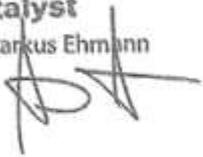


## 1. Overview

Katalyst	Phase 3: 2014-2017	
Audit visit dates	14-18 February 2016	
Overall final ratings <sup>1</sup>	MUST	468/500 = 94%
	RECOMMENDED	108/120 = 90%
Coverage	Partial Audit Included: -Maize Sector (including Fertiliser), -Vegetables Sector (including Seeds), -Farmed Fish (including Forward Market), -IC, -LAN and -WEE Excluded: -Capitalisation All control points checked	
DCED Standard	Version VII, April 2015	

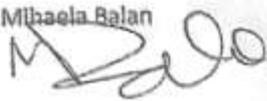
Signed:

**Markus Ehmann**  
General Manager  
Katalyst

Katalyst: Markus Ehmann  


Date, place: *Deaka, 31/03/2016*

Auditors: Phitcha Wanitphon  


Auditors: Mihaela Balan  


Date, place: *Bangkok, 31/3/2016*

Date, place: *Melbourne, 31/03/2016*

<sup>1</sup> An overall rating of 100% implies that the project meets the compliance criteria and has a strong measurement system of acceptable quality within the boundaries of what the programme has set itself to measure, not that it has a perfect measurement system.

## **Table of Contents**

<b>1. Overview .....</b>	<b>1</b>
<b>2. Key Audit Findings.....</b>	<b>4</b>
<b>3. Brief Review of the Programme and Measurement System .....</b>	<b>5</b>
<b>4. Summary of the audit process .....</b>	<b>7</b>
<b>5. Detailed scoring of the Control Points.....</b>	<b>8</b>
<b>6. Summary of areas with potential for improvement .....</b>	<b>12</b>
<b>Annexes.....</b>	<b>12</b>

## **Acronyms**

BC	Business Consultants
DANIDA	Danish International Development Agency
DCED	Donor Committee for Enterprise Development
ESIA	Early Sign of Impact Assessment
FF	Fish Farming
FMKT	Forward market
IA	Impact Assessment
IC	Information and Communication
KIF	Katalyst Innovation Fund
LAN	Local agri-networks
M4P	Making Markets Work for the Poor
MP	Measurement Plan
MRM	Monitoring and Results Measurement
Mz	Maize
QA	Quality Assurance
RM	Results Measurement
SDC	Swiss Development Cooperation Agency
WEE	Women's Economic Empowerment

## 2. Key Audit Findings

<b>Articulating the Results Chain</b>	
Results chains are articulated for each intervention. There is evidence supporting the logic of the results chains. Staff and co-facilitators can describe results chains and give examples of how they are used. Systemic change is outlined and included in the results chains and other supporting documents. There is a system for reviewing results chains. Key partners can describe the logic of the intervention.	On some occasions, there are minor discrepancies in the logic of the results chains and the level of detail. For some interventions the explanations on how changes outlined in each results chain are likely to lead to lasting impact are not documented for all players. Some key external assumptions are missing in a few interventions. The assessments of the risk of displacement for beneficiaries are not documented.
<b>Defining Indicators of Change</b>	
There are relevant indicators for each results chain box. Common impact indicators are included. Staff can describe indicators and use them to inform implementation. Qualitative information is collected and utilised to understand how and why changes have (or in some occasions have not) happened. Indicators are included to assess sustainability. Impacts are projected for key quantitative indicators to appropriate dates. The projections are reviewed at least annually.	A few indicators are not tightly defined and some are occasionally missing. Occasionally sources of assumptions behind projections are missing.
<b>Measuring Changes in indicators</b>	
There are plans to collect baseline data for interventions. When appropriate, baselines have been collected. Detailed measurement plans exist to collect information. Measurement of indicators mostly conforms to good practice. The program has a system to understand gender-differentiated results by both disaggregating them by gender and conducting specific studies to understand the impact on gender (WEE index). The programme has a documented system to identify the unintended effects, and this is included in the MRM manual.	In a few cases, the plans for beneficiary baseline information collection are not documented in the measurement plans, or the measurement plans refer to the baseline studies that are not appropriate to establish the baseline status of the target beneficiaries. Minor discrepancies exist in the measurement plans in terms of timing, tools or sources not being specific. Some qualitative information collected at activity level is on many occasions not documented. The sample in one occasion (Fer03) is not fully representative.
<b>Estimating Attributable Changes</b>	
A plan for estimating attributable changes is included in each Intervention plan. The attribution strategy is appropriate in most cases. The plans include assessing causal links along the results chain.	On one occasion, the method chosen to assess attribution does not sufficiently take into account the counterfactual (WEE01). On one occasion (Fer03) the sample is not fully representative.
<b>Capturing Wider Changes in the System or Market</b>	
In the MRM manual and the measurement plans, there are plans in place to measure systemic change (using AAER and Scale and	Guidance on how to assess impacts (performance and income change) on indirect beneficiaries is not documented.

