

HOW TO DESIGN INDICATORS

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This guide explains what indicators are, how to design them, and how they can improve your project. Indicators form the basis of the project monitoring plan, which is required for all TMEA projects. For more information on how indicators fit into the TMEA monitoring framework, download the full monitoring guidelines [here](#). Throughout this document, press control and click on blue links to download other TMEA or external guidelines.

1) What is an indicator?

'An indicator is a pointer. It can be a measurement, a number, a fact, an opinion or a perception that points at a specific condition or situation, and measures changes in that condition or situation over time.' (CIDA, 1996)

An indicator shows **what you think success will look like** if your outputs are produced and outcomes achieved. Indicators specify what you will measure in order to see whether you have achieved your outputs and outcomes.

For example, consider a training session that aims to improve the performance of freight forwarders. This could be measured by several potential indicators:

- Number of people trained
- Number of training participants who pass post-training test
- Reduction in number of errors made by freight forwarders.
- Reduced speed to complete standard forms.
- Increased client satisfaction with freight forwarders.
- Better relations with revenue authorities.

These all capture just one aspect of freight forwarder performance. Normally you will choose just one or two indicators for each output and outcome in your results chain. The selection of each indicator will be based on the availability of data, relevance to the output or outcome and cost of data collection and analysis. Avoid the temptation to overload the project with too many indicators; pick a few key ones that are most important to show you how your project is doing. Measuring against performance indicators provides a snapshot of how progress is going. This makes them very powerful tools for management and communication. If progress is going well, you can demonstrate the success of your project. If progress is not going as planned, this gives you an indication that something may need to change. Reliable information on well-designed indicators will also form the basis for a final evaluation of your project.

2) Types of indicators

In TMEA, indicators are required for all **outputs, short term outcomes, and long term outcomes**. For example:

Level of Indicator	Examples ¹
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¹ From the [Monitoring and Evaluation Handbook for Business Environment Reform](#), IFC 2008

Output	Number of people trained Number of events held Number of studies conducted
Short term outcome	Positive client feedback Reduction in number of steps in a business process. Increase in number of people accessing information on the e-portals
Long term outcome	Reduced time to trade Reduced cost of trade Increased exports/imports Increase in government revenue

An indicator can be quantitative or qualitative. **Quantitative indicators** measure the situation in numeric terms as a result of counting or averaging numbers. **Qualitative indicators** reflect the context, perceptions and quality of, as well as opinions about, a particular experience or condition. Qualitative indicators are often expressed in quantitative form – for example, the % of training participants who are satisfied with the quality of the training course. While the survey data itself is quantitative, the measures are based on a subjective interpretation of a customer's satisfaction. It should be supplemented by more in-depth qualitative information.

To be measured	Quantitative indicator	Qualitative indicator
Whether training for freight forwarders improves their performance.	Reduction in number of mistakes made by freight forwarders.	% of freight forwarders that agree that training improved their performance.
Whether single window improves the ease of doing business	Reduction in time it takes to process form in single window compared to manually.	% of traders have positive impression of single window. % of traders that agree that single window improves ease of doing business.

3) Developing indicators

Good indicators require a well-formulated results chain. If you do not have this, start by downloading the *How To Make Results Chains* guide [here](#). In order to develop good indicators, you need to:

- **Put time and thought into them.** It is not easy to work out how best to measure your project. Take the time and effort to select the best possible indicators.
- **Develop indicators with partners.** Partners are frequently required to report against indicators. Consequently, they must be involved in the development, understand what they mean and feel comfortable reporting against them. Moreover, they often have the deepest knowledge of their own project, and so are best placed to develop indicators to measure it.

- **Don't have too many.** Generally, do not have more than one or two indicators for each key output or outcome. Only include an indicator if it genuinely adds to your management of the project, or can help you understand the changes that you would like to see.

4) What does a good indicator look like? ²

You can remember a good indicator using the acronym; 'SMART'. Good indicators are specific, measurable, accurate, regular, and time-bound.

