

Donor Committee for Enterprise Development
Quantifying Achievements in Private Sector Development
Control Points and Compliance Criteria

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Pressures are growing rapidly to measure and report on the results of private sector development; current PSD programmes are often not getting credit for what they are achieving.² This document outlines key elements in a practical process of estimating results that can be managed by programmes internally. The objectives of this effort are:

- To make it easier for programmes to measure and report on their results;
- To work towards a shared understanding of reasonable quality in the estimation of results so that programmes' reported results are credible and useful;
- To measure a very small number of "universal indicators" (defined below) across all participating programmes, to enable donors and others to aggregate impact across programmes.

The participation of PSD programmes offers donors:

- a common approach to results measurement, that can be applied to a variety of PSD programmes at little marginal cash cost;

¹ To a large extent, the structure and content of this version of the Standard correspond closely to those of Version III. Noteworthy differences include:

- Revision of terminology used, in order to comply with OECD DAC definitions (in particular, "impact models" and now referred to as "results chains").
- Clarification of references to "programmes", "components" and "interventions", to ensure consistency.
- Other small issues of clarity and removal of repetition.

² This has been documented in detail in the 2008 PSD Reader, available at www.mmw4p.org/dyn/bds/docs/detail/649/4

- clarity on what programmes will report with consistent supporting documentation;
- regular and credible estimates of programmes' results;
- universal indicators which donors can add together across multiple programmes; and
- potential to reduce oversight costs, particularly with smaller programmes.

Adopting these elements also offers additional benefits to programme managers:

- a means to clarify expectations with donors about results measurement;
- credibility for programmes in presenting their results;
- fewer questions about how results are measured by internally managed systems;
- clarity and uniform guidance on some of the more challenging aspects of results measurement; and
- regular and useful information for programme management.

The document outlines the elements of an internal results measurement system, broadly in sequential order. In each case, a control point is proposed, which summarises the minimum requirement that would satisfy an external reviewer. The compliance criteria by which a reviewer would assess a programme are also given. Those items labelled "Must" are necessary for all participating programmes (and are shown in green); those labelled "Rec" (Recommended) conform to good practice, but may be difficult for some programmes to comply with at this point (shown in yellow). These Recommendations may become "Musts" as the field of results measurement improves.

At the end of the document are definitions of terms to help ensure programmes, reviewers and donors have a common understanding of the control points and compliance criteria. An external review of the control points could be made either on a whole programme or on a specified part of a programme based on the programme's results measurement system at the time of the review. There are also accompanying "implementation guidelines", which offer explanations of each control point and compliance criteria, advice on how to meet each control point and examples.³

This document is the result of a field-based process of discussion, testing and consensus among programme managers and consultants, April - November 2008.⁴ The document has also benefited from comments received from the members of the Donor Committee for Enterprise Development. It is expected that the document, the review process and the support that programmes need to adopt these elements will be further elaborated and tested in 2009.

Note: At the current time, programmes may choose to implement the DCED methodology either for their entire programme, or for selected components or interventions. Each intervention consists of a set of activities needed to achieve one, coherent results chain; it is therefore taken as the unit of analysis for this Standard. In the terminology used, several

³ A draft of the "implementation guidelines" is available. It is expected to be further expanded and refined in 2009.

⁴ Including Katalyst Bangladesh (Swisscontact and GTZ); TGPEC Thailand (GTZ); IDE Vietnam; Prosperity Initiative Vietnam; Cambodia MSME II / BEE (DAI); ICCO/Helvetas Kyrgyzstan. These programs are funded by DfID, SDC, CIDA, RNE, BMZ, USAID, ICCO, Ford Foundation and others.

interventions make up a component, and several components make up a programme. Ultimately, of course, results for individual interventions can be aggregated to give the results for entire components or programmes.

Universal Impact Indicators:

These indicators are to be used by all participating programmes so that donors and other stakeholders can aggregate impact across programmes.

