (Cambodia) Ltd. is a provider of mobile-phone payment services. With a client base in urban Cambodia, Wing sought the support of AusAid's Enterprise Challenge Fund (ECF) for the Pacific and Southeast Asia regions in order to expand its services to rural areas. Many Cambodians living in rural areas rely on money sent home by family members working in urban areas. Without mobile money, funds have to be transferred either in person or via courier. ECF provided a grant of around €1 million for rural expansion.

The DCED standard was used to design the ECF results-measurement system. Results chains were completed by the fund-management team and reviewed with the companies involved. Indicators assessing the individual steps in the results chain were defined as part of this process. In the measurement plan, roles were assigned based on whether an individual indicator was being monitored by the company or the fund manager. Wing is required to report on a quarterly basis to ECF's country manager in Cambodia, detailing progress relative to business targets and its financial outcomes. The ECF country manager also interviews beneficiaries directly during field visits to verify results. Additionally, interviews with actors from the wider industry (CSOs, government, sector workers) seek to understand systemic results such an influx of competition from other companies.

Overall, the revised system made better use of available information by establishing which indicators could be covered by the company's own management system. In this way, fund managers could more easily identify where to focus their attention.

Photo: Wing

Small businesses in rural areas support the poor in using WING.

Wing found the measurement tools to be similar to existing business tools. The fund manager's assessment of benefits and wider business impacts proved useful in the company's product design process, leading the manager to call for more assistance in measuring results.

As of November 2013, Wing had more than 500,000 customers signed up to use its payment platform, 30% of whom are active users. The company had trained 1,000 merchants operating in rural and urban areas to provide Wing cash-in and cash-out functions. Presently, 6% of adult Cambodians use WING for at least one transfer per month. In 2013, WING processed more than €1 bn in mobile money in 2013 (the equivalent of 10% of Cambodia's GDP).

Sources: Interview with Amanda Jupp (Coffey International), www.enterprisechallengefund.org/index.php/project-profiles/project-04

Good practice 10:
Embed measurement from the start

KEY MESSAGE

Make measurement an integral part of project management from the beginning.

Measurement is often perceived as requiring extra effort on top of everyday project management tasks. But if partners are focused on proving their hypotheses and improving results, measurement becomes an essential part of management. In order to make measurement meaningful and efficient, it should be tied closely to management processes.

Internal steering

To be most effective, measurement should be linked directly to project steering. For each indicator, results that trigger action should be defined, as well as which specific actions should take place. Ideally, measurement cycles should be timed so as to inform regular steering-body meetings. For example, the quarterly report might inform the quarterly partners' meeting. The biannual or annual report might similarly provide the informational basis for a steering-committee meeting. The results chain is helpful for these discussions as well, since it can be used to identify reasons for any deviation from targets as well as concrete actions likely to enhance project success.

External reporting

In parallel with internal reporting processes, project results are usually also reported externally, especially in high-visibility partnerships. They are often portrayed in a company's sustainability report, in investor reports, and in the annual reports of the donor partner. By aligning the measurement plan with these external reporting requirements, the reporting burden can be substantially reduced. This is true both with respect to timing and indicators. For example, if a private-sector partner reports based on GRI guidelines, it is useful to check whether GRI indicators can be used for the project.

SEE GOOD PRACTICE 5, P. 36

TOOLBOX

Managing results

Standard management tools can be used to manage partnership performance.

The Balanced Scorecard is one of the most widely used tools in steering complex processes. This tool translates strategic objectives into measurable goals, while identifying KPIs and assisting users in keeping them all in view. As such, it builds on the results chain and focuses attention on the indicators that have been chosen to track performance. For each indicator, a target is defined. When performance lags behind a set target, management attention is required to define actions that can improve performance.

➜ R.S. Kaplan and D.P. Norton (1996). **Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review.**

Various tools are used in business to continuously improve performance. One simple tool is plan-do-check-adjust (PDCA). This establishes a continuous process of planning, implementing, measuring, and adjusting. By making the cycle a routine part of behaviour, adaptation becomes the rule instead of an exception.

➜ Deming, W. Edwards (1986). **Out of the Crisis. MIT Center for Advanced Engineering Study.**

Benefiting the target group

Results data can also be immediately useful for the project's target group. In Ghana, for example, the Rainforest Alliance was able to inform farmers of the exact sizes of their landholdings, which allowed them to receive optimal amounts of fertilizer and other subsidized inputs from government agencies. These immediate benefits increase the value of the project for the target group, and as a result, also tend to increase support for the project and its measurement procedures.

