

Seminar Making Markets Work for the Poor

e+i employment and income network



Results Measurement in Private Sector Development
– Current Practice and Challenges Ahead

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Background

- Failure in public interventions
- Scrutiny of public budgets
- Changing political priorities

To improve performance

INTERNAL

Motivations

- Comparison on a common, rigorous basis
- Microfinance experience
- Need to reduce the costs of learning

EXTERNAL

To prove – enhance accountability

- Increased accountability in public (and private) organisations
- New funder assertiveness
- Need to ‘prove’ impact

To contribute to wider learning and development

Introduction

- 1. Common challenges in results measurement**
- 2. A systemic approach to results measurement**
Plausible attribution across the strategic framework
- 3. Putting it into practice: key considerations**
Impact logics (or result chains)
Assessment approaches
Example

1. Common challenges

- Measurement of results is challenging in all development fields
 - Getting information in complex environments
 - Households,*
 - Informal sector*
 - Small businesses*
 - Attributing change to projects
 - Additionality?*
 - Displacement?*
 - Multipliers?*



Factors affecting attribution

Additionality

Would the change have happened anyway without any involvement?

Displacement

The extent to which gains of one individual are at the expense of another

In a market economy, if there are winners there are probably losers!

Influenced by:

- location of competitors (type of business)
- geographic area under consideration

Multipliers

Ratio of the change in income to the initial change in expenditure that brought it about

Reflects reality
- spending leads to more spending

But estimates of multipliers often vary (open to manipulation)

Example: Are these factors important?

Survey conducted 52 weeks after training

“If no support had been provided, would you have started this business?”

“If you were to stop trading, what proportion of your business would be taken by competitors in the local (within 5 miles radius)?”

‘Typical’ small business start-ups

- Publicly-funded local business support programme in NE England (aimed at start-ups)
- 44 firms surveyed and gross changes in full-time employment calculated = 68 full-time jobs
- Estimate made of additionality using ‘what if’ assessment with firms
- Estimate made of displacement using assessment of where main competitors are located
- Multipliers are estimates made using econometric models and other studies

Taking into account these factors, how many extra jobs have really been created by this programme?

Example: Are these factors important?

Impact assessment calculations

MAIN SCENARIO

Employment gain	x	Additionality weighting	x	Displacement weighting	x	Supply linkage multiplier	x	Income linkage multiplier	=	Total Impact
68	x	0.29	x	0.5	x	1.1	x	1.1	=	11.9 17.5%

OPTIMISTIC SCENARIO

68	x	0.35	x	0.6	x	1.1	x	1.1	=	17.3 25%
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PESSIMISTIC SCENARIO

68	x	0.25	x	0.4	x	1.1	x	1.1	=	8.2 12%
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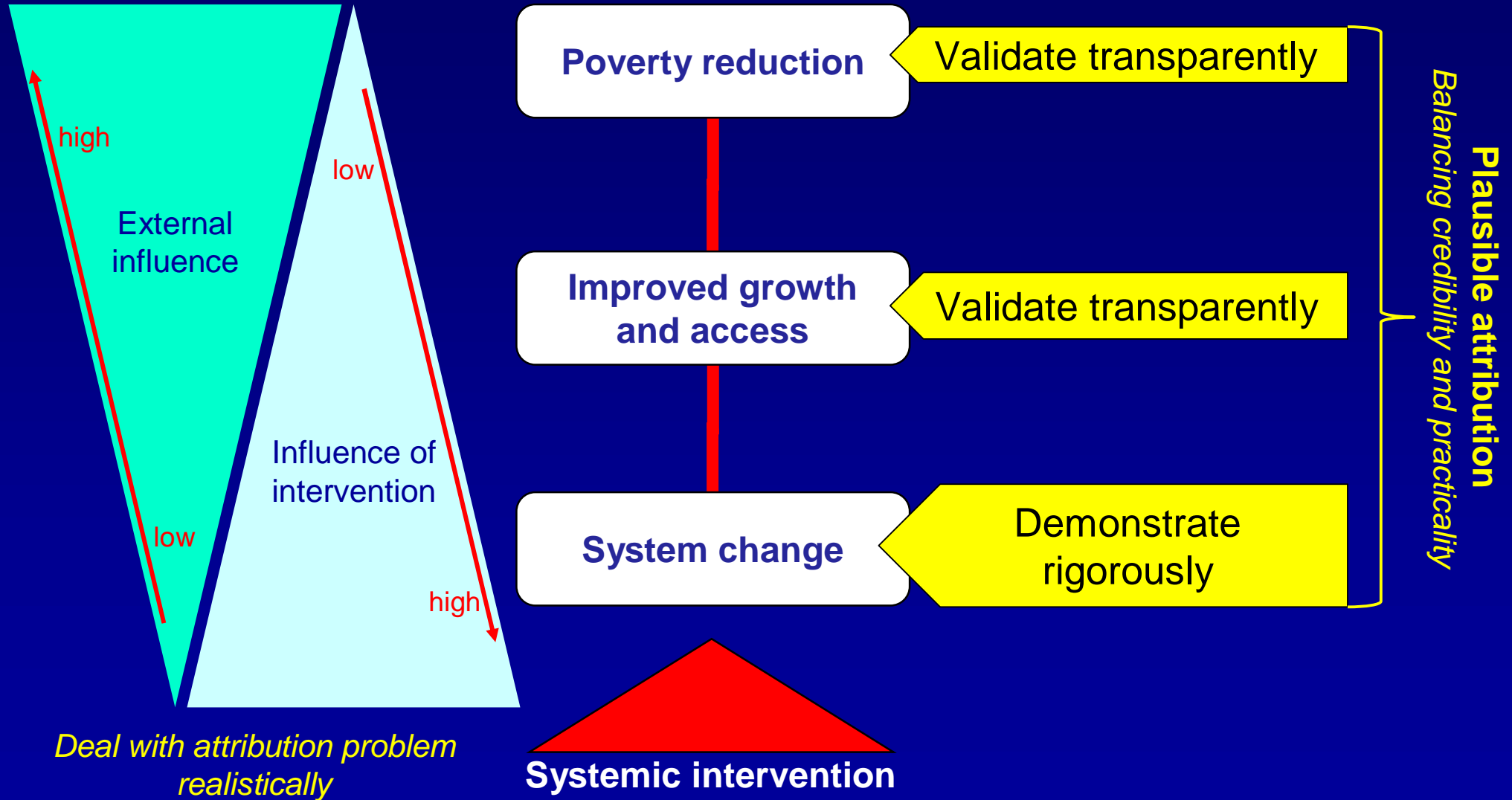
The challenge to move forward