Sustainability Index) for interventions which also take attribution into account.	
<b>Tracking Programme Costs</b>	
All costs are tracked annually and cumulatively. The direct costs are tracked for each sector.	
<b>Reporting Results</b>	
There is a documented system to aggregate results at program level, across interventions, and sectors. The system takes overlap into account within and across sectors. The results are publicly published.	The basis for overlap corrections between sectors and between interventions is not documented. Private contributions are not clearly acknowledged in the annual report. Public contribution is not acknowledged. Costs are not published.
<b>Managing the System for Results Measurement</b>	
The MRM system is institutionalized. All staff have access to a MRM manual. Staff can explain how they used or will use the information for decision-making. Tasks and responsibilities for results measurement are well documented. There are sufficient resources to support the results measurement system. The program systematically checks the quality of its MRM activities and outputs.	

### 3. Brief Review of the Programme and Measurement System

#### *Focus of Katalyst*

The Agri-business for Trade Competitiveness Project, branded as Katalyst, is a multi donor funded market development project which aims to contribute to increasing the income of poor men and women in rural areas. It does this by facilitating changes in services, inputs and product markets, which in turn increases the competitiveness of farmers and small enterprises.

The third phase of the Katalyst project started in March 2014 and will finish in March 2017. Katalyst is co-funded by the UK Government, the Swiss Agency for Development and Cooperation (SDC) and the Danish International Development Agency (DANIDA). It is implemented by Swisscontact under the umbrella of the Ministry of Commerce, Government of Bangladesh.

Katalyst works in three core sectors (farmed fish, maize, vegetables), three cross-sectors (WEE, LAN, IC) and capitalization. It also has 3 key topics: seed, forward marketing and fertilizers, embedded in core sectors. Core Sectors are led by Head of Core Sectors and Cross Sectors are led by Head of Cross Sectors.

In addition, Katalyst has added a new delivery channel to its traditional implementation channels, which is the Katalyst Innovation Fund (KIF). The total number of interventions that the programme implements at present is 58.

#### *Key elements of the MRM System*

Katalyst uses its results measurement system to learn what works, what does not and why - making

adjustments along the way to improve and maximise results for each sector and the programme portfolio overall.

The Monitoring and Results Measurement (MRM) is headed by a Head of Monitoring & Result Measurement and Katalyst Innovation Fund, and a MRM Manager. MRM focal points are appointed for each sector team.

Within each sector, sector managers are responsible for sector teams, consisting of 3-4 business consultants, and for implementing a set of interventions.

Measuring results is a shared responsibility between business consultants and MRM focal points. Katalyst also works through co-facilitators that implement interventions on behalf of Katalyst. Measuring results is then a shared responsibility by Katalyst and the co-facilitators.

Katalyst aggregates its results across its sectors and interventions and reports them to its donors. Regular monitoring is conducted by staff, co-facilitators and its partners. Baseline studies are also conducted for each intervention at the beginning or during Impact assessments using recalls. Impact Assessment (IA) is usually conducted after two years.

#### *Katalyst reporting*

Katalyst produces six-monthly reports and Annual reports. These documents include overall aggregated information as well as breakdown information by sector. The Annual report is publicly available.

Intervention Plans keep track of what is taking place in each intervention within a sector. They are internal working documents which are constantly updated with monitoring information and plans for future monitoring based on Katalyst's work and changes in the sector. Information from these documents is also used in developing the Sector level and Program level reporting documents.

#### *Managing the System*

Katalyst uses a series of methods to share information within the team. Monthly review meetings and combined with sector review meeting in which all sector teams gather and review the progress of the sectors and interventions in each sector.

