

# ***Monitoring and Measuring Results in Private Sector Development***

*Good practices for SDC program managers to enable implementing partners to design, apply, and benefit from, a monitoring and results measurement system that enables learning and reporting credible results and that complies with the DCED Standard for Results Measurement.*

## **1 Background**

The DCED Standard for Results Measurement is considered an appropriate framework for programs to monitor and measure results thus improving intervention design, increasing sustainable impact and reporting results that are credible. The development of the DCED Standard for Results Measurement has been supported by various donors including the Swiss Agency for Development and Cooperation (SDC). The DCED Standard is being applied by programs active within Private Sector Development, many of them applying the Market Systems Development (MSD) approach, and also programs in Vocational Skills Development (VSD), and programs applying various other approaches.

The objective of this paper is to provide guidance on good practice with respect to the process, and with respect to the roles and responsibilities of SDC program managers<sup>1</sup> during program design and implementation. This is in order to ensure that projects can, and will effectively use, a monitoring and results measurement system that complies with the DCED Standard.

This paper briefly introduces the DCED Standard (what is it, why is it there?) and then focuses on the roles and responsibilities of the SDC program managers in steering the implementation partners to develop and use an appropriate monitoring and results measurement system. The paper follows the SDC project management cycle and specifies the challenges and tasks for each of the stages of the cycle. These monitoring and results measurement practices naturally link to, and sometimes overlap with, the good MSD practices described in the [SDC good practices paper](#)<sup>2</sup>.

This paper has been written by Hans Posthumus under the Back-Stopping Mandate - Focal Point Employment and Income, managed by Helvetas Swiss Intercooperation. Structured interviews have been held with some SDC program managers who oversee programs in MSD that apply the DCED Standard. A four-day training workshop with selected program managers from the West Balkans and Caucasus provided a better understanding of the experiences, challenges and success factors that influence the steering, and thus the performance, of the programs. Highly valued feedback to the first draft version was provided by Peter Beez (SDC), Stefan Butscher (SDC), Markus Kupper (SC), Aly Miehbradt (MCL), Jim Tanburn (DCED), and Maja Ruegg (HSI). A consultation round among the members of the E+I network resulted in 22 constructive reactions<sup>3</sup> from SDC program managers, project managers from implementing organisations, and consultants, after which the author produced a final version. I would like to thank SDC for providing the opportunity to work on this paper, and I am grateful to all the reviewers who provided detailed and insightful comments to earlier drafts.

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<sup>1</sup> SDC program managers refers to the person in-country directly responsible for the program, often National Program Officers, but that varies per country and program.

<sup>2</sup> SDC: Managing MSD/M4P projects, internal guidance document for SDC head office and cooperation office staff, posted on the BEAM website.

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## Acronyms

BEE	Business Enabling Environment
DCED	Donor Committee for Enterprise Development
FI	Financial Inclusion
GG	Green Growth
HSI	Helvetas Swiss Intercooperation
MTR	Mid Term Review
MRM	Monitoring and Results Measurement
MSD	Market Systems Development
PCM	Project Cycle Management
PSD	Private Sector Development
SC	SwissContact
SDC	Swiss Agency for Development and Cooperation
ToC	Theory of Change
VSD	Vocational Skills Development
VCD	Value Chain Development

### **3 Introducing the DCED Standard for Monitoring and Results Measurement.**

The DCED Standard is designed for Private Sector Development programs (PSD). It is a quality control standard to ensure that programs develop and use a customized Monitoring and Results Measurement (MRM) system. An appropriate MRM system will help the program to design better interventions, learn from implementation and ultimately lead to more sustainable impact and be able to report that impact in a credible way to SDC and other stakeholders. Such a MRM system has five key characteristics.

#### **Enabling flexibility**

PSD programs, especially those applying the MSD approach, have to be flexible. The portfolio of sectors<sup>4</sup> may change over time. The sectors are selected and screened, leading to a sector strategy that is reviewed and adjusted periodically. Interventions are the result of a continuous search for opportunities, innovations and partners. They are designed throughout the implementation phase, not at the start of the program. Interventions are rarely implemented without adjustments: learning what works, and what doesn't, leads to adjustments. This implies that the log frame and the monitoring and results measurement system needs to accommodate this flexibility. Recently, the term 'adaptive management' is being used to reflect the type of management that is needed for MSD programs.

#### **Process oriented**

The Monitoring and Results Measurement system should thus enable the program to continuously monitor and measure results, and tailor these assessments to the sector strategy, intervention logic and the implementation stage. A typical MSD program would have multiple levels: the portfolio of sectors, the sectors and the interventions in those selected sectors. The MRM system thus specifies the process (how do we monitor and measure results), rather than prescribing which impact indicators need to be measured when.

#### **Results oriented**

The focus of the MRM system is on using results to feed into management: monitoring and measuring impact in order to use the information to adjust the intervention design, to upscale the interventions, to adjust sector strategies or to adjust the program portfolio. Collecting data helps to understand and improve program performance and achieve more impact by using resources more effectively. That means assessing attribution: reporting 'changes only' without a clear link to interventions can't be used to steer the program nor can such changes legitimately be used to describe the impact of the program.

