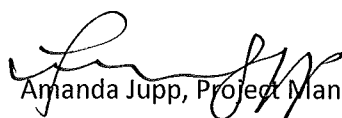


# 1. Summary

Enterprise Challenge Fund	2007-2013	
Audit dates	13 <sup>th</sup> July 2013 – 25 <sup>th</sup> July 2013	
Overall final ratings <sup>1</sup>	MUST	358/470 = 76%
	RECOMMENDED	60/100 = 60%
Coverage	Partial Audit - Only 7 Projects (out of 21 projects funded): Wing Cambodia, SAMIC/MEADA Cambodia, BHI Cambodia, Cagayan de Oro Philippines, Sarami Vanuatu, Future Forest Fiji and Wilderness Solomon Islands	
	All control points checked	
DCED Standard	Version VI, January 2013	

Signed:

ECF

  
Amanda Jupp, Project Manager

12 Sept, Canberra  
Date, place

Auditor

  
Phitcha Wanitphon

4 Sept. 2013, Bangkok

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<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 is has a perfect measurement system.

## 2. Key Audit Findings

<b>Articulating the Results Chain</b>	
Result chains <sup>2</sup> are developed for each project <sup>3</sup> and regularly reviewed, including systemic changes. Staff use result chains to guide their implementation. Risks of displacement are taken into account.	The result chains are supported only by grantee applications and business plans – without due diligence by ECF to verify the business plan. When reviewed, the reasons for changes or lack of changes to the result chains are not documented. There are some discrepancies in the logical order and level of detail in the result chains.
<b>Defining Indicators of Change</b>	
Indicators are included and specified for each key change in the measurement plan. Indicators to assess sustainability are also included. Staff understand and use indicators to monitor progress of implementation.	Some indicators are not specific to the description in the result chain boxes. And, for some result chain boxes, indicators outlined do not sufficiently describe the changes in the result chain boxes.
<b>Measuring Changes in Indicators</b>	
Monitoring plans are developed for each intervention. Some qualitative information is also gathered to assess the character, depth and sustainability of changes.	For some interventions, the plan to collect baseline information is not included. Some baseline information is missing or not properly recorded. Data collection from beneficiaries (including baselines) collected by ECF is often based on small sample sizes and unstructured sampling. The quality of measurement plans is insufficient; they do not clearly outline the methodology of data collection, where the data will come from, and how they will be used to estimate impacts.
<b>Estimating Attributable Changes</b>	
The programme has a plan for estimating attributable changes. For some changes, attribution methods chosen are appropriate and conform to good practice.	For some changes, the attribution method chosen is not sufficient. In some cases, ECF reports total income and employment, rather than the net changes attributable to project activities. In addition, some of casual employment figures reported have not been converted to Full Time Equivalent numbers.
<b>Capturing Wider Changes in the System or Market</b>	
The programme has documented plans to assess wider changes.	Among other changes, the programme also includes the expansion of the grantee business (scaling up) and adoption by other donors as systemic changes. According to the Standard definition, however, these are not considered to be

<sup>2</sup> The programme use the term “Logic Model” instead of “result chains”.

<sup>3</sup> For ECF, a project and an “intervention” are the same and comprise a set of activities performed by one grantee funded by ECF.

	systemic changes. The plan for assessing crowding-in does not take attribution into account. In addition, there is a discrepancy between the definition of indirect impact given in the glossary of the MRM manual, and what is measured in practice.
<b>Tracking Programme Costs</b>	
Grants are tracked per project.	The programme management costs are not allocated to the projects; they could, however, be easily allocated.
<b>Reporting Results</b>	
The programme has a documented system for estimating programme-wide impacts, which are reported in the annual report. Costs are reported in quarterly reports. Public and private sector contributions are acknowledged. Reported changes are disaggregated by gender. Annual reports are published.	Aggregated impacts also include some figures for which attribution has not been properly taken into account. The scale-up of grantee businesses is reported as indirect impact. The published annual reports do not include information on actual costs.
<b>Managing the System for Results Measurement</b>	
The programme has a documented system in place. The system is partly institutionalised.	The programme can use information generated by the monitoring system for fund management, and to inform the grantee. However, the programme has limited mechanisms to encourage grantee use of information for management purposes. The distribution of roles and responsibilities between country manager and M&E specialist is not clearly defined. Asking country managers to conduct beneficiary surveys is neither effective nor an optimal use of their time. The human and financial resources are not sufficient for additional analysis, to verify the business plans and to conduct appropriately rigorous result measurement - especially at the beneficiary level. Documentation of information generated is not well structured and is difficult to follow.