Scale: Number of target enterprises who realize a financial benefit as a result of the programme's activities per year and cumulatively. The programme must define its "target enterprises."

Net income: Net additional income (additional sales minus additional costs) accrued to target enterprises as a result of the programme per year and cumulatively. In addition, the program must explain why this income is likely to be sustainable.

Net additional jobs created:⁵ Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively. "Additional" means jobs created minus jobs lost. "Per year" comprises 240 working days. The program must explain why these jobs are likely to be sustainable. Jobs saved or sustained may be reported separately.

⁵ Some programs are uncomfortable with this indicator because job creation per se does not lay the foundation for long term, pro-poor growth. These programs would prefer an indicator related to labor productivity and/or competitiveness. However, due to the challenges of designating an indicator of this type applicable across many programs as well as adding up this kind of indicator, and in recognition of the interest of many partner governments and donors for this indicator, it has been retained.

1. Results Chain⁶

No.	Control Point	Compliance Criteria	Level
1.1	A results chain(s) is articulated explicitly for each of the selected interventions.	A documented results chain is developed for each intervention selected. The results chain(s) is thorough, logical and realistic, showing how the selected intervention(s) lead to achievement of at least some of the Universal Impact Indicators.	Must
		The levels of the results chain(s) are sufficiently detailed that changes at each level can be isolated and assessed.	
		The programme has clear documentary evidence of research and analysis that underlies the logic of the sequence of steps in the results chain(s) and explains how changes will be sustainable. Significant assumptions are explicitly identified.	
1.2	Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities.	Mid and senior level programme staff can describe the respective results chain(s) covering their work and give examples of how they use the chain(s) to guide their decisions.	Must
1.3	The results chain(s) are reviewed at least annually to reflect changes in the programme strategy, external players and the programme circumstances.	The programme has a clear system for reviewing the results chain(s) at least once a year.	Must
		The programme has concrete evidence to justify changes or lack of changes made to results chain(s).	
1.4	The review process includes adequate consultation with programme stakeholders.	A clear system is in place for consulting programme stakeholders during the review process. The programme can cite or produce evidence of stakeholder engagement during previous reviews.	Rec
1.5	The results chain(s) include the results of expected systemic change, such as “crowding in” and/or “copying” at key levels.	The results of expected systemic change, such as “crowding in” and/or “copying,” are included in each results chain in the early stages of activities to achieve scale for that intervention.	Rec
1.6	The research and analysis underlying the results chain(s) take into account	The programme can cite or produce evidence that displacement has been taken into	Rec

⁶ Results Chains can also be known by a variety of other names, including impact model, impact logic, causal chain or causal model. The term ‘Results Chain’ will be used throughout this methodology, in accordance with the definitions agreed by the DAC Network on Development Evaluation.

No.	Control Point	Compliance Criteria	Level
	displacement.	account in the development of the results chain(s).	

2. Indicators of Change, and Projections

No.	Control Point	Compliance Criteria	Level
2.1	There is at least one relevant indicator associated with each key change described in the results chain(s). ⁷	The document(s) outlining the results chain(s) includes relevant (quantitative or qualitative) indicators for each change in the results chain.	Must
2.2	The universal impact indicators are included in the relevant results chain(s).	The results chain(s) include the universal impact indicators at the relevant level or written justification is provided for each indicator not included.	Must
2.3	Indicators incorporate ways to assess the sustainability of the changes that the intervention aims to bring about.	There are qualitative and/or quantitative, intermediate indicators that will provide information on the sustainability of changes described in the results chain(s).	Must
2.4	Anticipated impacts are projected for key indicators, to appropriate dates.	<p>For each intervention being considered, there are projections for key indicators to specific dates.</p> <p>For each intervention being considered, there are projections for the universal impact indicators to either the end of the programme or to two years after the end of the programme.</p> <p>Documents show that projections have been reviewed at least once in the last year.</p> <p>Projections are expressed as a change in the indicator due to the programme by a specific date.</p>	Rec
2.5	Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	Mid and senior level programme staff can describe the indicators related to their work and give examples of how changes in indicators may affect their strategy and implementation decisions.	Rec

⁷ A programme may choose either to designate all changes described by the model(s) as “key changes,” or, to lessen the amount of assessment required, to highlight the most important, “key changes” and explain why these are the “key changes.”