Continue measuring

The results-measurement system is usually designed in accordance with the partnership project's own structure. Most partnership projects are implemented within a few – often three – years. Some projects are one-off interventions. But many are designed to create an activity that can be continued as part of the core business of the private-sector partner. Therefore, partners should discuss how the measurement system can be continued and possibly restructured after the partnership ends.

Results measurement at the Rainforest Alliance is designed to support adaptive management and a learning agenda.

Elizabeth Kennedy, *Rainforest Alliance*

CASE STUDY: **Rainforest Alliance, UNEP, GEF and companies**

Adaptive management and learning for sustainable cocoa

The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land use practices, business practices and consumer behaviour. The CSO co-founded the Sustainable Agriculture Network (SAN). The coalition of conservation groups defined a sustainability standard for environmentally and socially responsible production of crops such as cocoa, coffee, tea, and more.

As part of the Greening the Cocoa Industry project, Rainforest Alliance, the United Nations Environment Programme (UNEP), the Global Environment Facility (GEF), chocolate manufacturers Mars Incorporated and Kraft Foods, along with several major farmers, cocoa trading and processing companies, joined together to advance application of the SAN standard. Launched in November 2010, the project aims to bring 10% of the world's cocoa production – 350,000 tonnes per year, farmed on 750,000 hectares by 250,000 farmers – into more sustainable production systems that will measurably improve biodiversity conservation in tropical ecosystems within six years. By the end of the project, sales of certified cocoa are projected to reach 165,000 tons.

Results measurement at Rainforest Alliance is designed to support adaptive management and a learning agenda. Results from baseline and ongoing monitoring are used to provide targeted technical assistance and modify programme delivery to farmers and other project beneficiaries throughout the project.

The Greening the Cocoa Industry project's results-measurement system consists of three levels. First, programme-wide monitoring tracks inputs and activities such as operation size or the geographic location of interventions, as well as outputs. Second, sample-based monitoring in selected areas of operation assesses socio-economic and environmental outcomes. Third, focused research verifies results and tests hypotheses. Data for the first two levels are collected during audits and technical assistance provided by the Rainforest Alliance. For the third level, third parties are asked to collect the data. The multitier system combines breadth with depth, and ensures sufficient continuity for tracking change over time.

Photo: Rainforest Alliance

Training for lead farmers in Ghana to implement the activities to support the SAN standard.

Baseline data sets have improved the Rainforest Alliance's ability to provide targeted technical assistance to farmers. Lead farmers were integrated into the measurement process, which helped to reduce costs. Farmers also benefit directly from the measurement activities. In Ghana, for example, farm maps provided the exact size of each farmer's production area, which enabled farmers to access optimal amounts of farm inputs provided by government agencies.

Data generated through the assessment has also been instrumental in proposing adjustments to the principles and criteria contained in the SAN standard. For example, the criteria for conservation of high-value ecosystems have been refined, and additional criteria facilitating group certification and farm unit certification have been created.

Measurement within the Greening the Cocoa Industry project is thus paying off at various levels of implementation.

Sources: Interview with Elizabeth Kennedy (Rainforest Alliance), www.rainforest-alliance.org/work/impact

Good practice 11:
Use a baseline to design the project

KEY MESSAGE

Combine market research and a fact-finding or feasibility study with a baseline study.

Partners tend to rush into a project once the partnership is completely established. In the hurry to action, there is often no time to conduct a baseline study.

By combining a baseline study with initial market research and feasibility studies, no time is lost, and both the project and the results-measurement system can be designed based on sound empirical facts.

Keep baseline assessment broad

A baseline study can be undertaken even with only a rough idea of the project's objectives and approach at hand. In any case, the assessment should be broad enough to allow for adjustment and refinement at a later date. In the example of HERi Madagascar, the research included basic questions about village households' energy use and incomes, but also asked about access to education, information and health care, all of which were potential aspects of the solar kiosk project. Keeping the baseline assessment broad also accords with the objectives of market research and feasibility studies, which are designed to provide insight into all relevant aspects of community life, thus identifying opportunities for interventions.