## Final ratings

“Must” control points:

Percentage	Description	Programme Rating
91-100	Strong results measurement system	
81-90	Reasonable results measurement system	
71-80		✓
61-70	Moderate results measurement system	
51-60		
41-50	with notable weaknesses	
31-40		
21-30	Weak results measurement system	
0-20		

“Recommended” control points:

Percentage	Description	Programme Rating
81-100	Results measurement system with strong additional features	
61-80	Results measurement system	
41-60	with some additional features	✓
21-40	Results measurement system	
0-20	with few additional features	

### **3. Summary of the Programme and Key Issues that Affect the Result Measurement System**

The Enterprise Challenge Fund for Pacific and South East Asia is a A\$20.5 million AusAID-led Australian Government initiative providing a competitive opportunity for businesses to obtain grants to assist in commercialising business projects in ECF participating countries. The fund is a pilot program for the Australian Government and as such will provide significant lessons learned in developing and managing private sector programs in the region as well as how working in public-private partnership can contribute to sustainable poverty reduction.

To date over A\$ 11 million has been provided in grants to 22 business projects across 8 countries. The expected result of the grant funding is to reduce poverty through boosting employment, income generation and access to goods and services; sustainability of the initiatives; identification of existing market failure; wider systemic impacts and providing lessons on public-private partnership models.

The Enterprise Challenge Fund has been improving its result measurement system using the DCED Standard for Results Measurement as a framework, since 2009. In November 2010, ECF reviewed the existing system and identified key points where additional inputs and capacity development were required. In February 2011, all core program personnel were trained by a consultant in Brisbane in results measurement and current good practice. Progress was reviewed further in May 2011 when a consultant funded by AusAID visited three ECF project countries to work with core ECF personnel and to review the progress of the system. A pre-audit review of the ECF result measurement system was conducted in August / September 2011.

The key issues affecting the result measurement system are the design and structure of the programme. The programme has been designed as a very 'light touch' approach. Once the project is approved, it is the responsibility of the grantees to implement the project. The disbursement of funds is triggered by required investment or activities as agreed in the contracts. Apart from sharing information with grantees, ECF has no control over grantees' use of information – including for example whether they will use information to adjust and improve project implementation (apart from cases where provision of funds has been made conditional on a specific practice).

Similarly, the original design of the monitoring system was very light - based mainly on information provided by grantees, or collected by country managers during their visits. Country managers and M&E specialists are only employed on a part-time basis. However, in most of the cases, grantees could not provide necessary or sufficient information on the changes at the beneficiaries' level. So ECF has to monitor and collect the additional information at the beneficiary level, itself. This requires more financial and human resources than originally planned.

## **4 Summary audit process**

The scope of the audit covered 7 projects selected by ECF for their high potential (out of a total portfolio of 21 projects); ECF had allocated additional resources to these projects to strengthen the results measurement. The selected projects were Wing Cambodia, SAMIC/MEADA Cambodia, BHI Cambodia, Cagayan de Oro Philippines, Sarami Vanuatu, Future Forest Fiji and Wilderness Solomon Islands.

Of these 7 projects, 3 were selected randomly by the DCED auditor for examination: Cagayan de Oro Philippines, Future Forest Fiji and Wing Cambodia. For all audited projects, grantee applications and business plans, monitoring and evaluation framework, researches, field visit reports and other supporting documents were consulted. For ECF as a programme, the documents reviewed included annual and quarterly reports, M&E manual, job descriptions, accounting system and other support documents. A list of documents reviewed is included as Annex 3.

For ECF as a programme, interviews were held with the project manager and M&E specialist. For the selected projects, interviews were held with country managers, M&E specialist, grantees and external researchers. Most of the interviews were conducted face-to-face apart from the grantee of Cagayan de Oro Philippines and the external researcher who prepared the report on Lessons from Wing Cambodia; these were interviewed via Skype. A list of interviews conducted is included as Annex 4.

## 5 Control points

The program scored 358 points out of a possible 470 points for the MUST control points, and 60 points out of a possible 130 points 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	22	<ul style="list-style-type: none"> <li>There are some discrepancies in the logical orders, level of detail and descriptions of the result chain boxes.</li> </ul>
1.2 Each results chain is supported by adequate research and analysis	M	30	19	<ul style="list-style-type: none"> <li>Result chains are supported only by grantee applications and business plans. The business plan does not provide adequate evidence on how project activities will lead to changes at the beneficiary level. There is no additional analysis conducted by ECF to validate the business plan or in support of the result chains.</li> <li>Some key assumptions are missing.</li> <li>The sustainability has been analysed for all projects. However, sustainability at the beneficiary level is not clearly explained in the business plan.</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 are familiar with the result chains and use them to plan for the visits and to monitor the progress of implementation.</li> <li>Grantees can explain the logic of the projects.</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	15.7	<ul style="list-style-type: none"> <li>The result chains have been reviewed twice a year. However, the reasons for changes or lack of changes are not documented.</li> <li>Some boxes in the result chains have not been updated.</li> </ul>
1.5 The results chain(s) include the results of broader systemic change at key levels.	REC	10	6.7	<ul style="list-style-type: none"> <li>The result chains include systemic changes such as crowding-in of other businesses. However, for some projects, scaling up of grantee businesses has mistakenly been included as systemic impact.</li> </ul>
1.6 The research and analysis	REC	10	7	<ul style="list-style-type: none"> <li>Risks of displacement have been taken</li> </ul>