#### **Promotes learning**

In PSD, and especially MSD, one searches for opportunities and introduces innovative market driven solutions. That implies taking risks. The activities and the resulting outputs and outcomes should be closely monitored. The program needs to create a culture of honest enquiry among staff to find out what works and what doesn't, and why. Staff members need to analyze the results and use that information to adjust or develop new interventions that lead to more impact.

#### **Integrated system**

MRM is a management function. MRM needs to provide information to management, to help management to review interventions and strategies throughout the program implementation period. MRM is a continuous function that cannot be outsourced and is best integrated within the program management system. Implementation staff monitor and analyze changes, supported by

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<sup>4</sup> This document uses the term 'sector', others might give preference to the terms 'system' or 'market'. The description of the process is based on MSD projects, other approaches may use similar or different steps and terms for this process.

MRM specialists who have the expertise to assure the quality of the process. The program needs to have the capacity to perform this task in terms of systems and resources, both human and financial. Planning for and building-in that capacity needs to start right from the beginning of the program cycle.

### **Costs, benefits and returns on investment of a MRM system complying with the DCED Standard.**

The DCED Standard is a quality control standard to ensure that programs develop and use a customized MRM system. The DCED Standard thus enables programs to develop a MRM system with the above five characteristics.

In MSD, the program searches for opportunities to develop market driven solutions. It is not known what will work and what will not work. In MSD, achieving sustainable impact takes time. New business models are introduced, and new services are being offered by market players. Target beneficiaries may use them, and as a result, increase performance, and generate more income. An appropriate MRM system helps the program to assess the likelihood of sustainability of the interventions. It helps to monitor the progress of interventions and outcomes and to use that information to improve the program interventions. It enables programs to estimate the potential impact and to report credible impact. The DCED Standard has been applied in the implementation of various programs. Applying the DCED Standard builds upon proven practice and avoids 're-inventing the wheel' which involves additional costs and risks. Programs that develop MRM systems in line with the DCED Standard have access to valuable supportive resources.

A DCED compliant MRM system contributes to three core functions of SDC program managers: steering, accountability and learning. An appropriate MRM system will provide crucial information about the progress of the program and about the likelihood of achieving the targeted impact and thus helps the SDC program manager to steer the program. Secondly, a functional MRM system improves the learning and the performance of the program, thus leading to more impact while using fewer resources. Programs that comply with the DCED Standard will report impact that is credible and that can be aggregated across programs which is important for accountability. Programs can be audited by DCED-certified auditors, providing an independent expert view on the status of the MRM system.

As with any other MRM system, a DCED compliant MRM system requires adequate human and financial resources. Given the integrated approach ('MRM is everybody's job'), the time of the implementation staff constitutes most of the operational cost and as such is part and parcel of the management costs. There are no blueprints or fixed percentages related to program costs for the time and costs needed to monitor interventions and measure the results: much will depend on the interventions and the program context<sup>5</sup>. For each program, the most appropriate MRM system should be designed upon 'identified needs' rather than on a 'program percentage'.

Many practitioners have stated that MRM should be considered an investment and not an overhead. The investment includes building the capacities of staff. The return on this investment is the improved performance of the interventions. The cost of not measuring is probably much higher than the cost of a MRM system.

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<sup>5</sup> A MSD project that only facilitates will require a relatively high percentage of the total program costs to be able to monitor, as opposed to an infrastructure project that finances investment. A figure of 10% to 20% of the total program cost is mentioned by practitioners, albeit that the figure depends very much on what is budgeted under management costs and what is budgeted specifically for MRM costs.

Programs may develop a MRM system and request the DCED to be audited. The cost of auditing is dependent on the program size and is based upon the number of consultancy-days. It should be paid for by the program.

Information about the DCED Standard for Measuring Results is available from the [DCED website](#). On the website, the [latest version of the Standard](#) is available in various languages as well as [short introductions](#) to the DCED Standard. There are [guidance papers](#) and [case studies](#), as well as an [overview of programs](#) that have been audited. There is an overview of experienced [consultants and auditors](#), and sources for [training courses](#).

#### **4 Roles and responsibilities of SDC program managers**

SDC outsources most of its PSD programs<sup>6</sup> to implementing agencies<sup>7</sup>. Contracts are awarded through a tendering process; national and international agencies (or consortia) submit proposals and implement the SDC programs when they are awarded the contract. The implementing agency is thus responsible for managing the program, aiming to achieve the maximum sustainable impact given the allocated resources.

The SDC program managers<sup>8</sup> are responsible for the design of the program and the tender preparation. Once programs are contracted, they are required to steer the program. Steering implies orienting, guiding and supporting the implementing agency. The SDC program managers do not manage the program – that is responsibility of the implementer. The implementing agency has the expertise and resources to implement, the SDC program managers must ensure they do so most effectively. SDC program managers are thus process managers.

##### **Partnerships**

The relationship between the SDC program manager and the implementing agency should be one of partnership. Each of the partners brings in specific expertise. Each of the partners has specific responsibilities. Each of the partners has specific tasks: together, they achieve impact. This partnership needs to be managed.