- **Specific.** A good indicator should specify exactly what it is going to measure. See below for examples of how vague indicators can be more clearly defined.
- **Measurable.** There is no point in having an indicator that you can't measure. The information should be available at relatively low cost. If it is expensive to collect – for example through a survey – then make sure you budget for it, and it is really essential to collect that information.
- **Accurate:** Change in the indicator must reflect, to a significant degree, a change that has occurred in the variable to be measured. Otherwise a change (or lack of) in the indicator will not really tell you anything about your project.
- **Regular.** If possible, the information should be measured regularly. This is particularly true for activities and outputs, which you need to monitor on a regular basis. Outcomes can be measured annually, or sometimes less frequently.
- **Time-bound.** When you design your indicator, set a time-frame during which you expect it to be achieved.

We can add final, crucial criteria:

- **Useful.** Think about what the indicator will tell you, and how it might help you manage your project. Would you change anything based on the information it provides? Would it help you to judge the success of the project? If the answer to those two questions is no, perhaps it will not be useful to you.

Draft Indicator ³	Issue	Revised indicator
Improved effectiveness of district agricultural extension services	Vague. It is not clear how 'effectiveness' will be measured.	Level of client satisfaction with district agricultural extension services
Strengthened capacity of parliament	Vague, 'capacity' needs to be more clearly defined in order to be measurable.	Published records of votes & position of parliamentarians Number of parliamentary inquiries conducted Public perception of parliamentary effectiveness
Court systems providing effective access to citizens	Vague, what does 'effective' mean? How will it be measured?	Percentage of citizens who say that they have access to court systems to resolve disputes
Percentage reduction in the cost of doing business,	The World Bank Doing Business Survey results	Find a different indicator that reflects project activities.

² This takes information from [Qualitative and Quantitative Indicators for the Monitoring and Evaluation of the ILO Gender Mainstreaming Strategy](#), (Bastia 2000)

³ Some indicators taken from DFID log frame guidance, <http://www.dfid.gov.uk/Documents/publications1/how-to-guid-rev-log-fmwk.pdf>

measured by the World Bank Doing Business Survey	reflect a large number of different factors – changes are unlikely to be due to your project.	
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5) Establishing Baselines and Targets

A baseline is a measure (qualitative or quantitative) of the situation at the beginning of the intervention. This can then be compared to the situation after the end of the project, to show the change that is brought about by the activities. For example:

Indicator	Required Baseline Information
Reduction in time to cross a border.	How long does it take to cross the border before the start of the project?
Increase in pass rate for Freight Forwarder Training Course.	What was the pass rate before the start of the project?

It is not necessary to collect baseline data for every indicator. It is normally only relevant when the indicator is measuring a change in situation. Moreover, you should take into account the cost of collecting data, the importance of that indicator, and consult the Knowledge and Results team for more advice on which indicators need baseline data. You should collect baseline data for your key outcomes, in particular those relating to the four TMEA outcomes, and others as required. Download the accompanying Baseline How-To Guide for more information by clicking [here](#).

A target specifies how much success or change you would like to see. As well as specifying what you want to measure, you must set a target, and the date when you expect that target to be reached. If it is a long-term target, then consider intermediate milestones as well. Milestones are key steps that you would expect to see on the way to achieving your target. For example, consider a project that aimed to reduce transport times by 30% in five years. Your milestone may be a 10% reduction in three years; this will give you an indication as to whether you are on the right track or not. Each indicator should have an associated target. This should be based on careful consideration of the likely impact of your programme.

6) Further Support

Other documents that may be helpful include:

[*Qualitative and Quantitative Indicators For the Monitoring and Evaluation of the ILO Gender Mainstreaming Strategy*](#) (Bastia 2000)

[*The Monitoring and Evaluation Handbook for Business Environment Reform*](#) (IFC)

Other TMEA resources include:

TMEA MEL Guidelines

How to Design a Results Chain

How to Plan a Baseline

How to Develop a Monitoring Plan