underlying the results chain(s) take into account the risk of displacement.				into account for both grantee and beneficiary level. However, the business plan only documents the risks of displacement at the grantee level not including the beneficiary level.
<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	12.7	<ul style="list-style-type: none"> <li>There are relevant indicators for each key change.</li> <li>Some of the indicators are not specific to the changes described in the result chain boxes or not sufficient to describe the changes in the changes in the result chain.</li> </ul>
2.2 The universal impact indicators are included in the relevant results chain(s)	M	10	10	<ul style="list-style-type: none"> <li>Universal impact indicators are included in the result chains.</li> </ul>
2.3 There are specific Indicators that enable the assessment of sustainability of results.	M	20	17	<ul style="list-style-type: none"> <li>All measurement plans provide sufficient quantitative sustainability indicators. However, qualitative indicators are not included in the plans.</li> </ul>
2.4 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>Staff understand and use indicators to monitor the progress of interventions.</li> </ul>
2.5 Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates	REC	30	N/A	<ul style="list-style-type: none"> <li>Not Applicable.<sup>4</sup></li> </ul>
<b>Section 3: Measuring Changes in Indicators</b>				
3.1 Baseline information on key indicators is collected	M	20	11.7	<ul style="list-style-type: none"> <li>Most baseline information is gathered. For Wing, there is no documented plan to collect baseline information. Baseline information is based only on small sample sizes and unstructured sampling, which may not be representative.</li> </ul>
3.2 Information for each indicator is collected using methods that conform to good research practices.	M	40	30.3	<ul style="list-style-type: none"> <li>The information collected from grantee has been verified by country managers during the visits. For some projects, additional qualitative researches have been conducted to verify the impacts at beneficiary level.</li> <li>Data collected directly by the</li> </ul>

<sup>4</sup> ECF introduced the DCED Standard during implementation, near the end of many projects. In this context, therefore, devoting resources to the preparation of projections was not appropriate, and the scoring is 'Not applicable'.



				programme is normally based on small samples and unstructured sampling which may not be representative. In addition, there is no quality control system in place for data gathering, entry and analysis.
3.3 Qualitative information on changes at various levels of the results chain is gathered.	M	20	14	<ul style="list-style-type: none"> <li>Qualitative information has been gathered.</li> <li>However, it is not always included in the measurement plan and qualitative information gathering is not systematically planned or organised.</li> </ul>
3.4 Reported changes in indicators that are extrapolated from pilot figure are regularly verified	REC	N/A	N/A	<ul style="list-style-type: none"> <li>Not Applicable</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	34	<ul style="list-style-type: none"> <li>The programme has plans to estimate attributable changes. However, some of the plans do not clearly explain how attributable impacts will be calculated.</li> <li>Some of the methods chosen are not appropriate. For example, in case of Future Forest, for Conservation International beneficiaries, the counter-factual needs to be established. Even if they do not buy Teak seedlings from FF, they would plant indigenous species anyway.</li> <li>In some cases, ECF reported total current income and employment figures rather than net changes attributable to the programme. In addition, some of casual employment figures reported has not been converted to Full Time Equivalent.</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	40	20	<ul style="list-style-type: none"> <li>The programme mistakenly includes the expansion of grantee business (scaling up) and adoption of donors as part of systemic changes which is not the correct definition. The MRM manual includes the correct definition of indirect impacts on page vii.</li> <li>The plan for crowding-in does not take attribution into account.</li> <li>The monitoring of crowding-in of business is not systematically planned, carried out or compiled.</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>The accounting system in place to tracks the in-country costs annually and cumulatively.</li> </ul>
6.2 Costs are allocated by major component of the programme	REC	20	16	<ul style="list-style-type: none"> <li>The accounting system is capable of allocating costs to projects. Although the programme management costs have not been allocated to the project, this could be easily achieved.</li> </ul>
<b>Section 7: Reporting Results</b>				
7.1 The programme produces a report at least annually which clearly and thoroughly describes results to date.	M	30	21	<ul style="list-style-type: none"> <li>The programme has a clear system to estimate programme-wide impact.</li> <li>Aggregated impacts also include some figures where attribution has not been properly taken into account.</li> </ul>
7.2 Contributions of other publicly funded programmes and private contributions are acknowledged.	M	10	10	<ul style="list-style-type: none"> <li>The private and public contributions are acknowledged.</li> </ul>
7.3 Reported changes in key indicators are disaggregated by gender.	M	10	10	<ul style="list-style-type: none"> <li>The impacts are disaggregated by gender.</li> </ul>
7.4 Results of systemic change and/or other indirect effects are reported.	REC	10	5	<ul style="list-style-type: none"> <li>Results of systemic changes are reported.</li> <li>However, the scaling up of grantees' businesses is mistakenly reported as systemic change.</li> </ul>
7.6 Results are published	REC	10	5	<ul style="list-style-type: none"> <li>The annual reports are published on the website. However, the actual costs are not included in the annual reports.</li> </ul>
<b>Section 8: Managing the System for Results Measurement</b>				
8.1 The programme has a clear system for results measurement through which findings are used in programme management and decision-making.	M	40	28	<ul style="list-style-type: none"> <li>Staff have access to a written manual. However, the manual is not sufficiently detailed.</li> <li>The programme can only use information generated by the system for fund management, and inform the grantee. Beyond that, however, the programme has limited mechanisms to encourage grantee use of information to adjust implementation for maximum effectiveness.</li> </ul>
8.2 The system is supported by sufficient human and financial resources	M	30	18	<ul style="list-style-type: none"> <li>Human and financial resources are not sufficient to carry out additional analysis of the business plan, or for rigorous result measurement at the beneficiary level.</li> <li>The distribution of roles and responsibilities between country managers and M&amp;E specialist is not</li> </ul>