- A historic tendency to chase 'prove' numbers...
 - Often with limited credibility
 - Neglecting assessment of sustainability and intervention effectiveness
- ... Has been a barrier to an 'improve' and learning agenda
- Emerging experience that it is possible to measure results effectively
 - Recognise basic challenges
 - Approach measurement in a logical and transparent way
 - Practicality and creativity are important too!

2. A systemic approach to results measurement

- Plausibly attribute impact across a logical strategic framework
 - ‘Chain of causality’ linking interventions to poverty reduction can be lengthy...
 - ... So it is important to attribute changes across the chain of causality credibly and practically, based on a clear strategic framework
- Rigorously assess direct impact on market systems around the poor
 - Market development programmes do not directly interact with each beneficiary...
 - ... So it is critical to capture a programme’s contribution to systemic change definitively as basis for assessing wider impact
- Transparently validate wider change

Plausible attribution across strategic framework



Practicality: balancing prove-improve requirements

Main motivations for M&E

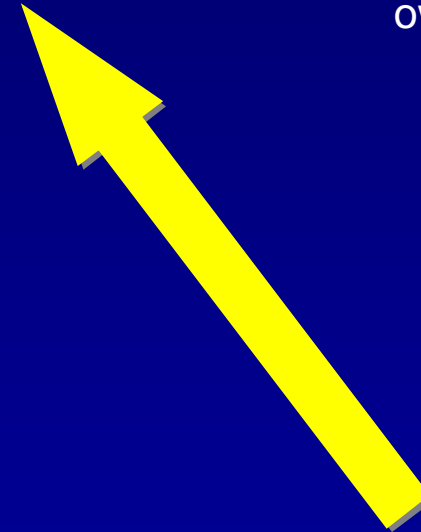
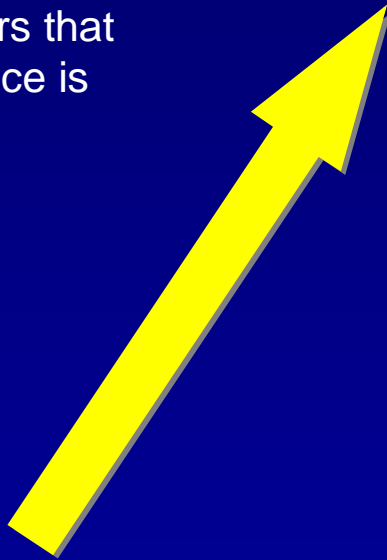
Prove

How can I prove to my key stakeholders that my performance is good?

?

Improve

How can I improve my own performance?