3. Measurement of Indicators

No.	Control Point	Compliance Criteria	Level
3.1	A clear and reliable system for assessing indicators at appropriate intervals is established.	The programme has a document describing the system for measuring changes in key indicators.	Must
		The programme has a written description of: <ul style="list-style-type: none"> ○ What information will be gathered for each key indicator ○ How the information will be gathered ○ How each key indicator will be calculated or described ○ At what interval each key indicator will be measured or assessed 	
3.2	Baseline information on key indicators is collected.	For each intervention being considered, the programme has collected baseline information and outlined the status of key indicators before interventions have caused any changes. Or, a clear plan is in place to construct baseline information based on good practice (retroactively if necessary).	Must
3.3	A clear and transparent system for estimating changes in the universal impact indicators for target populations due to the programme is outlined.	Enterprise and/or household surveys are conducted at regular intervals to measure changes in the universal impact indicators for target populations.	Must
		The documentation explains what will be measured in order to calculate, scale, additional net income and net additional jobs generated (according to definitions above) as a result of the programme.	
		The documentation explains how each of the universal impact indicators will be calculated using the data measured.	
		Any proxy indicators are justified and supported by documented studies.	
3.4	All research is in line with established good practices.	The programme can demonstrate that research conducted has conformed to established good practices.	Must
		Those involved in the research (both inside the programme and any external contractors) can explain how research was conducted.	
3.5	The programme has information on the initial income level of target beneficiaries and estimates the proportion of additional net income due to the programme	Primary or secondary research reports are available which indicate the total income level of target beneficiaries (from all sources) at or near the beginning of the programme (or intervention). The report(s) includes the average income and income distribution of	Rec

No.	Control Point	Compliance Criteria	Level
	that accrues to poor people.	target beneficiaries. Programme documentation defines “poor” and explains how the proportion of additional net income accrued to poor people due to the programme will be estimated.	
3.6	Qualitative information on changes at various levels of the results chain is gathered.	Assessment of changes includes qualitative information gathering to explore the character, depth and sustainability of changes at various levels of the results chain.	Rec
3.7	Reported changes in the universal impact indicators that are extrapolated from pilot figures are regularly verified.	When changes in the universal impact indicators are calculated for large numbers of enterprises using data from small samples or a pilot phase, a method for regularly verifying those changes is in place.	Rec

4. Attribution

No.	Control Point	Compliance Criteria	Level
4.1	A clear and transparent system for estimating attributable changes in key indicators is in place.	The programme can show or describe detailed plans for estimating attribution for individual interventions. The methods used are appropriate to the programme context, and link back to the results chain. The methods chosen isolate the programme’s impact from the impact created by other programmes working in the same area.	Must
4.2	Universal impact indicators are calculated taking attribution into account.	The programme has a document(s) that clearly and transparently explain how attribution is taken into account in the calculation of the universal impact indicators. All assumptions and estimates made in the calculation of the universal impact indicators are clearly described and justified with reasonable evidence.	Must
4.3	All publicly-funded, collaborating programmes contributing to the attributable change are acknowledged.	All public programmes (donor and government) with which the programme has a written agreement outlining collaboration and which have contributed to the attributable changes claimed are acknowledged in writing together with the documented impact claimed.	Must