Let insights inform project design

Once the baseline study has been performed, the project can be defined based on the resulting insights. The baseline study for HERi found that people in many villages spent very little money on light due to their low incomes. As a result, HERi established a system based on renting solar lamps instead of selling them, as the rental fee for one night was equal to what a typically family would otherwise spend on kerosene. Of course, studies may also lead to the conclusions that an intervention is not feasible or desirable, for example because needs are already met by competing offerings.

Defining additionality

The insights from the baseline study can also provide more insight on the additionality of the partnership. For example, it might show which capabilities of private and public partners are required for which activities. Thus, it might also provide evidence that a private-sector company cannot implement the project by itself.

The baseline study allows us to customise our portfolio of products and services to the needs of a particular village.

Junte Wasmann, *HERi Madagascar*

HOW

TOOLBOX

Assessing the socio-economic situation

Exactly what is studied in a project's baseline study will naturally be derived from the partnership's objectives. Partners can use preliminary drafts of the results chain to identify relevant indicators. Baseline studies should only include results that are within partners' ability to affect, so as to be meaningful for project design.

The Progress out of Poverty Index (PPI) is a poverty measurement tool developed by the Grameen Foundation. It can serve as an inspiration for the kind of questions that can be asked to understand target households' socio-economic situation. Answers to ten questions about a household's asset ownership and other characteristics are scored to compute the likelihood that the household is living below the poverty line or above it but only by a narrow margin. With the PPI, organisations can identify the clients, customers or employees who are most likely to be poor or vulnerable to poverty, integrating objective poverty data into their assessments and strategic decision-making. They can also assess the performance of an intervention and track poverty levels over time. The PPI is country-specific; PPIs exist for 45 countries.

→ www.**progressoutofpoverty.org/about-ppi**

CASE STUDY: **HERi Madagascar and Dutch PSI programme in Madagascar**

Integrating results measurement and market research

Photo: HERi Madagascar

HERi kiosks provide energy and information services in rural Madagascar.

Photo: Claudia Knobloch

The HERi team interviews villagers about their energy spending habits for the baseline study.

Photo: HERi Madagascar

HERi kiosks charge phones which saves a lot of time spent on walking to other charging stations.

HERi Madagascar sets up kiosks in rural Madagascar that provide energy and Internet services. The social business ultimately aims at improving quality of life for the inhabitants of rural areas, by providing energy-related products and services that were not previously available. In this endeavour, HERi has received financial support from the Dutch government through its Private Sector Investment (PSI) programme.

HERi is a young company, founded in 2012 with around 15 people. To be able to measure the results of the company's activities despite limited human and financial resources, HERi set up an integrated system of data collection with support from external experts. Today, it performs a baseline study for every single village served as part of its market research. PSI defines a number of indicators that need to be assessed during the course of the study and during subsequent evaluation. These indicators have been integrated into the research protocol.

When looking for new kiosk locations, the HERi team visits villages that publicly available information has shown to fulfil a first set of screening criteria such as "more than 200 households" and "no connection to electricity grid". In these villages, HERi conducts interviews with the mayor and organises focus groups and household surveys. These formats are useful in obtaining information essential in choosing locations that can sustain a profitable kiosk business, such as local purchasing power and income sources. But they also serve as a basis for future results measurement, as they document local conditions before the opening of the kiosk.

Combining the processes of conducting baseline studies and market research has proved very efficient. The market-research questionnaires contain several questions useful primarily for the baseline study, such as: "How many hours do your children study after sunset?" However, the data-collection process is the same. By combining the two functions, baseline studies are also conducted in some villages that are not ultimately selected as a kiosk location. These villages can later serve as part of a control group.

Sources: Information provided by Junte Wasmann (HERi Madagascar)

Good practice 12:
Stay flexible

KEY MESSAGE

Use partnerships to innovate and experiment. Results measurement can be developed and adjusted along the way.

Partnership projects often enter new territory. Results measurement systems need to be flexible to allow for experimentation and adaptation.

For explorative projects: develop the results chain in parallel to the project

Challenge funds, for example, ask companies to co-develop new solutions to development challenges. In the case of M-PESA, partners started with a notion of opportunity within the area of mobile finance, but lacked a concrete sense of how to create a sustainable business. Hence, it was impossible to specify a results chain from the beginning.

Every partnership starts with an objective. However, it is not always clear from the beginning how an objective can be achieved. The partnership that would eventually lead to M-PESA grew from the observation that mobile telephony could be used to foster financial inclusion. In the absence of a an articulated plan for achieving this goal, the partnership set its sights on identifying a business model that could realise this opportunity.