- *The SDC program manager needs to guide the implementing agency.* Clarity is needed on what SDC aims to achieve. Clarity is needed on what and how results should be reported. Clarity is needed on the roles and responsibilities of both partners: the SDC program manager and the implementing agency.
- *The SDC program manager needs to create the conditions for the implementing agency to operate,* to ensure that the implementing agency has the necessary human and financial resources to implement the program and to ensure the implementing agency has a clear mandate to implement.
- *The SDC program manager needs to ensure the implementing agency has, or builds, capacity to implement,* capacity to manage MSD programs and interventions (analyse, develop and implement) and capacity to monitor and measure results (assess, analyse, use and report).

The SDC program manager thus needs to play different roles within this partnership. For all roles to be effective, inducing a constructive dialogue between the SDC Program manager and the

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<sup>6</sup> The term program is used in this document for both programs and projects.

<sup>7</sup> The term agency includes any organization that implements the program such as national or international NGOs and consulting companies

<sup>8</sup> SDC program managers refers to the person in country directly responsible for the program in, often National Program Officers, but that varies per country and program.

implementing partner, is crucial. Communication will increase clarity about the process and clarity about the expected results, avoiding asymmetric expectations.

Given the demand-supply-gap that exists in most countries for staff that are experienced in both MSD and MRM implementation, the SDC program manager cannot take the capacity of the implementing organisation for granted. The SDC program manager needs to verify progress, and needs to challenge and support the partner if and when needed.

The SDC program manager's involvement changes over time. For most programs and implementing agencies, the SDC program manager will be more involved in the beginning: to provide clarity, to create conditions and to ensure that the implementing agency has or builds the capacity to deliver. Most of this is addressed during the design and inception phase. The investment by the SDC program manager in these early stages pays off in the form of less involvement during the implementation phase, and more importantly, a more effective program achieving more sustainable impact. The intensity and roles vary, and SDC program managers require a certain flexibility to manage the partnership which could be characterised as 'situational leadership'.

## **5 Tasks of the SDC program manager**

SDC distinguishes several phases in its project cycle management (PCM), from the program idea (1) resulting in an entry proposal (2), to the tender process (3) and the inception phase (4) leading to a program document and credit proposal (5). Program managers steer and monitor the program during the program implementation period (6), that is completed by the evaluation phase (7) and possibly concluded by the preparation for the next phase (8).

### **Structured tasks.**

This chapter provides the reader with answers to the what, why and how questions on MRM for each (or a combination) of the phases of the PCM: from idea to evaluation. The list has a dual purpose: to provide guidance to the SDC program manager on important issues, but thus also to ensure that the implementing agency addresses these issues in a timely fashion. Often, implementing agencies face challenging tasks, and MRM is 'postponed'. This list ensures that the MRM system receives sufficient attention at the appropriate time. It provides an anchor for the dialogue that should take place between the implementing agency and the SDC program manager.

### **Expertise**

SDC program managers are not specialists in PSD or MRM. They often don't have the time to become specialists, yet they are required to steer programs effectively. This document gives guidance on what and how to steer. However, it doesn't build the capacity of the SDC program managers to become PSD or MRM specialists. The more knowledgeable and experienced the SDC program managers are in PSD and MRM, the more effective the partnership, thus contributing to better performance of the program. To achieve a certain minimal understanding, SDC program managers should increase their expertise. The DCED website provides resources (guidance papers, trainings, workshops), as well as visit and exchange experience with other (SDC) program managers that steer similar programs.

In many cases, SDC program managers would benefit from additional expertise to help them steer the programs. Such support should be provided by experienced consultants in PSD/MSD and MRM. Their role would be to support the SDC program manager fulfilling the required tasks specified for each phase by providing expert advice at regular intervals. This could take the form of a Strategic Review Panel, a mechanism used by other donors in similar programs.

## Phase 1 and 2: Program Idea and Entry proposal

There are three main questions that need to be answered:

1. For which programs is the DCED Standard most appropriate?
2. To apply the DCED Standard in full or to exclude certain elements?
3. How does the DCED Standard fit with the (SDC) Cost Benefit Analyses?

### Q1 For which programs is the DCED Standard most appropriate?

#### *Themes and approaches*

- The DCED Standard is designed for Private Sector Development (PSD) programs in the broadest definition of PSD: programs that are active in Market Systems Development (MSD) or Value Chain Development (VCD), programs that aim for Financial Inclusion (FI) or promote Green Growth (GG), programs that aim to improve the Business Enabling Environment (BEE), programs active in Vocational Skills Development (VSD), Challenge Funds (CF) and possibly other programs not listed here.
- The DCED Standard has been applied most in MSD programs. Most PSD practitioners will argue that it is not possible to manage a MSD project without an integrated MRM system that enables flexibility, is process- and results-oriented and promotes learning. The DCED Standard offers a framework to develop such a tailor-made MRM system. Other programs such as those active in vocational skills development, business enabling environment and challenge funds, increasingly apply the DCED Standard as well.
- The DCED Standard can be applied to other development programs (like education, health, governance, environment) that are based upon a theory of change and are results-oriented. Since the DCED Standard was developed for PSD programs, the DCED Standard needs some adjustment. Ideally adjustments are made in coordination with the DCED secretariat.<sup>9</sup>