No.	Control Point	Compliance Criteria	Level
4.4	The financial value of contributions of collaborating programs are estimated.	The financial value of the contribution of collaborating programmes is identified in writing.	Rec
		Where the financial value of contributions is estimated, the programme can show the basis for the estimate.	
4.5	Attributable change claimed by the programme is adjusted to take into account other public contributors to that change.	Change attributable to the programme is adjusted based on the relative financial value of the contributions to that change from all involved public programmes.	Rec
4.6	All private contributors to the changes claimed by the program are acknowledged.	Private contributors to the changes claimed by the programme are acknowledged in writing together with the estimates of impact.	Rec

5. Capturing Wider Change in the System or Market

No.	Control Point	Compliance Criteria	Level
5.1	The results of systemic change at key levels, such as “crowding in” and/or “copying,” which are included in the results chain(s), are assessed.	The programme has a documented description of how the results of systemic change, such as “crowding in” and “copying,” will be assessed (through quantitative and/or qualitative means) at the enterprise level and any other relevant levels of the results chain(s).	Rec
		The methodology used takes attribution into account.	
5.2	Findings on impact, including the universal impact indicators, include the results of systemic change at key levels.	The results of systemic change, such as “crowding in” and “copying,” are estimated using quantitative indicators.	Rec
		All figures are supported by clear and transparent calculations; any assumptions or estimates are outlined.	
		The methodology used enables programs to distinguish between enterprises reached “directly” and those reached “indirectly,” ie as a result of systemic change.	
5.3	Any other indirect impact claimed (eg in related sectors or through increased purchasing power of target populations) is based on well documented, clear and reasonable studies and accompanied by clear	Any reported findings on indirect impact beyond the results of systemic change included in the results chain(s) are supported by reasonable and documented research that considers attribution of changes to programme activities.	Rec

No.	Control Point	Compliance Criteria	Level
	written explanations of how figures were generated.	All impact figures related to indirect impact beyond the systemic change included in the results chain(s) are supported by clear and transparent calculations and outline all assumptions and estimates made.	

6. Relating Impacts to Programme Costs

No.	Control Point	Compliance Criteria	Level
6.1	Costs are tracked on a cumulative and annual basis.	An accounting system is in place to track costs and produce an annual and cumulative total of all costs spent in country.	Must
		The programme has an annual and cumulative total of all costs spent in country.	
6.2	Costs are allocated by major interventions of the programme. (Applicable only to programmes with more than one main intervention)	The accounting system enables management to estimate costs spent on each major intervention of the programme for which impact is estimated.	Rec
		The programme has annual and cumulative estimates of costs for each intervention for which impact is estimated.	
6.3	Programme impacts are related to programme costs using appropriate ratios.	Documents include a clear description of how programme impacts will be related to programme costs.	Rec

7. Reporting Results

No.	Control Point	Compliance Criteria	Level
7.1	The programme makes aggregated estimates of changes in the universal impact indicators due to the programme at least annually based on their documented assessment system.	For programmes more than one year old: The programme has a report(s) produced in the last year which provides clear estimates of the changes in the universal impact indicators due to the programme.	Must
		For programs less than one year old: The programme's documented system describes how reports estimating changes in the universal impact indicators due to the programme will be produced at least annually.	
		Estimates are for aggregated programme-wide impact; the aggregation takes overlap in impact into account in a clear and reasonable manner.	
		The reported impact figures are accompanied by an appropriate summary of how the figures were generated, including how attribution was	

No.	Control Point	Compliance Criteria	Level
		taken into account and any assumptions and estimates made.	
		The reported impact figures are accompanied by a definition of “target enterprises,” and explanations of why the changes in net income and jobs are likely to be sustainable.	
7.2	Figures for the universal impact indicators are disaggregated by gender or written justification is provided on why this is not done.	When impact is reported, figures for the universal impact indicators are disaggregated by women and men.	Must
		The figures are accompanied by a clear explanation of how gender was determined.	
		Where figures are not disaggregated, justification is provided why this is not possible or appropriate.	
7.3	When the results of systemic change and/or other indirect results are estimated in the universal impact indicators, impact figures are divided into “direct” and “indirect.”	When impact is reported, estimated results for the universal impact indicators are appropriately divided into “direct” impact and “indirect” impact.	Must
7.4	Costs are reported together with impact.	Annual and cumulative totals of all costs spent in country are reported in at least one impact report in the last year.	Must
7.5	Results and related costs are reported per intervention.	The report(s) related to 7.1 above include impact and total related costs together per intervention.	Rec
7.6	Results are published.	A document with the results and costs described in sections 7.1-7.4 is made publicly available.	Rec