For projects that do not start with a precise idea of how to achieve results, but rather seek to experiment with innovative approaches, developing the results chain is itself part of the mission. Again, management and measurement should be closely linked, as improving insight into how to achieve change also leads to a better understanding of how to demonstrate results. M-KOPA uses its research to understand how users are benefiting from better access to clean energy, and how a financial solution enables this access, spelling out their theory of change as they go. As noted in the previous chapter, the baseline study can be embedded in the market research process, thus making it easier to measure change later in the project.

GOOD PRACTICE 11, SEE P. 52

TOOLBOX

Failing forward

Partnerships are usually created with the aim of succeeding and achieving positive outcomes within a comparatively limited time span. This is sensible, but often limits partners' inclination to take risks and experiment.

Design thinking is a problem-solving approach that promotes trial-and-error as an efficient and fast way of learning. In line with the generic process of measurement, the standard design-thinking process starts by defining objectives and finding a common language, then undertaking research to find the facts most relevant in creating a solution to identified problems. It then enters a creative cycle, in which possible solutions are brainstormed and quickly prototyped. This phase is expected to go through various iterations, enabling partners to learn from failure and gain insights into the nature of the problem and potential solutions. In this case, more failure simply means more insight. In reviewing the process, comparing outcomes with the objective and the results chain, partners can subsequently select the most powerful approaches and implement them more fully.

Where partnerships are intended to lead to new solutions, failing fast, often and early is ironically a good indicator that the partnership is successful, as it is taking risks to develop something truly innovative.

➔ **designthinking.ideo.com**

➔ Tim Brown (2009). **Change by Design: How Design Thinking Transforms Organizations and Inspires Innovation.**

For all projects: review and adjust results chain regularly

The results chain and the related measurement system are not static. As partners learn and improve the project approach, insights should be reflected in these management tools. For example, new questions about the results chain may arise during implementation, and new hypotheses may need to be tested with new indicators. The intended solution may even prove to be unviable, and might therefore require adjustment. Conversely, initially defined indicators may prove not to be useful, and can be dropped.

Of course, a consistent set of indicators is also needed in order to track results over time. Therefore, it can be useful to start with a larger number of indicators, or broader indicators, and refine and reduce this list as the theory of change becomes clearer. M-KOPA, for example, started out with a broad set of measures, and now aims to reduce its core set to only six.

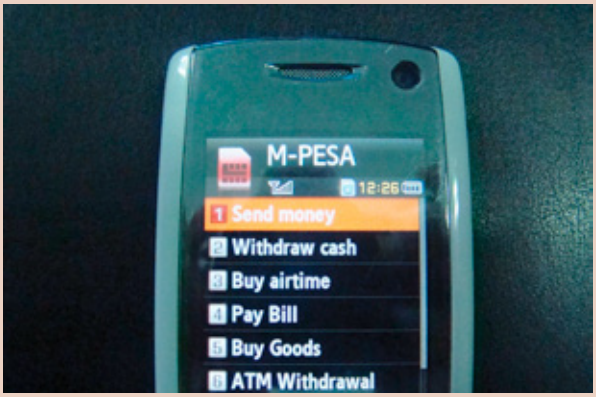
The project proposal was pretty vague. Had we been too critical of the specifics at that point it wouldn't have gone ahead.

David Ferrand, *FSD Kenya*

CASE STUDY: **Safaricom Limited and DFID in Kenya**

Learning to develop results measurement on the go

New technologies such as Safaricom's mobile phone based payments service, M-PESA, promise to revolutionise access to finance in Kenya.



Credits: FSD Kenya

A typical M-PESA cellphone menu.

Mobile service provider Safaricom Limited introduced M-PESA in 2007 as the first mobile-money service in Kenya. Users can check their account balance, make deposits and withdrawals, pay bills, purchase mobile-phone credit, and transfer money to other users. M-PESA's design and pilot stages were made possible by a matching grant through DFID's Financial Deepening Challenge Fund (FDCF) to Safaricom owner Vodafone. Today, M-PESA boasts 17 million users.