				<p>clearly defined or documented.</p> <ul style="list-style-type: none"> <li>• Having the country manager conduct beneficiary surveys is not effective, or an optimal use of their time.</li> </ul>
8.4 The system is integrated with the management of the programme.	M	20	15	<ul style="list-style-type: none"> <li>• Staff can provide examples of result measurement activities recently undertaken.</li> <li>• The system is partly institutionalised. There is a contradiction in the definition of indirect impacts given in the glossary of the MRM manual, and what are included as indirect impacts in practice. Documentation of information generated is not well structured, and is difficult to follow.</li> </ul>

## 6 Summary of areas that require improvements

### *Articulating the Results Chain*

Allocate resources to conduct research to verify the business plan, including the logic of achieving impact at beneficiary level, for short listed or approved projects. Review the result chains to ensure that they have sufficient detail and correct logical order. Ensure that result chains are thoroughly reviewed and updated when necessary, taking into account changes in the grantee implementation of their project and the context of beneficiaries. Document the reasons for changes or lack of changes.

### *Defining Indicators of Change*

Review the indicators to ensure that they specifically match with the descriptions in the result chain boxes and sufficiently describe the changes in the result chains. Include realistic projections at the beginning of the project. Review and update the projection periodically based on incoming information on context and results.

### *Measuring Changes in Indicators*

Review the Monitoring and Evaluation Framework (MEF) to ensure that there is an appropriate plan to collect baseline information. When information gathered directly by the programme is used in calculations, improve the sample size, sampling methodology and quality control of the data collection in order to ensure that the samples are representative and that the information collected is of high quality. Include required qualitative information in the MEF and systematically plan and organise the information gathering, compiling and reporting.

### *Estimating Attributable Changes*

Revise the methodology to ensure that it sufficiently deals with the counterfactual. For CDOH, revise the calculation for employment and income to measure only additional employment and income. For Wing, convert the employment figure of casual workers to Full Time Equivalent. As mentioned above, improve the sample size and sampling methodology and quality control of the data collection in order to ensure that the samples are representative and information collected is of high quality.

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

Use the definition of indirect impacts as defined in the Glossary of the MRM manual. Systemically plan and organise the monitoring of systemic change.

### *Tracking Programme Costs*

Allocate programme management costs to each project.

### *Reporting Results*

Ensure that the information that feeds into the aggregation system is attributable to the programme. Use the definition of indirect impacts as defined in the Glossary of the MRM manual. Include cost information in published annual reports.

### *Managing the System for Result Measurement*

Integrate a mechanism to enable and encourage grantees to use the information and lessons learned, as generated by the result measurement system, for project implementation. Clearly document how roles and responsibilities related to result measurement are divided between country managers and the M&E specialist, and how the

tasks will be divided. Also, ensure this is understood and implemented by staff. Ensure that the programme has sufficient human and financial resources to carry out effective result measurement, including for example additional financial resources for external research, staff time and capacity to effectively implement the system. Improve the documentation of information generated.

## **Annexes**

1. Overall ratings (spread sheet)
2. Market specific findings
3. List of documents reviewed
4. List of interviews conducted