#### *Program size and duration*

- To be able to use a DCED compliant MRM system for reporting, learning and improving, it is necessary to invest and build the capacity of the program. The bigger the program and the longer its implementation period(s), the higher the return on investment. There are probably very few programs that have such a short duration or are so tiny that the MRM investment may not be justified. Projects need an MRM system that meets the five characteristics. The question whether the system should be formally audited is discussed in chapter 5.
- The MRM system is part of the management information system; it is a tool to manage interventions and steer the program. That MRM system can't be applied to only one part, e.g. one component of a program, but is applied across all components and sectors. The DCED Standard is flexible enough to accommodate variations in the MRM system across components if needed.
- If the program enters a new phase but has not applied a DCED compliant MRM system in the present phase, an analysis should be carried out to determine whether and in what way the program would have benefited from such a MRM system. The analysis should investigate the

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<sup>9</sup> The DCED Standard suggests to use three common impact indicators: scale, net change in income and net change in jobs.

challenges involved in shifting systems and how feasible it is to shift from the existing system to a MRM system that is compliant with the DCED Standard. Key aspects to be analyzed are:

- the learning culture and internal review systems;
- the organizational structure and the human resources;
- the financial resources;
- the desire for, or resistance to, change;
- the reporting (indicators that take into account attribution).

Most PSD projects will benefit from a DCED compliant MRM system unless the program is extremely small and extremely short in which case a review of the justification for such projects is suggested.

## **Q2 To apply the DCED Standard in full or to exclude certain elements?**

### *Compulsory and recommended control points*

- The DCED Standard includes many compulsory control points ('musts') but also includes a few recommended control points. Systemic change, how to measure it and how to report it, is a recommended control point. Most MSD programs will target systemic changes, hence it is likely that these programs will benefit more if they apply this recommended control point too. It helps the programs to define how systemic change will be achieved, and how it will be assessed and reported. This, of course, requires more efforts and more resources in MSD projects that target systemic change, than from those that do not.

### *The DCED Standard as a framework and not a menu to pick from.*

- The DCED Standard provides a framework to guide implementation of key MRM aspects. These building blocks are considered to be 'the minimum' and cannot be removed. Programs that wish to apply a MRM system that complies with the DCED Standard should comply with all compulsory control points, and ideally comply with all recommended control points. The DCED Standard leaves sufficient flexibility within these building blocks to develop an appropriate MRM system that takes into consideration the program size, approach and resources.
- Most practitioners find the results chains (control point 1) very helpful to improve the logic of the interventions. Measuring impact (control point 3) and dealing with attribution (control point 4) are more challenging. However, a program that does not assess attribution, cannot learn and improve as much as it should, nor can it report attributable impact. It is not possible to take out any of the mandatory control points. It's not a menu to pick and choose.

## **Q3 How does the DCED Standard fit with the SDC Cost Benefit Analysis?**

- The DCED Standard promotes the use of cost benefit analyses at various levels for management and accountability. The DCED Standard requires programs to track costs (control point 6) and report impact and costs together (control point 7). Reporting costs and impact together at program level and preferably also for sector levels, contributes to assessing the program's effectiveness.
- The SDC Cost Benefit Analyses (CBA) compares the costs of the program with the benefits. These benefits should be attributable to the program interventions. If the CBA does not take into account attributable impact, such as increased net additional income, the CBA is probably not reflecting reality. A DCED compliant MRM system will produce credible results that have taken

into account attribution. It is crucial to understand that costs incurred early on in the program should be compared to impact achieved much later in the program.

### Phase 3: Tender process

There are three main questions that need to be answered:

1. Why should compliance with the DCED Standard be included in the tender documents?
2. What needs to be included in the tender documents?
3. How to assess the proposals?

#### Q1 Why should compliance with the DCED Standard be included in the tender documents?

- If it was decided (at the outline proposal phase) that the implementing agency should develop a MRM system that complies with the DCED Standard, they should be notified as soon as possible. The notification will inform them that you want the program to learn and improve, and that you want them to report credible impact. It forces them to design an appropriate integrated MRM system that will be used for steering the program. They need to think through how to integrate MRM within the organisational structure, how to develop, manage and review strategies and interventions, how to set targets and how to report attributable impact, they need to identify the required financial and human resources to build their capacity to manage this MRM system. Hence, the implementing agency must incorporate the MRM system in the tender proposal.