The project began with a recognition of the opportunity to address the challenge of financial exclusion provided by the increasing availability of mobile telephony. At that time, more than 70% of Kenyans lacked access to financial services. However, what form the solution would take was unclear. The grant from the challenge fund was used to develop a clear value proposition and to convince senior management to invest in the programme development. The grant allowed Nick Hughes, the intrapreneur behind M-PESA, to run a series of workshops to better understand customer needs. It also helped establish the partnership with financial CSOs MicroSave and Faulu, which in turn provided access to poor communities. Partners were subsequently selected for a trial that allowed M-PESA to identify user behaviour which, in turn, enabled the development of a scalable business proposition. Following the completion of a pilot project, M-PESA could specify the value proposition and a business case, identify key risks, establish a revenue model, and develop the technology solution.

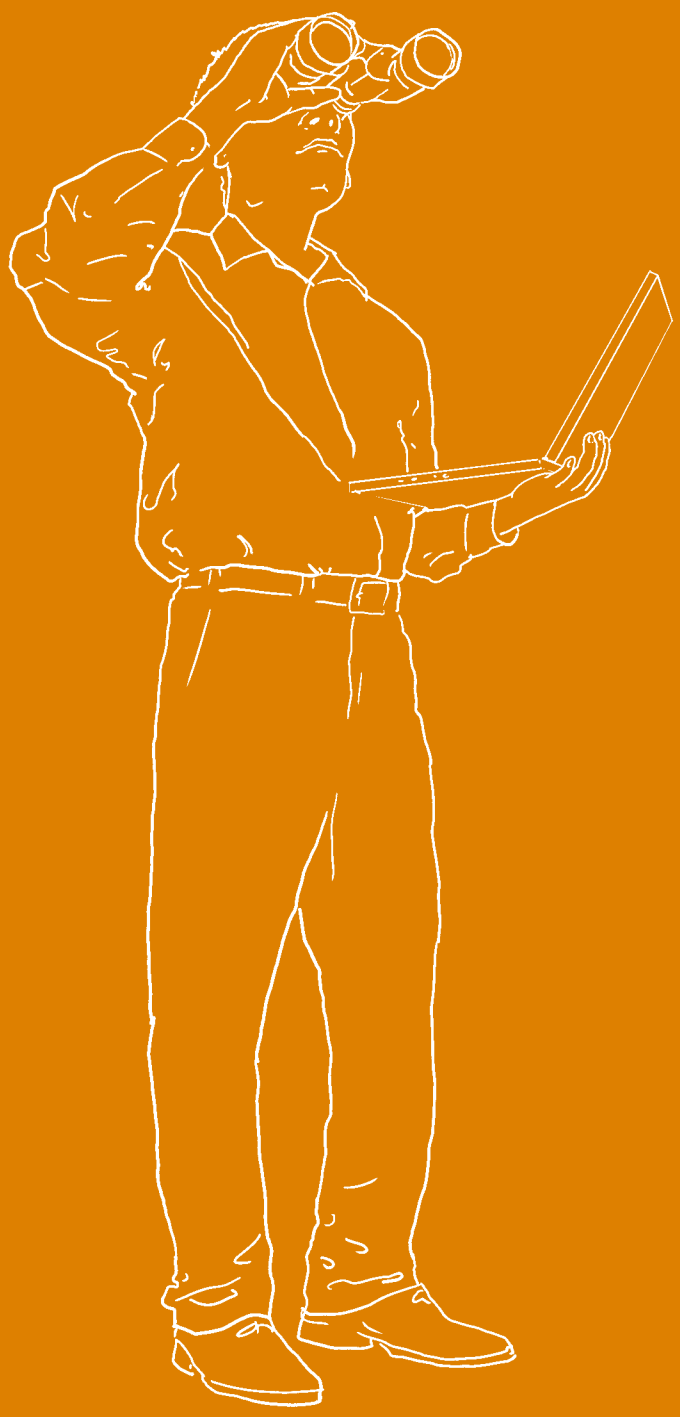
With this exploratory approach, it would have been impossible to specify the results chain from the beginning. In order to apply for the fund, the team had to propose certain targets and the means of getting there, but the proposal left considerable room for experimentation and learning.

Despite the project's ultimate success, a flexible approach to results measurement might have been useful. Hughes believes that establishing a baseline in the early stages might have helped the initiative better specify results. However, no detailed attention was given at the outset to defining and measuring outcomes. There was a lost opportunity in completing good baseline assessments. With M-KOPA, an ongoing project designed to leverage M-PESA's success in facilitating access to clean energy, Hughes built on this insight and implemented a flexible measurement approach from the start. Project organisers thus capture data that is useful from both a business and a development perspective. Identifying how many hours customers use the energy system per day, as well as how much they save from using it, is one such example. The project organisers are now simplifying their key performance indicators, aiming to settle on a total of six such indicators. In parallel, they are working on a theory of change for M-KOPA as a whole.