#### *History of Applying the DCED Standard*

Katalyst has developed a Result Measurement System based on the DCED Standard. This was carried out from Phase 1 when the programme started focusing on adopting the tools for monitoring and results measurement, to achieve compliance with the DCED Standard. Since then Katalyst conducted two audits: one in 2011 (for Phase 1) and the second one in 2013 (for Phase 2). Prior to requesting this audit, Katalyst contracted a pre-audit review that was conducted by one consultant familiar with the DCED Standard in November 2015.

## 4. Summary of the audit process

This audit was a partial audit of phase 3. It excluded a cross sector, Capitalisation. The audit covered three core sectors (farmed fish, maize, vegetables), and three cross-sectors (WEE, LAN, IC) and key topics within the sectors: Maize including Fertiliser, Vegetables including Seeds, Farmed Fish Including Forward Market, IC, LAN and WEE).

The audit has reviewed representative samples of the scope. By calculating the square root (rounded up) of the six sectors, the auditors determined that three sectors should be reviewed. A two-stage selection process was then used, at sector and intervention level.

According to Katalyst management structure, these sectors are managed by two units: core and cross sectors. In order to cover all units, the samples were allocated to each unit based on the proportion of numbers of interventions and budget. As a result, two samples were allocated to core sector, and one sample was allocated to cross sector. Then, the sample sectors were randomly selected. The selected sectors were Maize, Farmed Fish for Core and WEE for Cross-sector.

For each sector, the DCED Standard requires to audit at least a square root of the total number of interventions, or all interventions if there are 3 or fewer in the sector. For Maize and Farmed Fish, there are two subunits within each sector: core and key topics. The samples were allocated to each sub unit based on proportion of number of interventions. For Maize, two samples were allocated to core Maize and one sample was allocated to Fertiliser key topic. For Farm Fish, two samples were allocated to core Fish and two samples were allocated to Forward Market key topic. Then, the sample interventions were randomly selected. The list of selected sectors and interventions is provided in the following table:

Sector	Interventions
Maize	Mz5: Facilitating the Expansion on DCL through ABL and NCC in New Geographic Areas.
	Mz6: Promoting Maize Based Cropping Pattern by Introducing Short Duration T. Aman.
	Fer03: improvements in Distribution and/or Sourcing of Raw Materials of Compost Companies.
Farmed Fish	FF 02: Capacity Building of Hatcheries by Establishing Linkage with International Brood Suppliers to Ensure Supply of Quality Fingerlings (Koi) to Farmers
	FF 05: Assisting Prawn Hatcheries to Improve their Production Status-quo
	FMKT 02: Facilitating the Promotion of Improved Bamboo Baskets
	FMKT 05: Establishment of Promotion of a Sustainable Supply Chain for Safe Vegetables
WEE	WEE01: Develop a Sustainable Training mechanism to build the capacity of the Independent Craft Producers of Aarong.
	WEE03: Establishing Rural Agro-Input Distribution and Embedded Information Service Targeting Homestead Women Producers.
	WEE05: Promote Women Inclusive Contract Farming.

For each audited intervention, the audit reviewed the results chains, monitoring plans, and projections, supporting calculations, log sheet, early signs of impact assessments, impact assessment and other relevant studies. The audit also reviewed the sector analysis, sector strategy, relevant reports and other studies. For Katalyst as a programme, the audit reviewed the logframe, MRM manual, semester and annual progress reports, job descriptions, the organizational chart, costing system and the impact aggregation system. A full list of the documents reviewed is included in

Annex 3.

For Katalyst as a programme, interviews were held with General Manager, Head of MRM and IFM, Head of Sector Departments, Head of Finance and MRM manager. For the selected interventions, interviews were held with Katalyst's sector managers, business consultants, MRM officers as well as Project Manager, Intervention Officers and M&E officers of Implementing Partners. In addition, interviews were held with selected partners and an external research firm. The list of interviewees is included in Annex 4.

## 5. Detailed scoring of the Control Points

The program scored 468/500 points for the MUST control points and 108/120 for the RECOMMENDED control points. The maximum scores have been adjusted to exclude the "Not Applicable" compliance criteria. All compliance criteria were verified.