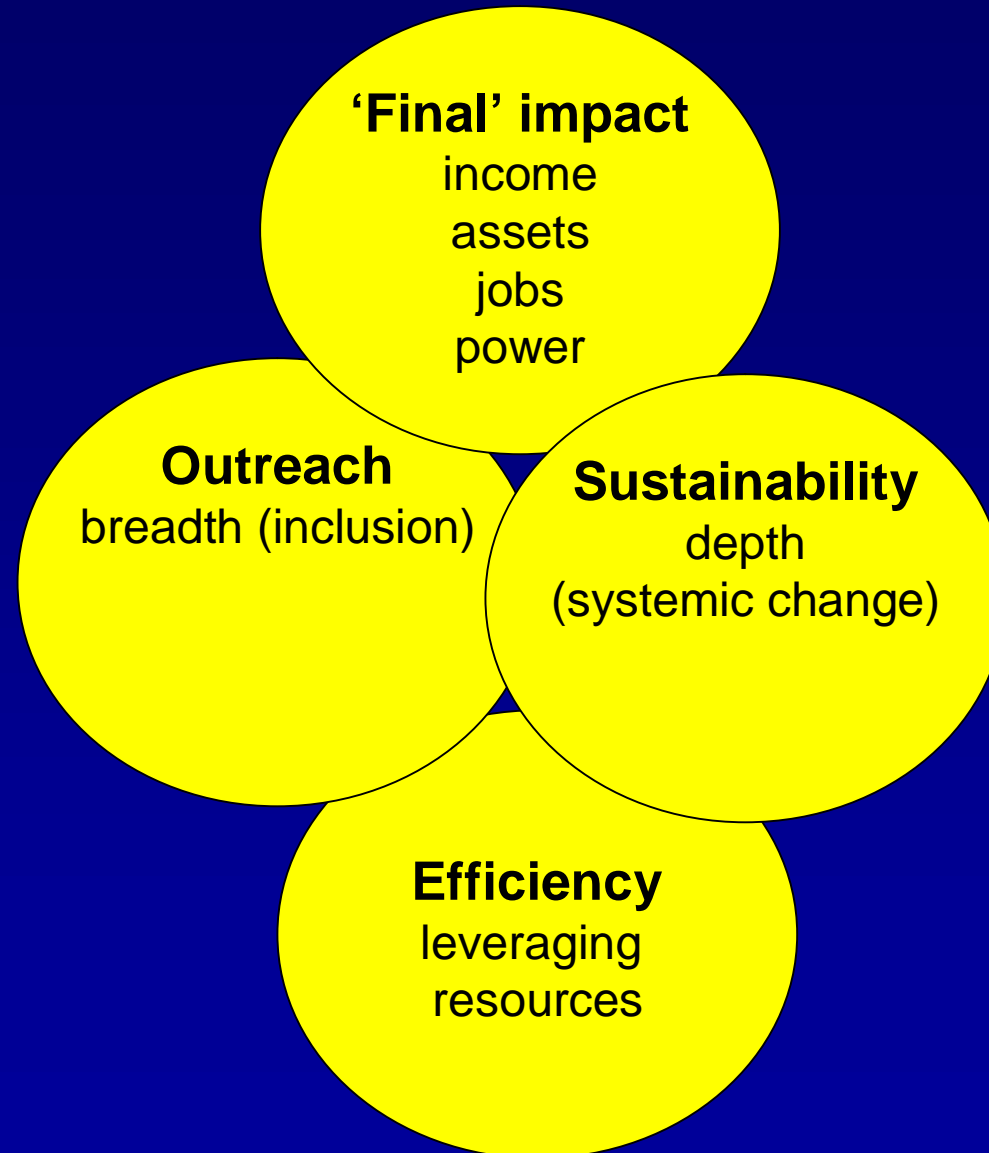
Partners

Implementers

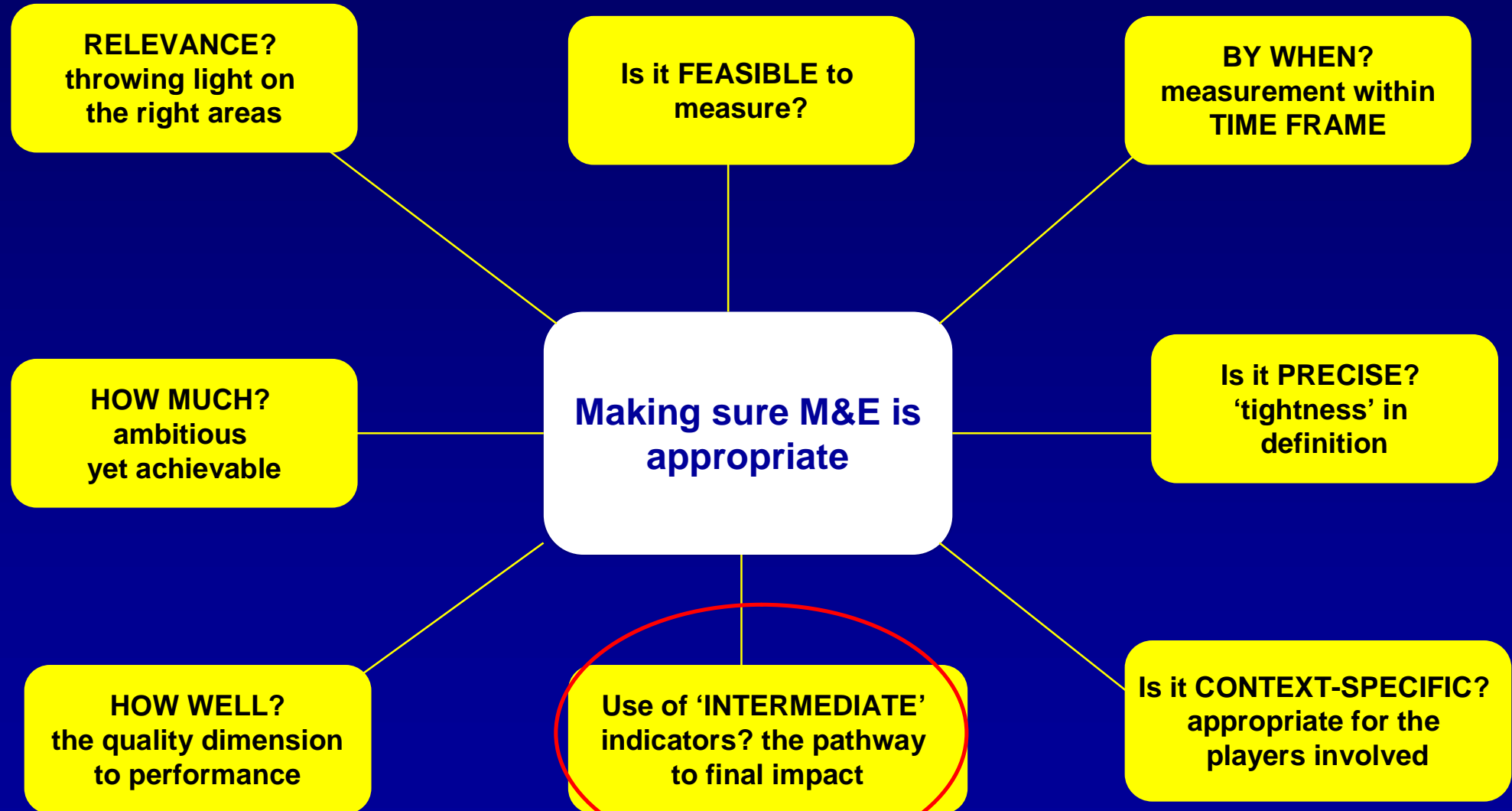
Funders

Interested parties

