

Measuring Impact with Businesses and Challenge Funds

DCED Seminar on Trends and Results in PSD
Session 1, Wednesday 18 January 2012

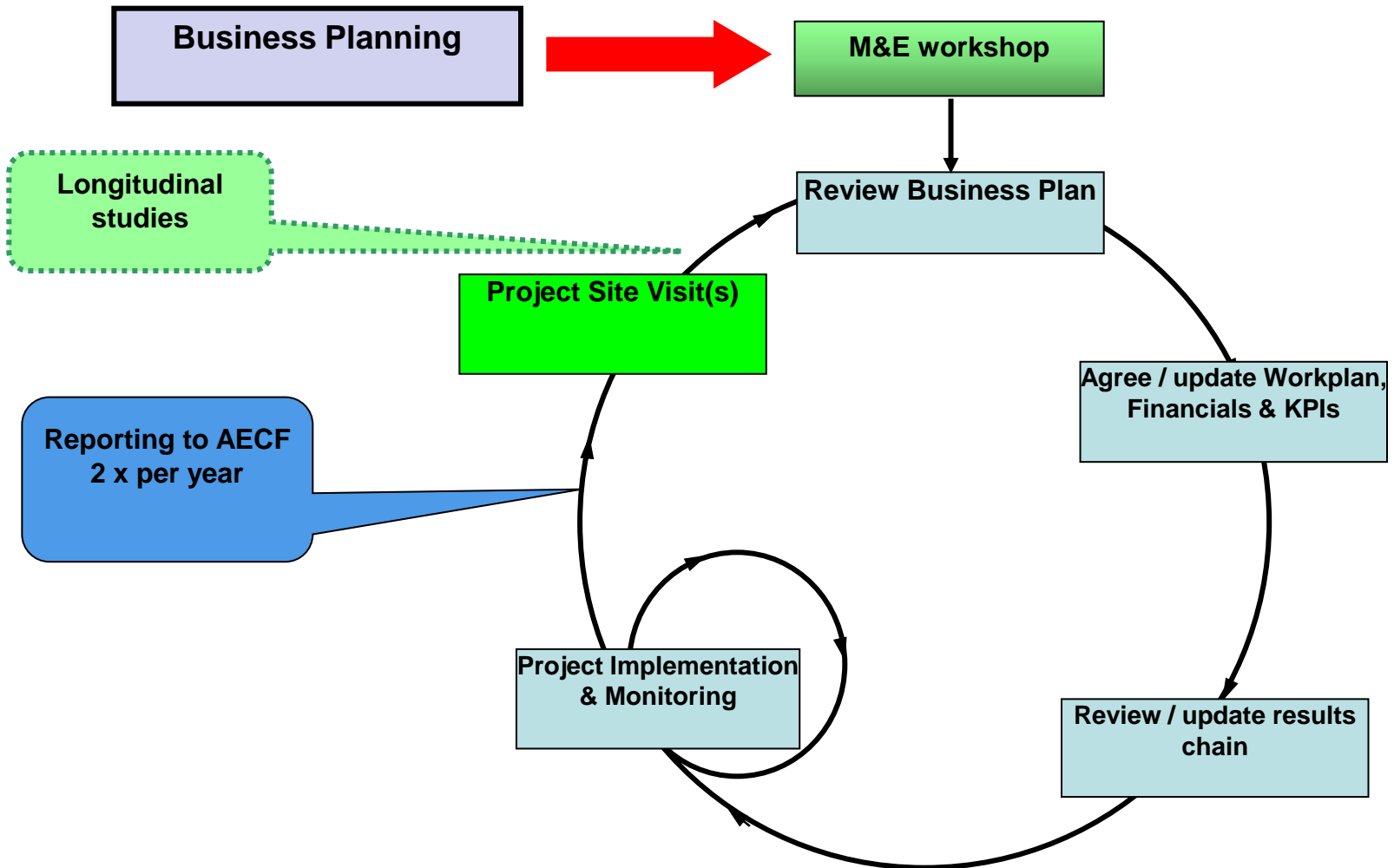


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What are the issues in Measurement and Accountability?

1. Understand the **different interests of the** stakeholders: businesses, employees, donors and government.
2. Understand that **measurement** of these results needs to be kept simple. Only Measure what is **Measurable**
 - **Baseline; Opportunity cost; Net benefit.**
 - **With and Without project scenarios**
3. Understand the roles and who **should be accountable for** the measurement of these results and impact.