Sources: Interviews with Simon Calvert (DFID), Nick Hughes (formerly Vodafone, now M-KOPA), and exchange with David Ferrand (FSD Kenya)

Chapter 5

Outlook



Opportunities for improvement

The case studies show that measurement is already successfully implemented in development partnerships as a means of enhancing project outcomes. Yet the topic still seems daunting to many, and project managers are often held back by a lack of support in designing a productive measurement system. Donors, private-sector actors, and other partnership stakeholders can contribute to increasing and improving measurement.

The challenges identified in the previous chapters point to a number of opportunities for improving results measurement:

Centres of excellence

Governments of developed or developing countries as well as multilateral institutions could set up one or more centres of excellence to support partnership projects in implementing results measurement. Alternatively, they could task existing centres with this mandate. Partners would thus be provided with an authority to which to turn for advice when setting up their results-measurement systems. Such centres should offer a "help line" for partnership managers seeking on-the-spot support without bureaucratic constraints. Centres equipped with their own funding could support project managers in setting up a results-measurement system at no additional expense to the project. This can reduce the barriers to measuring results.

Centres of excellence can also be given the mandate to advance standardisation and joint learning. When supporting partnership projects, such centres can contribute to harmonisation efforts by promoting shared approaches and the use of standard indicators across several partnership projects. Such centres can collect and analyse results systematically, share insights and, thanks to their long-term operational mandate, can follow up on results after projects have ended. Centres of excellence can therefore address time-span constraints in ways that many partnership initiatives cannot. Finally, such centres can advance the exchange of information regarding failures and stumbling blocks, thereby fostering a failure-tolerant culture that is currently absent among practitioners. Companies, CSOs, and public actors can support the progress of these centres by opening up their activities to external scrutiny. They can also shape the direction taken by such centres by acting as advisors and providing feedback. Finally, centres of excellence can build on existing initiatives, such as those listed below.

CLEAR is a multi-donor initiative that supports five regional centres in building local capacities for results measurement while collectively contributing to global learning through the production of innovative materials and practical knowledge exchange. The initiative is not focused specifically on partnerships.
www.theclearinitiative.org

The **Partnership Resource Centre** in the Netherlands is mandated by the Dutch government to support learning about partnerships and among partnerships themselves. Results measurement is an important aspect of this task, and practitioners can contact the centre's experts for support.
www.partnershipsresourcecentre.org

Currently, the **governments of Germany, the Netherlands and Sweden** are creating hubs designed to advance partnerships in several countries, including Egypt, South Africa, Indonesia, Colombia, and Zambia. These hubs can also act as centres of expertise on the local level.

Training sessions and peer-learning forums

To build partnership managers' capacity to measure results, governments of developed and developing countries, multilateral institutions, business associations, and private providers can provide specialised training sessions for measuring. The centres of excellence mentioned above can also contribute to skills-building by providing support throughout the project lifecycle, which enables learning among project managers as they proceed. Organising peer-learning forums is one simple intervention targeting improved measurement capacities. At such forums, partnership managers can present and receive feed back on their results measurement systems. Everyone learns, often more effectively than in standard training sessions. These capacity-building measures can also advance harmonisation. Companies as well as public agencies would, however, need to alot their employees time to participate in capacity-building and peer learning activities.

> The **DCED** offers training courses for donors, project managers, and consultants on applying the DCED standard for results measurement and setting up effective and efficient results measurement systems.
> www.enterprise-development.org/page/training-courses

Basic research

Proving the links between intermediate and ultimate outcomes is often better done in a scientific research setting. Partnerships usually begin once such evidence has been established. For example, companies and public actors work together to fortify staple foodstuffs with micronutrients, because it has been established scientifically that fortification can alleviate malnutrition. Forcing each new partnership to prove already established causal relationships would involve a waste of resources for the partnership. Yet many questions regarding how to achieve development objectives remain unanswered. Given that insights here are a public good, there is also a case for the public sector to invest in basic research. Resolving the big questions reduces the burden carried by individual partnerships in complicated evaluations. Universities and research centres can drive this research forward, and governments from developed and developing countries as well as multilateral institutions can provide funding and direction. Closer feedback loops between academic research and partnership practice should be established. Companies and business associations can help to define the research agenda and support basic research through collaboration.