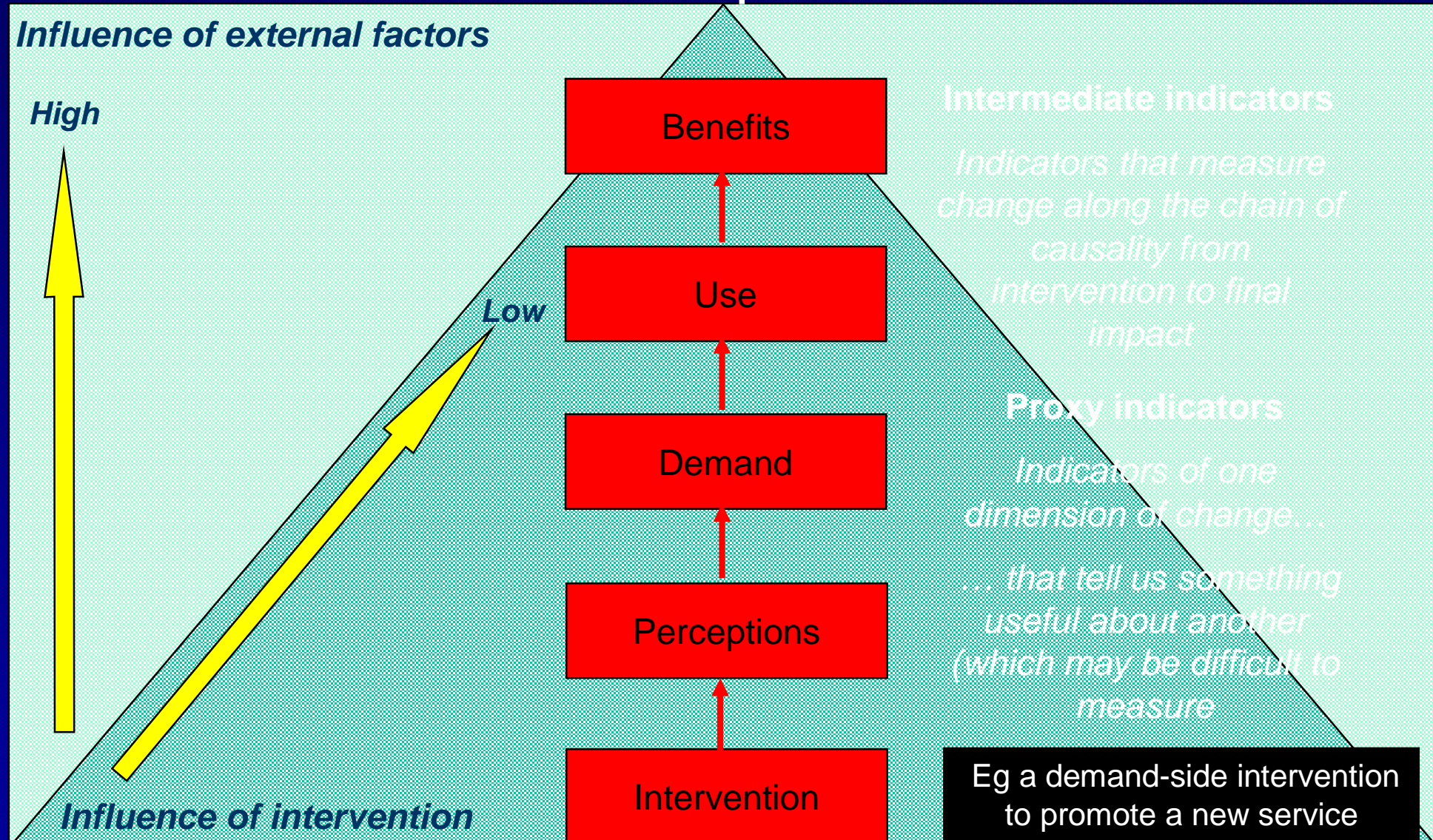
Credibility: key assessment criteria



Credibility: general 'rules' of M&E