#### Q2 What needs to be included in the tender documents?

- A balance should be struck between overly detailed requirements and not being specific enough. Not specifying sufficiently what you want increases the chances that tenderers propose something other than what is asked for. Over-specifying the requirements however leaves too little room for the implementing agency to propose and design the MRM system during the inception phase. It is impossible to design the MRM system in detail during the tender phase, simply because too little is known and time is too limited.
- The tender documents should specify:
  - That the MRM system needs to comply with the DCED Standard, and whether this includes the recommended control points or only the compulsory control points.
  - When DCED audit(s) shall be conducted and how these reports are shared with SDC. The advantage of a system-in-place audit within one year is that an expert view will inform them and you about the status early on in the program. Alternatively, pre-view audits also provide that information and can be more effective in building capacity. A system-in-use audit should take place when the program has been able to measure impact at beneficiary level which would often only be in the second or third year. The exact timing of the audit(s) should be decided in consultation with the implementing agency during the implementation phase.
  - A specification of the topics is listed below. It focuses on MRM but includes some natural overlaps with more generic and MSD specific program design requirements.

What	Why	How
Theory of Change	Without a compass you're bound to go everywhere except	<ul style="list-style-type: none"> <li>• The Theory of Change (TOC) is ideally reflected in a results chain or hierarchy of objectives. It is limited in detail, not specifying the activities, only stating</li> </ul>

	where you should have gone	<p>outcomes and impacts.</p> <ul style="list-style-type: none"> <li>Do not include sector strategies and sector results chains; they will follow after the analyses during the inception phase.</li> </ul>
Intervention principles	To ensure that the chosen approach and intervention principles will be applied in practice	<ul style="list-style-type: none"> <li>Focus on the process and the principles including criteria for decision making (the how), not the program activities (the what) – that is left to the implementing agency to develop during the inception and implementation phase.</li> <li>Request specification of ways in which they will select sectors, the selection criteria, the selection process, the fact-finding process and the resources needed.</li> </ul>
Management structure	Ensure a flat organization with enough flexibility to adjust over time	<ul style="list-style-type: none"> <li>A flat organization with minimal silos stimulates learning and flexibility. Three layers (team leader, heads of sections and implementation staff) or two layers (the team leader who steers the teams) are enough. Avoid decentralizing sections because that hinders creating one learning culture and limits scale effects.</li> <li>Integrate the MRM component: a MRM manager, possibly with a few MRM focal points placed in, or linked with, intervention teams depending on the size of the program. Ensure that MRM is included in the responsibilities of the implementation staff.</li> <li>Give guidance on the range of positions envisaged and allow for flexibility. Emphasize that sufficient and competent staff are the key success factors of MSD programs.</li> <li>Programs change over time: the number of interventions (and possibly sectors) is likely to grow. Ensure sufficient flexibility in staffing positions.</li> </ul>
Reporting requirements	Focus on what you want, leaving flexibility to the program to deliver	<ul style="list-style-type: none"> <li>Specify only a few high level indicators: that will help the program to focus. Specify that these indicators will have targets (that will be defined during the inception period) that must take into account attribution<sup>10</sup>.</li> <li>Specify what needs to be measured and reported, and what not (systemic changes, cross cutting issues, etc.). Too often programs plan to report too much.</li> <li>Request specification about ways in which and when they will report these indicators, and how and when they will make projections for these indicators.</li> </ul>
MRM system	Ensure that the MRM	<ul style="list-style-type: none"> <li>Specify the objectives for the MRM system: learning,</li> </ul>

<sup>10</sup> e.g. number of target beneficiaries that increase their net attributable income, not only the number of people reached.

	system is integrated and capable of providing management information	<p>managing and reporting.</p> <ul style="list-style-type: none"> <li>Request specification on how MRM will be integrated and how MRM will be used for decision-making.</li> <li>Request an outline on how MRM will be measuring changes and how they will be reporting results.</li> </ul>
Human resources	Staff is your key asset. Staff with PSD and MRM experience are in high demand	<ul style="list-style-type: none"> <li>Specify the competences that staff need with respect to MRM, especially the team leader and the head of MRM.</li> <li>State that the staffing structure needs to ensure that implementation staff have sufficient time for MRM tasks.</li> <li>State that it is necessary to train and coach both implementation and MRM staff on MRM. Request them to specify their approach to staff development.</li> </ul>
Financial resources	Without a separate budget, MRM is bound to get squeezed	<ul style="list-style-type: none"> <li>State that since most MRM tasks will be integrated, most costs will be included in other budget lines (personnel, travel, etc.). However, specific MRM program expenditures such as outsourced surveys need to be budgeted separately and should not be included in other budget lines.</li> <li>State that technical assistance (to build their MRM capacity) needs to be reflected in their budget.</li> <li>State that DCED audits need to be budgeted.</li> </ul>
Process milestones	Specify what needs to be done during the inception phase	<ul style="list-style-type: none"> <li>Request a plan for selecting sectors, and how sectors will be analysed and strategies will be defined during the inception and implementation phase.</li> <li>Request a MRM work plan that specifies how they will develop the system during the inception phase.</li> </ul>

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### Q3 How to assess the proposals?

- The proposal should incorporate the requests made in the tender documents. Not addressing these requests hints at limited understanding of the requirements, or even non-conformance with the principles of MRM as described in the DCED Standard.
- Assess the competences of the proposed key staff. If a program is going to be managed by a team leader and an MRM manager that lack those competences, the program will not be successful. How do they view MRM: as a reporting tool only, or as a tool to learn, improve and achieve more impact? Assessments should be done through in--depth interviews and assessment tests.
- Proponents that have limited experience complying with the DCED Standard (as an implementing organisation) may still qualify if they address their potential weaknesses in the proposal (more backstopping, more training, more coaching). A realistic plan can be more convincing than only a reference to previous experiences.