8. Results Measurement System Management

No.	Control Point	Compliance Criteria	Level
8.1	Tasks and responsibilities for impact assessment have been specified; the system is supported by sufficient human and financial resources.	Tasks and responsibilities in relation to results measurement are documented; the program can show that sufficient human resources are allocated to manage and implement the results measurement system.	Must
		The programme can show that sufficient financial resources have been set aside for results measurement.	
		Staff are able to accurately describe their responsibilities in results measurement.	

Definitions

Note: Where possible, the definitions given below are in line with the *Glossary of Key Terms* developed by the DAC Network on Development Evaluation⁸. Definitions taken directly from the DAC Glossary are *given in italics*. In many cases, further detail has been added, in order to give the level of specificity required for the purpose of this methodology.

Activity: A discrete piece of work, typically represented by a contract between the programme and a contractor, partner or consultant. Interventions typically consist of several activities, that are intended to achieve change at various different points in the overall market system.

Aggregate: To combine the impact a programme has caused from various interventions; overlap must be taken into account when aggregating impact.

Assess: To gauge the change in an indicator using either or both quantitative or qualitative methodologies.

Assumption: A supposition or best guess which forms part of the basis for calculation of an indicator value.

Attribution: *The ascription of a casual link between observed (or expected to be observed) changes and a specific intervention.*

Attribution is isolating the changes that results from programme activities from what would have happened without the programme (therefore, several programmes may justifiably claim the credit for a given result – but clearly should mention the work of other programmes, contribution of the government and private sector etc.). Some programs are already using a more stringent definition of attribution, where they apportion the changes that would not have taken place without the programme to each of those organizations (public or private) that contributed to the change and only claim the programme’s “share” of the change.

Baseline: *An analysis describing the situation prior to a development intervention, against which progress can be assessed or comparisons made.*

This should include the status of indicators before an intervention starts or has resulted in changes at the level being measured.

Calculate: To compute the value of an indicator based on several different pieces of information.

Collaborating programme: A public programme (donor or government) with which the programme has a written agreement outlining collaboration and which has contributed to the attributable changes claimed.

Component: A part of a programme that forms a coherent set of interventions, typically around a thematic interest.

⁸ <http://www.oecd.org/dataoecd/29/21/2754804.pdf>

- Copying:** Other target enterprises copying behaviours that those affected directly by programme activities have adopted.
- Crowding in:** Enterprises at levels other than the target level copying behaviours that those affected by programme activities have adopted or entering a sector or value chain as a result of improved incentives and environment created (at least partly) by the programme. This term also applies to government agencies or civil society organizations, who are not directly involved in the programme, copying behaviours of those who are directly involved in the programme, or who change their behaviour as a result of improved incentives or environment created (at least partly) by the programme.
- Direct impact:** Changes that can be plausibly linked in a direct line to an organization or enterprise with which the programme has had significant contact. Direct impact does not include the results of systemic changes such as copying or crowding in.
- Displacement:** Some enterprises may be negatively affected because others are benefiting from programme activities. Displacement is the amount of negative effect on those enterprises harmed by programme activities.
- Estimate:** An approximation of the value of an indicator or of attribution based on information gathered.
- Final:** Assessment of indicators after expected changes have likely occurred. This is the last time particular indicators will be assessed for a particular intervention.
- Impact:** *Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.*
- This standard promotes that impact be expressed in a form that an uninformed observer would understand and relate to.
- Impact Assessment:** The process of estimating a programme's impact on enterprises, poverty reduction and/or other development goals.
- Indirect impact:** Changes caused, at least partly, by programme activities which can not be linked in a direct line to organizations or enterprises with which the programme has had significant contact. Indirect impact includes the results of systemic changes such as copying, crowding in and second order changes resulting from a programme's direct or indirect impact, for example changes in non-targeted sectors or changes in local economies resulting from the increased purchasing power of a programme's target beneficiaries.
- Indicators:** *Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development sector.*
- Information gathering:** The collection of qualitative and quantitative information to monitor the changes resulting from a programme at any level of the programme's results chain and to estimate attribution.
- Intermediate indicator:** An indicator of change at any level other than the goal or final level.