Intermediate and proxy indicators in market development



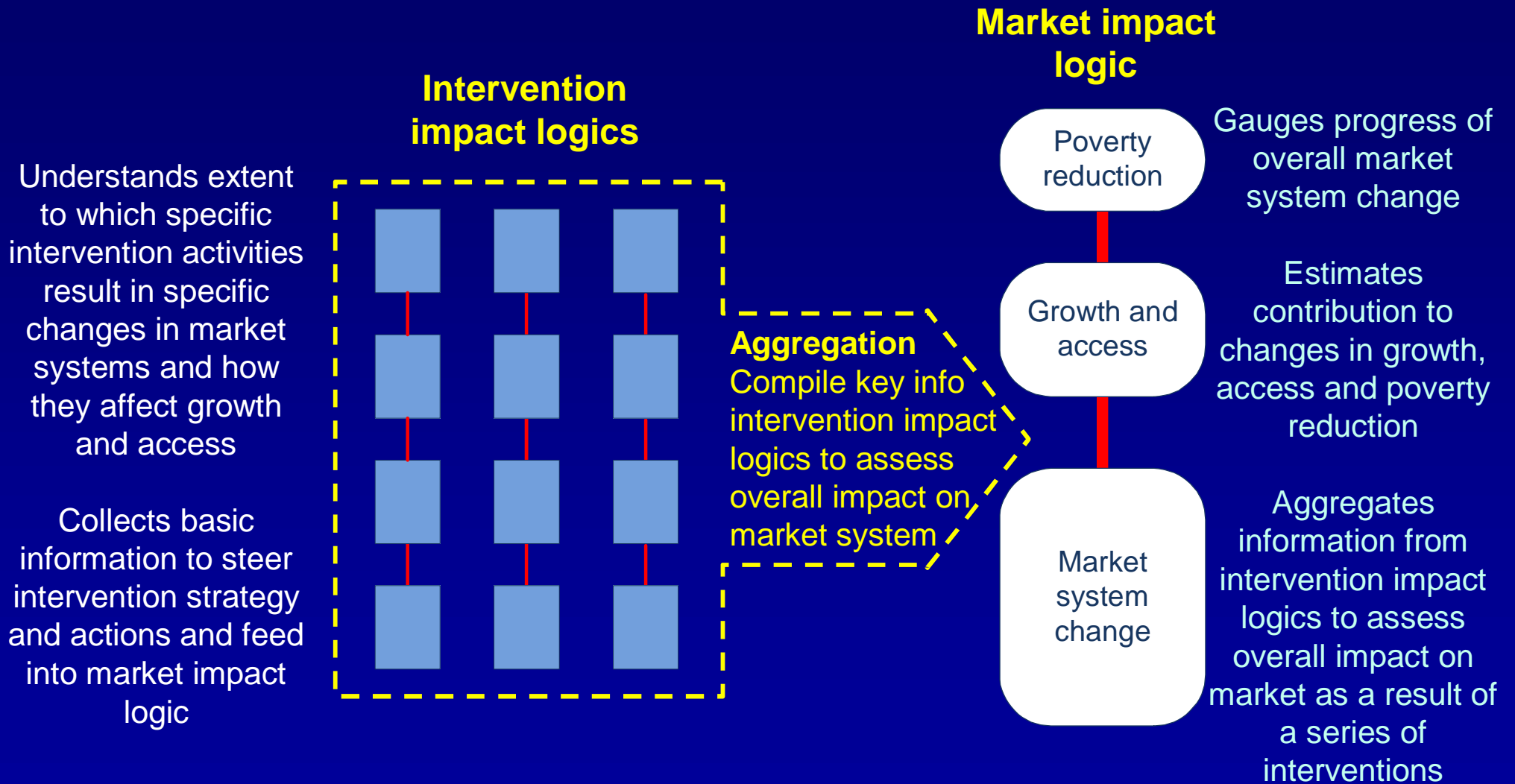
3. Putting it into practice: key considerations