Control Point	M/R	Max. Score	Rating	Justification
<b>Section 1: Articulating the Results Chain</b>				
1.1 An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	M	30	27	<ul style="list-style-type: none"> <li>A results chain has been established for each intervention, linking activities to changes at impact level.</li> <li>On some occasions, there are minor discrepancies in the logic of the results chains and the level of detail.</li> </ul>
1.2 Each results chain is supported by adequate research and analysis.	M	30	27	<ul style="list-style-type: none"> <li>The programme has documentation that supports the logical links of the results chains.</li> <li>For some interventions, the explanations on how changes outlined in each results chain are likely to lead to lasting impact are not given or documented.</li> <li>Key assumptions are documented as risks. However, in some interventions, a few key assumptions are missing.</li> </ul>
1.3 Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	M	30	30	<ul style="list-style-type: none"> <li>Staff and co-facilitators are able to describe the results chains and how they have used them, or will use them, to guide their activities.</li> <li>Key partners can describe the logic of the intervention as articulated in the results chain.</li> </ul>
1.4 The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	M	20	20	<ul style="list-style-type: none"> <li>The results chains are reviewed at least quarterly during portfolio review meetings.</li> <li>Changes are documented in the IP - logsheet worksheet. On a few occasions, the reasons for changes are not specified.</li> </ul>

1.5 The results chain(s) include the results of broader systemic change at key levels.	REC	10	10	<ul style="list-style-type: none"> <li>Systemic change is outlined and included in the results chains and other supporting documents.</li> </ul>
1.6 The research and analysis underlying the results chain(s) take into account the risk of displacement.	REC	10	7	<ul style="list-style-type: none"> <li>The assessments of the risk of displacement for beneficiaries are not documented</li> </ul>
<b>Section 2: Defining Indicators of Change</b>				
2.1 There is at least one relevant indicator associated with each key change described in the results chain(s).	M	20	18	<ul style="list-style-type: none"> <li>Indicators are established for all changes in the results chains.</li> <li>A few indicators are not appropriate.</li> <li>A few indicators are not tightly defined; other relevant ones are occasionally missing.</li> </ul>
2.2 Information to be collected includes qualitative information on changes at various levels of the results chain.	M	20	20	<ul style="list-style-type: none"> <li>Qualitative information is collected to understand why and how changes are happening or not happening.</li> </ul>
2.3 A small number of indicators at the impact level can be aggregated across the programme	M	10	10	<ul style="list-style-type: none"> <li>There are common impact indicators assigned to each intervention.</li> </ul>
2.4 There are specific Indicators that enable the assessment of sustainability of results.	M	20	20	<ul style="list-style-type: none"> <li>There are specific Indicators that enable the assessment of sustainability of results.</li> </ul>
2.5 Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	20	20	<ul style="list-style-type: none"> <li>Mid-level and senior-level staff can describe indicators and have used them to inform implementation.</li> </ul>
2.6 Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	REC	30	29	<ul style="list-style-type: none"> <li>The impacts are projected for key quantitative indicators.</li> <li>Occasionally, sources of assumptions are missing.</li> </ul>
<b>Section 3: Measuring Changes in Indicators</b>				
3.1 Baseline information on all key indicators is collected.	M	20	19	<ul style="list-style-type: none"> <li>Baseline information on key indicators is collected when appropriate.</li> <li>In a few cases, the plans for beneficiary baseline information collection are not documented in the measurement plans or the measurement plans refer to the baseline studies which are not appropriate. However, staff can explain it.</li> </ul>
3.2 Information for each indicator is collected using methods that conform to	M	40	35	<ul style="list-style-type: none"> <li>For each intervention, a detailed measurement plan is in place to guide collection of information. It specifies</li> </ul>

good research practices.				<p>methods, timelines and who does what.</p> <ul style="list-style-type: none"> <li>• Minor discrepancies exist in terms of timing, tools or sources not being specific in the measurement plans.</li> <li>• The qualitative information at activity level is collected; however on some occasions it is not documented.</li> <li>• In most cases, data collection conforms to good research practices.</li> <li>• The sample chosen on one occasion is not fully representative.</li> </ul>
3.3 Programmes have a mechanism for assessing and understanding differentiated results by gender.	M	20	20	<ul style="list-style-type: none"> <li>• The program has a system to understand gender differentiated results.</li> </ul>
3.4 Programmes monitor to identify unintended effects.	REC	20	20	<ul style="list-style-type: none"> <li>• The program has a system to capture unintended effects and the system is used.</li> <li>• On one occasion, for FF 02, the unintended impacts observed led to the results chain being revised.</li> </ul>
<b>Section 4: Estimating Attributable Changes</b>				
4.1 Attributable changes in all key indicators in the results chains are estimated using methods that conform to established good practice.	M	50	43	<ul style="list-style-type: none"> <li>• A plan for estimating attributable changes is included in each Intervention plan. The plans include assessing causal links along the results chain and conform to good research practices.</li> <li>• On one occasion the method chosen to assess attribution does not sufficiently take into account the counterfactual (WEE01).</li> <li>• On one occasion the sample is not fully representative.</li> </ul>
<b>Section 5: Capturing Wider Changes in the System or Market</b>				
5.1 The results of systemic change at key levels in the results chain(s) are assessed.	REC	20	17	<ul style="list-style-type: none"> <li>• In the MRM manual and the measurement plans, there are plans in place to measure systemic change (using AAER and the Scale and Sustainability Index) for interventions which also take attribution into account.</li> <li>• The explanation on how to assess impacts on indirect beneficiaries (performance and income change) is not documented.</li> </ul>
<b>Section 6: Tracking Programme Costs</b>				
6.1 Costs are tracked annually and cumulatively.	M	20	20	<ul style="list-style-type: none"> <li>• All costs are tracked annually and cumulatively.</li> </ul>