- Intervention:** A coherent set of activities that share a single results chain, and are designed to achieve a specific and limited change. An intervention is generally as subset of a component.
- Level:** A step in a results chain that refers to changes for a particular group of enterprises or other players; for example, levels in a results chain might include service provider level, enterprise level, sector level and target household level.
- Job:** Full-time equivalent, taken over one year (240 days/year); may be seasonal, paid in kind etc, but does not include unpaid family labour.
- Key indicator:** Indicators that relate to the “key” or most important changes described in the results chain.
- Key change:** The most important changes described in the results chain. Ideally, a programme assesses changes at every level of the results chain; however, at this stage, it may be too much of a burden for smaller programmes, or those with very detailed or very long results chains to assess changes at every level. In this case, programme may choose to only assess “key changes.”
- Measure:** To assess the value of an indicator using quantitative methodologies.
- Methodology:** A means to assessing the value of indicators, for example a survey, focus group discussion or key informant interviews.
- Overlap:** When two different interventions reach the same target enterprises. If aggregating programme scale by adding up the number of enterprises reach by each intervention, the overlap must be subtracted to arrive at the correct total.
- Poor:** MDG1 originally referred to people living on less than \$1 per day, on 1993 purchasing power parity; this has now been considerably expanded – see the revised MDGs. USAID, CGAP and others are working on country-specific baskets of poverty indicators. Many countries have their own definition.
- Primary research:** Information gathering directly from respondents (enterprises, service providers, government agencies etc.) in the field.
- Private contributor:** A private enterprise that has contributed to the impact claimed by the programme.
- Programme:** A programme is the typical unit of analysis for a donor, often contracted to one overall partner or company. A programme consists of several components.
- Projection** A reasonable estimate of future results, based on current, informed knowledge about the overall system.
- Proxy indicator:** A measurable change that is clearly and reliably associated with the change the programme aims to achieve.
- Reasonable:** A conclusion that an external, unbiased and relatively informed observer would come to.
- Results Chain:** *The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired objectives beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts and feedback.*

Results measurement: The process of estimating a programme's impact on enterprises, poverty reduction and/or other development goals. In this standard, it is synonymous with impact assessment.

Secondary research: Information gathering that relies on existing studies and reports.

Survey: Gathering information from a specific number of respondents in a specific population generally using a set of questions for which the answers can be quantified.

Sustainability: *The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits.*

(For measurement purposes, sustainability will be indicated by continuation of benefits at least two years after the end of a programme).

Systemic change: Changes in market systems and the structures, such as government and civil society, that support markets that cause sustainable shifts in the way those market systems and structures operate, for example, changes in relationships within and among both private enterprises and public agencies, in incentives and in market support structures. Systemic change causes widespread indirect results such as crowding in, copying, enterprises shifting sectors and changes in enterprise start-up and exit rates.

Target enterprises: The type of enterprises that a programme aims to benefit.

Target population: The type of people that a programme aims to benefit.

Unintended impacts: Any changes that are due to a programme's activities and that were not anticipated when designing the activities. These impacts may be positive or negative.