- The above list should form the basis for the assessment. A few MRM-related considerations to consider when assessing the proposals are described below.

What	Questions
Does the proposal reflect a true understanding of the MRM system?	<ul style="list-style-type: none"> <li>• Does the proposal reflect a true understanding of the MRM principles? Is it a context-specific proposal incorporating program specific MRM aspects? Or is the proposal written by professional proposal writers using buzzwords?</li> </ul>
Is the proposal realistic and ambitious?	<ul style="list-style-type: none"> <li>• Is the design<sup>11</sup> of the MRM system the most appropriate? Did they strike a balance between ‘should know’ and ‘no need to know’? Did they make choices between ‘what can be measured’ and ‘what must be measured’?</li> </ul>
Process or product oriented?	<ul style="list-style-type: none"> <li>• Are they merely presenting a number of products (sector assessments, sector strategies, intervention plans, baseline surveys, impact assessments, etc.) or do they describe thoroughly a number of processes (principles, stages, conditions, involvements, implications) that they will define in more detail in the inception phase?</li> <li>• Is the proposal a blue print presented by <i>planners</i> presumably ready to be implemented, or is the proposal a realistic work plan developed by <i>searchers</i> who build the program’s capacity to implement, learn and achieve results?<sup>12</sup></li> </ul>

#### Phase 4 and 5: Inception phase - resulting in a program document (4) and credit proposal (5)

- The inception phase is crucial for laying the foundation for the program and the MRM system. The tender document included a plan that sketched out what the implementing agency would do (and how) during the inception phase. This plan needs to be further operationalized and implemented during the short inception period leading on to the development of the project document and credit proposal to ensure that the implementing partner is ready to start the implementation.
- How can the donor agency ensure that the program implementing agency uses the inception period to the maximum benefit? What should be asked for, and what not? What should be done, and what not? When should information be provided, and when not? When should the donor agency be involved, and when not? What needs approval, and what not?
- The table below provides an overview of what needs to be done, why and how. For most topics, the table states that plans need to be discussed, followed by a decision whether SDC needs to be informed, involved or need to approve their plan, or not be informed, not be involved, and do not need to approve it. Reference is made to the earlier reflection on the partnership and situational management with different roles and different intensities depending on the SDC

<sup>11</sup> The design at this stage would reflect the strategy, principles and main components

<sup>12</sup> Reference is made to Easterly’s articles on ‘planners versus searchers’

capacity and that of the implementing agency. The purpose of the discussion is to understand the reasons and provide clarity. SDC program managers should review for each of those involvements whether the proposed degree of involvement is at the right level or whether it should be adjusted to the ‘maturity’ of the partnership. It is crucial that SDC involvement (whether involved only or approved) should never delay the implementation. In other words, a swift reply is needed. If that is not forthcoming, the implementing agency should advance without SDC involvement and approval.

- At the end of the inception phase the program should have:
  - a portfolio of sectors and guidance as to when and how these are to be reviewed;
  - appropriate sector analyses and sound strategies for the initially selected sectors;
  - guidance on how the program designs, implements and reviews interventions and sector strategies;
  - a log frame with realistic targets;
  - a plan for making and reviewing projections;
  - milestones that reflect the performance of the program (capacity and results);
  - an operational MRM system, with sufficient guidance reflected in the MRM manual;
  - able staff members and an appropriate capacity building plan;
  - clear and agreed understanding about the roles and responsibilities of the SDC program manager and the implementing agency.

What	Why	How
Screening and selection of sectors <sup>13</sup> .	To ensure a practical selection process to identify the potential sectors and to achieve results.	<ul style="list-style-type: none"> <li>• Discuss the proposal in the tender document and agree on the level of involvement in the process (not at all, only informed, be involved, approve).</li> <li>• Be involved in - and approve - the sector selection.</li> </ul>
Sector analyses and strategy formulation.	To ensure an appropriate practical analysis that leads to strategic decisions.	<ul style="list-style-type: none"> <li>• Request a work plan that specifies how the sector analyses will be done, how the sector strategy will be developed and how that information will be structured in the report.</li> <li>• Discuss the proposal and agree on the level of involvement in the process (not at all, only informed, be involved, approve)</li> <li>• Be involved in - and approve - the sector strategies and sector results chains.</li> </ul>
Intervention design and management principles.	To ensure a common understanding with, and within, the implementing agency	<ul style="list-style-type: none"> <li>• Request, discuss and approve a guidance note that specifies how the implementing agency will search for partners and interventions, how they screen potential partners, how they will form partnerships, and what they will (not) do and will (not) finance during the intervention (criteria, process).</li> </ul>
Developing projections for	To define realistic targets for the	<ul style="list-style-type: none"> <li>• Discuss and agree how and when projections will be made for the indicators (which are to be based upon</li> </ul>