6.2 Costs are allocated by major component of the programme.	REC	20	20	<ul style="list-style-type: none"> <li>The direct costs are tracked for each sector.</li> </ul>
<b>Section 7: Reporting Results</b>				
7.1 The programme clearly and appropriately aggregates programme-wide impact at least annually.	M	30	27	<ul style="list-style-type: none"> <li>Katalyst has a documented system to aggregate and report results. The system takes overlap into account within and across sectors.</li> <li>The basis for overlap corrections between sectors and between interventions is not documented.</li> </ul>
7.2 The programme produces a report at least annually which describes results to date.	M	30	23	<ul style="list-style-type: none"> <li>The programme has an annual report with results of programme-wide impacts for the common impact indicators.</li> <li>Public contribution is not acknowledged.</li> <li>Private contributions are not clearly acknowledged in the annual report.</li> </ul>
7.3 Results of systemic change are reported.	REC	N/A	N/A	<ul style="list-style-type: none"> <li>Not applicable. Results of systemic change have not happened yet.</li> </ul>
7.4 Results are published.	REC	10	5	<ul style="list-style-type: none"> <li>The results are published. However, costs are not published.</li> </ul>
<b>Section 8: Managing the System for Results Measurement</b>				
8.1 The programme has a clear system for using information from the results measurement system in management and decision-making.	M	30	30	<ul style="list-style-type: none"> <li>The programme has a clear system for results measurement through which findings are used in programme management and decision-making.</li> <li>Staff are able to explain how they use, or will use, the results of the MRM system to inform management decision-making.</li> </ul>
8.2 The system is supported by sufficient human and financial resources.	M	20	20	<ul style="list-style-type: none"> <li>The human and financial resources allocated are sufficient.</li> <li>The MRM manual documents roles and responsibilities appropriately.</li> <li>Staff can accurately describe their roles and responsibilities related to MRM.</li> </ul>
8.3 The system is well managed and integrated with programme management.	M	40	40	<ul style="list-style-type: none"> <li>The MRM system is institutionalised.</li> <li>Staff and co-facilitators are capable to perform their MRM activities.</li> <li>Staff consider results measurement tasks as part of their jobs.</li> <li>There is an MRM manual which is used by staff.</li> <li>The program systematically checks the quality of its MRM activities and outputs.</li> </ul>

## 6. Summary of areas with potential for improvement

### *Articulating the Results Chain*

Ensure that results chains are fully logical and have sufficient detail, and that changes in boxes are clearly described. Document assessment of risks of displacement for beneficiaries.

### *Defining Indicators of Change*

Ensure that indicators assigned are sufficient and specific enough to measure all aspects (magnitude of changes, why changes are or are not taking place, the character, depth and sustainability) of key changes in the results chain boxes.

### *Measuring Changes in Indicators*

Ensure that the sampling frame is representing all target beneficiaries, so that the samples drawn from it are representative.

### *Estimating Attributable Changes*

Ensure that the attribution methods chosen will sufficiently deal with the counterfactual.

### *Capturing Wider Changes in the System or Market*

Document the system to assess impacts (performance and income changes) on indirect beneficiaries.

### *Reporting Results*

Ensure that the basis for overlap correction, rationale behind the basis and assumptions used for overlap correction and plans to verify them are documented.

Ensure that contributions of other public funded programmes and private sector are clearly acknowledged in the progress report.

## Annexes

1. Overall and market specific ratings
2. Sector specific findings
3. List of documents reviewed
4. List of Interviews