- Develop impact logics for each market system (and related interventions in that market system) based on overall programme strategic framework
- Use impact logics to identify appropriate indicators to monitor outcomes of specific interventions and their impact on market system
- Establish a baseline for key indicators
- Predict at beginning of intervention amount of change in each indicator that may be expected to result from each intervention
- Design and implement a plan for collecting data to monitor and measure performance
- Analyse information generated and feed into regular decision-making (internal) and report the appropriate outputs of analysis (external)

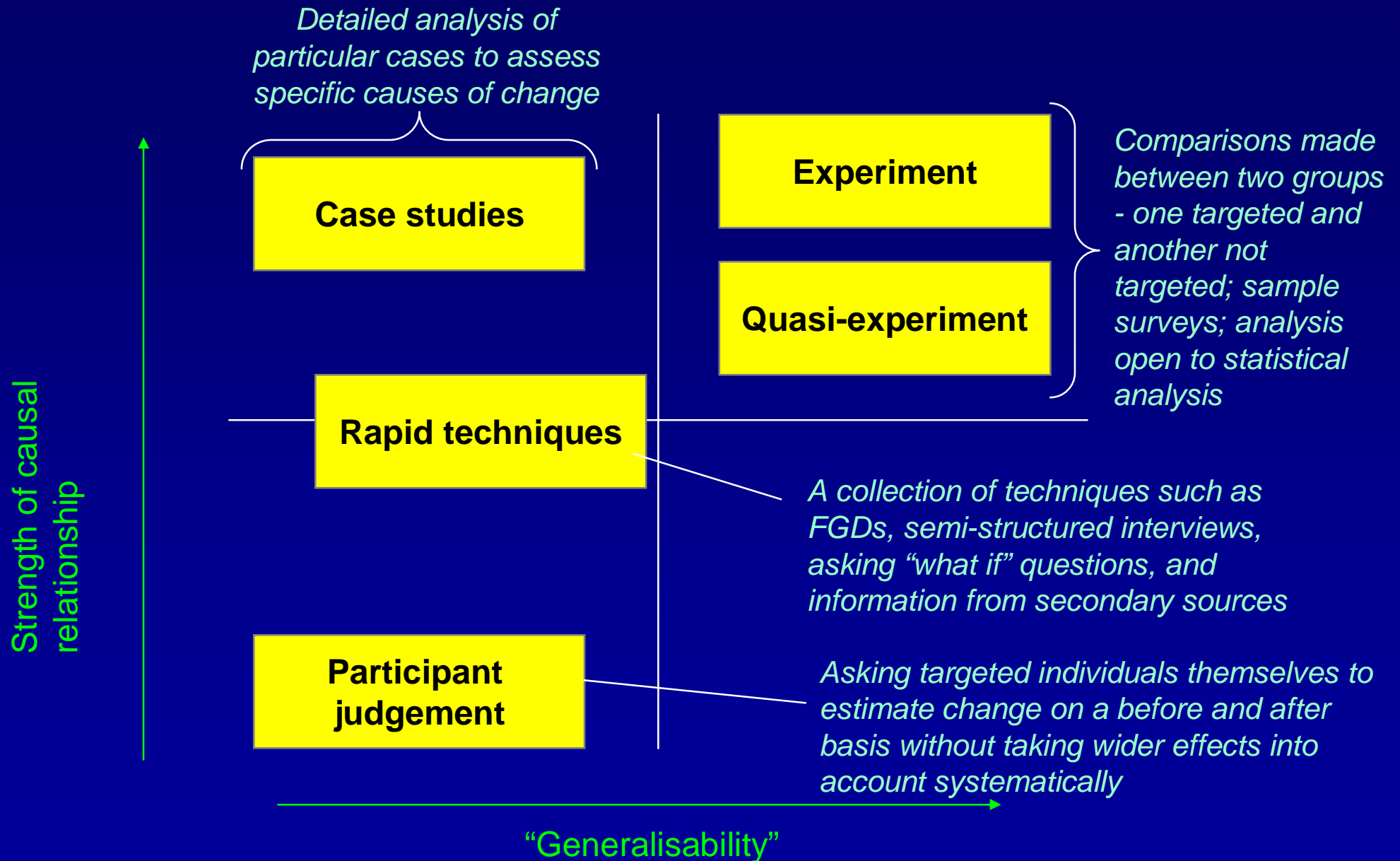
Impact logics or results chains

- Develop impact logics or results chains for each market system (and related interventions in that market system) based on overall programme strategic framework
- Impact logic shows chain of causality through which interventions lead to poverty-reducing benefits
 - Describes key changes expected at each level of strategic framework as a result of interventions
 - Tailored to specific intervention or market, so more detailed chain of causality (more links in the chain) than a strategic framework
 - A market may have a set of impact logics; one market impact logic and within that several intervention impact logics