<sup>13</sup> The reference to sectors is, as stated earlier, reflects the MSD approach and might need adjustments for other PSD approaches.

the selected sectors	headline indicators and matching targets and resources.	<p>the sector strategies and project resources) and discuss and agree how and when they will be reviewed.</p> <ul style="list-style-type: none"> <li>• Agree on the targets for the log frame indicators, and if need be, adjust the indicators (to be completed at the end of the inception phase).</li> </ul>
Designing the MRM system	To set the parameters of the MRM system: what should it do and how much will it cost?	<ul style="list-style-type: none"> <li>• Discuss, define and agree on what needs to be measured; the impact indicators and other key indicators that can be aggregated, as well as qualitative indicators that are necessary to understand the results and assess the likelihood of sustainability.</li> <li>• Discuss, define and agree on how these indicators will be monitored, measured, aggregated and reported (rigor, frequency, reporting formats).</li> <li>• Discuss, define and agree on the necessary human and financial resources to be allocated to MRM.</li> <li>• Discuss, define and agree on when and how the above three issues will be reviewed.</li> </ul>
Developing the MRM system	The MRM system defines also staffing needs and the intervention design process	<ul style="list-style-type: none"> <li>• Discuss with the team leader how s/he will drive the MRM process, its integration and using MRM for management decisions. How to create a culture of learning?</li> <li>• Request, discuss and approve the outline of the manual that will describe the MRM system: the monitoring and impact assessment process, staff roles and responsibilities, the process for reviewing interventions and strategies, the aggregation system, reporting and document flow.</li> <li>• Request, discuss and approve the MRM manual (to be completed at the end of the inception phase and to be updated during the implementation phase.)</li> </ul>
Developing the capacity to implement the MRM system	Staff members make the system work: hiring and coaching is key to success.	<ul style="list-style-type: none"> <li>• Request, discuss and approve staff profiles for key positions based upon competencies<sup>14</sup></li> <li>• Discuss and approve the recruitment procedures<sup>15</sup></li> <li>• Request, discuss and approve a staff development plan that outlines how staff will be trained and coached (in MRM).</li> </ul>
Roles and responsibilities of the implementing	Create the conditions for steering the implementing agency.	<ul style="list-style-type: none"> <li>• Define, discuss and agree for each strategic management decision whether or not the SDC program manager needs to be consulted, informed, involved or needs to approve decisions.</li> </ul>

<sup>14</sup> It is recommended that in the tender phase staff for key positions (Team leader and MRM manager) be assessed. For bigger projects, other key staff (component leaders, sector managers) will only be recruited after the tender has been awarded. Other staff members do not need approval.

<sup>15</sup> It is more effective not to request to identify and propose candidates for all positions in the tender phase; there is insufficient time and that time is better spent identifying candidates for key positions.

agency and SDC program manager.

- Operational management remains the responsibility of the implementer and is excluded from that list of decisions.
- Reference is made to the introduction of this chapter. The degree of involvement will vary and therefore it should be discussed and agreed when and how the above will be done in practice (process, products, timing) in order to find the right balance between total lack of steering and risking micro management.

### Phase 6: Steering and monitoring the program during the implementation phase

- The project document lays the foundation for the program operations, including the MRM system. During the implementation phase, the MRM system will need to be tested, reviewed, and adjusted. The program needs to ensure that it designs and maintains a healthy MRM system that continues to meet the design specifications.
- How can it be ensured that the program implementing agency uses the allocated resources to the maximum benefit? What do need to be done? What should be assessed? What should be reviewed over time?
- The table below provides an overview of what needs to be done, why and how. These should all contribute to:
  - ensuring that the program effectively reviews its interventions and strategies;
  - ensuring that planning and reporting focuses on results;
  - ensuring there is a functional MRM system that is being used for management decisions;
  - ensuring that the relationship between the implementation agency and the SDC program manager contributes to better program performance.

What	Why	How
Reviewing the portfolio of sectors and interventions	Be involved at crucial events, refrain from interfering at operational levels	<ul style="list-style-type: none"> <li>• Discuss the periodic sector strategy reviews and assess the effectiveness of these reviews, do not repeat the portfolio review itself.</li> <li>• Discuss and approve changes in the portfolio of sectors and sector strategies, not the interventions.</li> <li>• Ensure that the implications of these changes are presented (projections and resources).</li> </ul>
Planning and reporting	To ensure program resources are used to achieve most impact	<ul style="list-style-type: none"> <li>• Request, discuss and approve Yearly Operational Plans that include an overview of the projected results and allocated resources per sector.</li> <li>• Request, discuss and approve annual reports that present the results (using qualitative and quantitative indicators) alongside the intervention costs, aggregated per sector.</li> </ul>
Testing and	To assess whether the	<ul style="list-style-type: none"> <li>• Discuss and assess if the system functions as</li> </ul>