> The **British donor agency DFID** is already working to reduce these burdens by funding systematic research on the large, open questions through the Research for Development Fund.

Shared database

A shared database in which evidence from partnership projects is collected could prevent efforts from being duplicated and enable actors to focus on existing knowledge gaps. It would also facilitate benchmarking efforts and help project managers make informed decisions about what to measure. A multilateral institution or forum (like the DCED) would be best positioned to manage such a database. All stakeholders, including public and private partners, but also universities and research centres, CSOs or measurement service providers, would be asked to feed in data.

> The **MIX Market** is an example of a database in the domain of microfinance that provides a comprehensive overview of microfinance institutions (MFI) as well as indicators for benchmarking. The Microfinance Information eXchange was initiated by the Consultative Group to Assist the Poor and incorporated in 2002 as an independent organisation. It analyses about 2100 institutions in over 110 markets worldwide and works with more than 35 MFI networks.

Governments, companies, and other stakeholders should coordinate and collaborate to improve the landscape for results measurement. They should avoid a further proliferation of approaches. Instead, greater coordination can help to drive harmonisation, and ultimately, greater comparability of results and faster learning.

Working in partnership is vital to tackling the major sustainable development challenges facing humanity today. Improving partnership performance is a means to achieving development objectives more efficiently and effectively. By advancing the systematic measurement of results in partnerships, governments, multilateral institutions, companies and business associations, CSOs, universities and research centres can each contribute to learning faster and improving the implementation of joint solutions for sustainable development.

Annex

Further reading

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Acronyms

ANDE	Aspen Network of Development Entrepreneurs
BCtA	Business Call to Action
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)
BOP	Base of the Pyramid
CDF	Congolese Franc
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DCED	Donor Committee for Enterprise Development
DFI	Development Finance Institutions
DFID	Department for International Development
DOTS	Development Outcome Tracking System
DRC	Democratic Republic of Congo
DSCL	DCM Shriram Consolidated Limited
DSM	Dutch State Mines
ECF	Enterprise Challenge Fund
EUCORD	European Cooperative for Rural Development
FDCF	Financial Deepening Challenge Fund
FDI	Foreign Direct Investment
FSD	Financial Sector Deepening
GAIN	Global Alliance for Improved Nutrition
GEF	Global Environment Facility
GIIN	Global Impact Investing Network
GIM	Growing Inclusive Markets
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GmbH	Gesellschaft mit beschränkter Haftung (Limited liability company)
GPR	General Performance Review
GRI	Global Reporting Initiative
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IDH	Initiatief Duurzame Handel (The Sustainable Trade Initiative)
IFC	International Finance Corporation
IRIS	Impact Reporting and Investment Standard
KPI	Key Performance Indicators
LEI	Landbouw-Economisch Instituut (agri-economics institute at Wageningen University)
LKD	Learning and Knowledge Development
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MFI	Microfinance Institution
NGO	Non-governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OMJ	Opportunities for the Majority
PDCA	Plan-Do-Check-Adjust
PPI	Progress out of Poverty Index
PPP	Public-Private Partnership
PSD	Private-Sector Development
PSI	Private Sector Investment
RM	Results Management
RTRS	Round Table on Responsible Soy
S.A.R.L.	Société à responsabilité limitée (limited liability company)
SAN	Sustainable Agriculture Network
SNV	Stichting Nederlandse Vrijwilligers
SROI	Social Return on Investment
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UR	University and Research Centre
WBCSD	World Business Council for Sustainable Development
WFP	World Food Programme
WWF	World Wildlife Fund

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Endeva's mission is to inspire and support enterprise solutions to the world's most pressing problems: making poverty a thing of the past and preserving ecosystems for the future. In our projects, we build, share, and apply knowledge to develop, implement and grow inclusive business models.
As an independent institute, we work closely with partners from all sectors. The people at Endeva share a passion for positive change and inspiring collaboration

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Working in partnership is vital to tackling the major sustainable development challenges facing humanity today. Results measurement is critical to improving the performance of partnerships. This publication identifies 12 good practices for increasing the value of measurement and the effectiveness of partnerships.

Partnerships that apply these good practices will benefit throughout their lifecycle from having relevant, up-to-date data to guide strategic decisions. Partners will also find it easier to report on results and to limit administrative outlays related to the partnership.

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