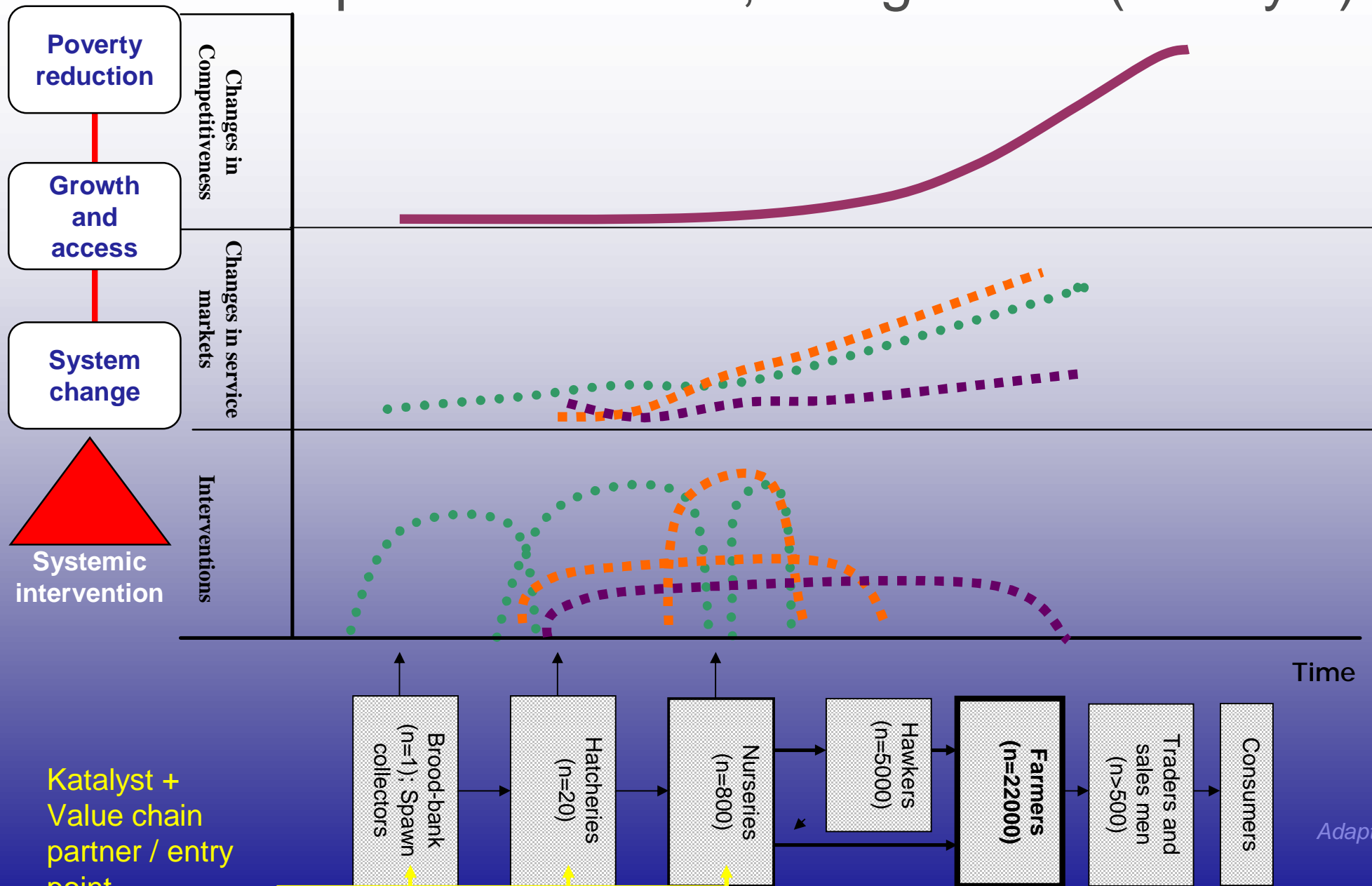
Market and intervention impact logics



A balance of measurement techniques



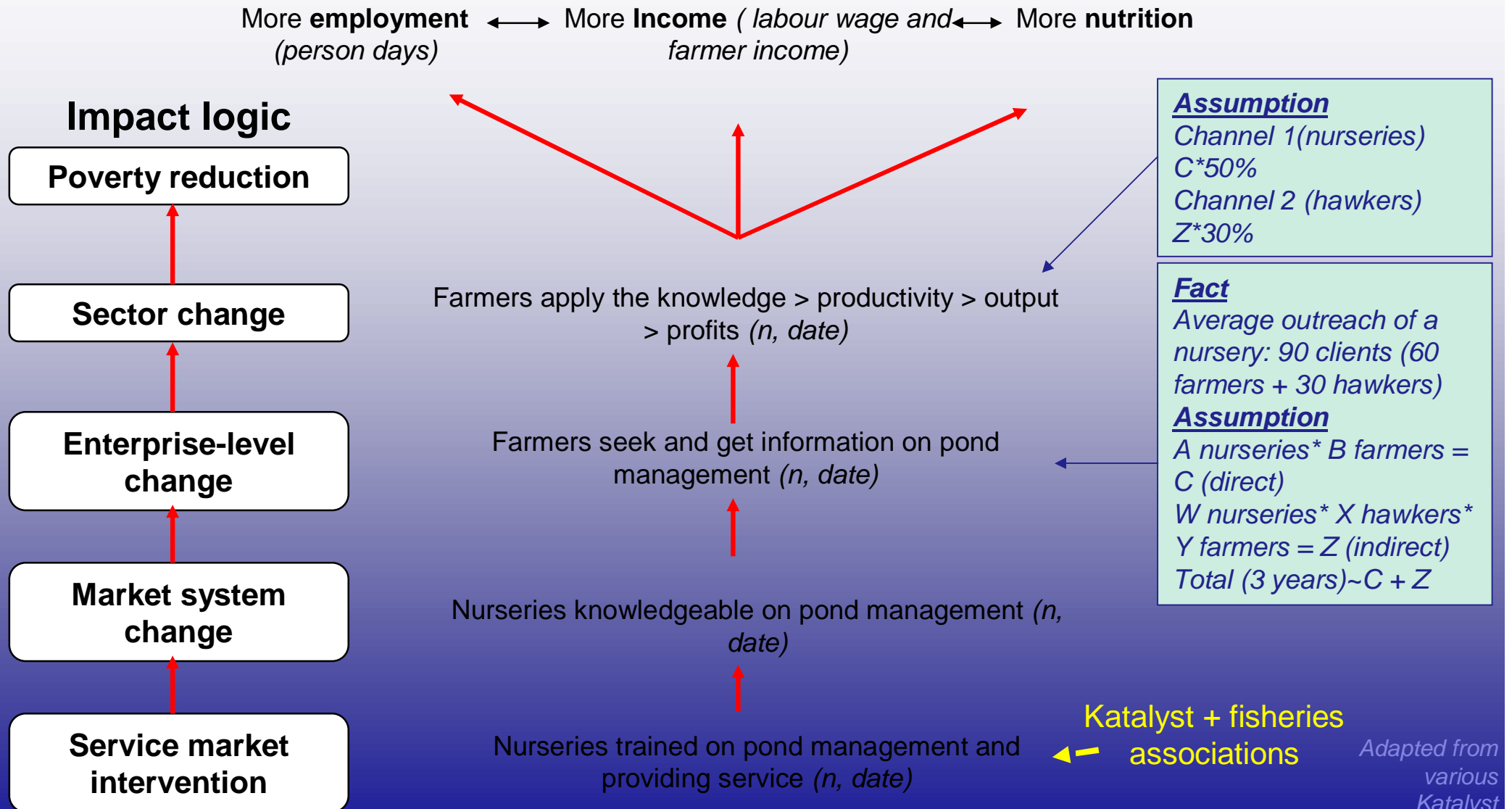
Example: Fish sector, Bangladesh (Katalyst)



Katalyst +
Value chain
partner / entry
point

Adapted from
various
Katalyst
publications

Impact logic for one intervention



Adapted from various Katalyst publications

Aggregated impact logic