maintaining a functional MRM system	MRM functions as designed	<p>planned: does planning lead to better implementation, is MRM truly integrated, is MRM efficient, are intervention and sector reviews effective, is the program learning from the implementation? Assess and discuss whether the MRM assessment indicates the need for (more) external support from MRM specialists, and if so, provide support.</p> <ul style="list-style-type: none"> <li>• Ensure that the MRM system is reviewed internally at least once per year, and if need be, adjusted, including changes in processes, products and staff positions.</li> <li>• Discuss and plan for formal DCED audits to take place at the most appropriate times. Discuss the audit reports and ensure the recommendations are followed up.</li> </ul>
Manage the relationship between the implementing agency and SDC program manager	To ensure that learning takes place and leads to better results	<ul style="list-style-type: none"> <li>• Meet regularly at the program implementing agency's office. Regularly can be anything between fortnightly and quarterly, is driven by the need to discuss, and is likely to be more intensive at the start and less intensive later. The issues to be discussed are those mentioned above and are related to strategic management only. The objective of these meetings is to have a better understanding of the challenges of the program, creating clarity and avoiding asymmetric expectations.</li> <li>• Ensure the reporting meets the quality and time requirements of the SDC as agreed during the inception phase. Review periodic and other thematic reports and give feedback to the implementing agency. Feedback is ideally provided verbally during meetings, conclusions to be confirmed in writing.</li> <li>• Respect and, if need be, adjust the partnership tasks and processes. Hopefully, trust is being developed during the course of the partnership and steering can be more at arms' length during the later stages of the implementation phase.</li> <li>• Create an open atmosphere that stimulates dialogue and learning from each other. Focus on processes, not activities and products. Put issues on the agenda for discussion; don't give instructions how to solve them.</li> <li>• Be a role model. Use MRM tools to discuss progress, e.g. discuss interventions using results chains. If interventions did not lead to expected results, analyze them in order to learn, and refrain from blaming. When reviewing, distinguish between facts, analyses, decision and learning in the discussion.</li> </ul>

## Phase 7 Evaluation

- The program needs to be evaluated on the OECD<sup>16</sup> criteria. The evaluation should provide SDC with sufficient information about the program performance in the current phase to proceed and design the next phase, or not. In most cases, a Mid-Term Review (MTR) will be undertaken halfway through the program period. The following therefore applies to both the MTR and the final program evaluation<sup>17</sup>.
- How can it be ensured that the program is evaluated for relevance, effectiveness, efficiency, impact and sustainability, and that it makes optimal use of the outputs produced by the MRM system?
- The DCED's [Paper](#) on Evaluation and the DCED Standard (2014) provides valuable information. The table below highlights what needs to be done, why and how.

What	Why	How
Define the objectives and processes	To inform the evaluators on the program and the MRM system	<ul style="list-style-type: none"> <li>• Discuss the terms of reference, seeking inputs for the terms of reference and the potential evaluators.</li> <li>• Develop the terms of reference, specifying that the evaluation needs to make optimal use of the MRM system output (impact assessments, sector reviews, etc.) and should not attempt to 'repeat' them.</li> <li>• Ensure that the evaluators are informed about the program, the MRM system, and of the program documentation that is available to them.</li> <li>• Ensure that the evaluators use the documented research done by the program.</li> <li>• Ensure they review the DCED audit report, and do not reassess the MRM system (that the DCED audit has done)</li> <li>• Ensure that the report includes an assessment that leads to learning: what worked, what didn't work and why (not), and how that learning is to be used within the program, or could be used more broadly. This learning should not be limited to the program implementation level, but should be as wide as necessary (capacities, institutional arrangements, etc.).</li> </ul>

## Phase 8: Preparing for the next phase

- If there is going to be a new phase this needs to be decided early enough (at least one year before the ending of the current implementation phase) to ensure that program does not suffer

<sup>16</sup> The Organisation for Economic Co-operation and Development (OECD)

<sup>17</sup> It is recommended that these evaluations are done by external, independent experts but this is not mandatory (for SDC) and in such cases the self-evaluation should be reflected in End of Phase and End of Project documents.

from uncertainty. Uncertainty leads to putting operations on hold and risks staff resignations, setting the program back if and when the next phase starts.

- How can it be ensured that the next phase will make maximum use of the lessons learned in the current phase? How can it be verified that the present MRM system is appropriate for the next phase?
- The table below highlights what needs to be done, why and how.

What	Why	How
Inventory of program-wide lessons learned	To create a common understanding of what works, what did not work, and why, and how that learning will be used.	<ul style="list-style-type: none"> <li>• Provide guidance to, and be involved in, the development of the end-of-project document and ensure that during this process the program performance is assessed (using the previous evaluation process and evaluation report).</li> </ul>
Define the scope of the new phase	To ensure that the new phase will be appropriate to the present and future context.	<ul style="list-style-type: none"> <li>• Set the parameters for the new phase based upon the previous phase: theory of change, impact indicators, scale, time frame, portfolio of sectors, and human and financial resources.</li> </ul>
Define the MRM system requirements	To ensure that the MRM system will be appropriate for the new phase.	<ul style="list-style-type: none"> <li>• Assess whether and how the present MRM system needs to be adjusted to be an appropriate MRM system for the new phase (processes, resources, responsibilities, etc.)</li> </ul>