The M&E cycle with Businesses



Steps with the Businesses

Step 1

Ask the business to define the key development indicators and systemic impacts it will achieve

Step 2

M&E Workshop : Redefine all the key indicators

Step 3

Set the indicators and targets prior to contracting the business. Finalise a results chain

Step 4

The business reports on key measurable indicators quarterly and development impacts twice annually

Step 5

The FM validates the indicators against the results chain every six months.

Step 6

Additional Steps: Case studies. Longitudinal Impact

Measurement and Accountability

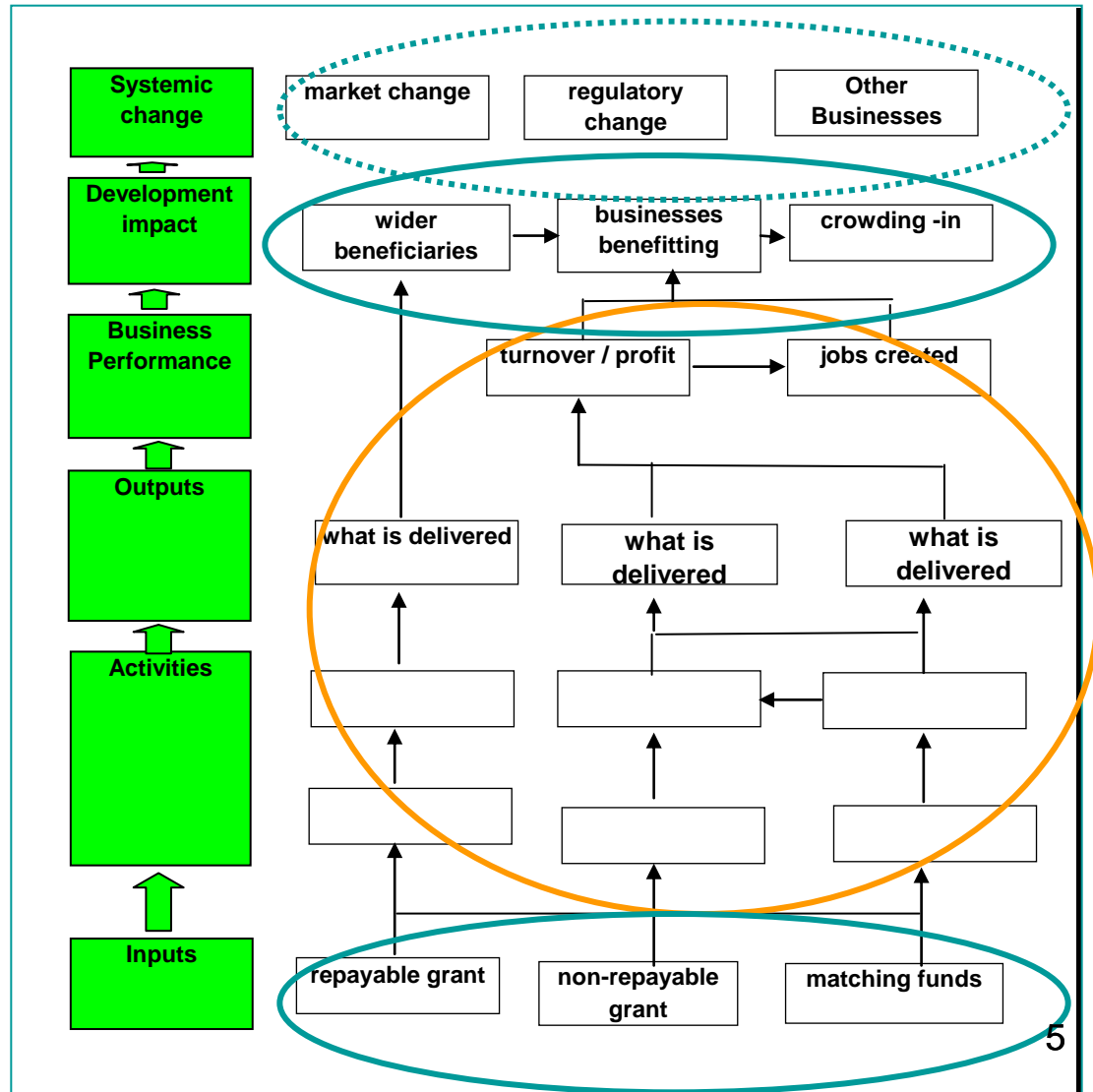
Measurement

Fund Manager ++

Fund Manager

Business

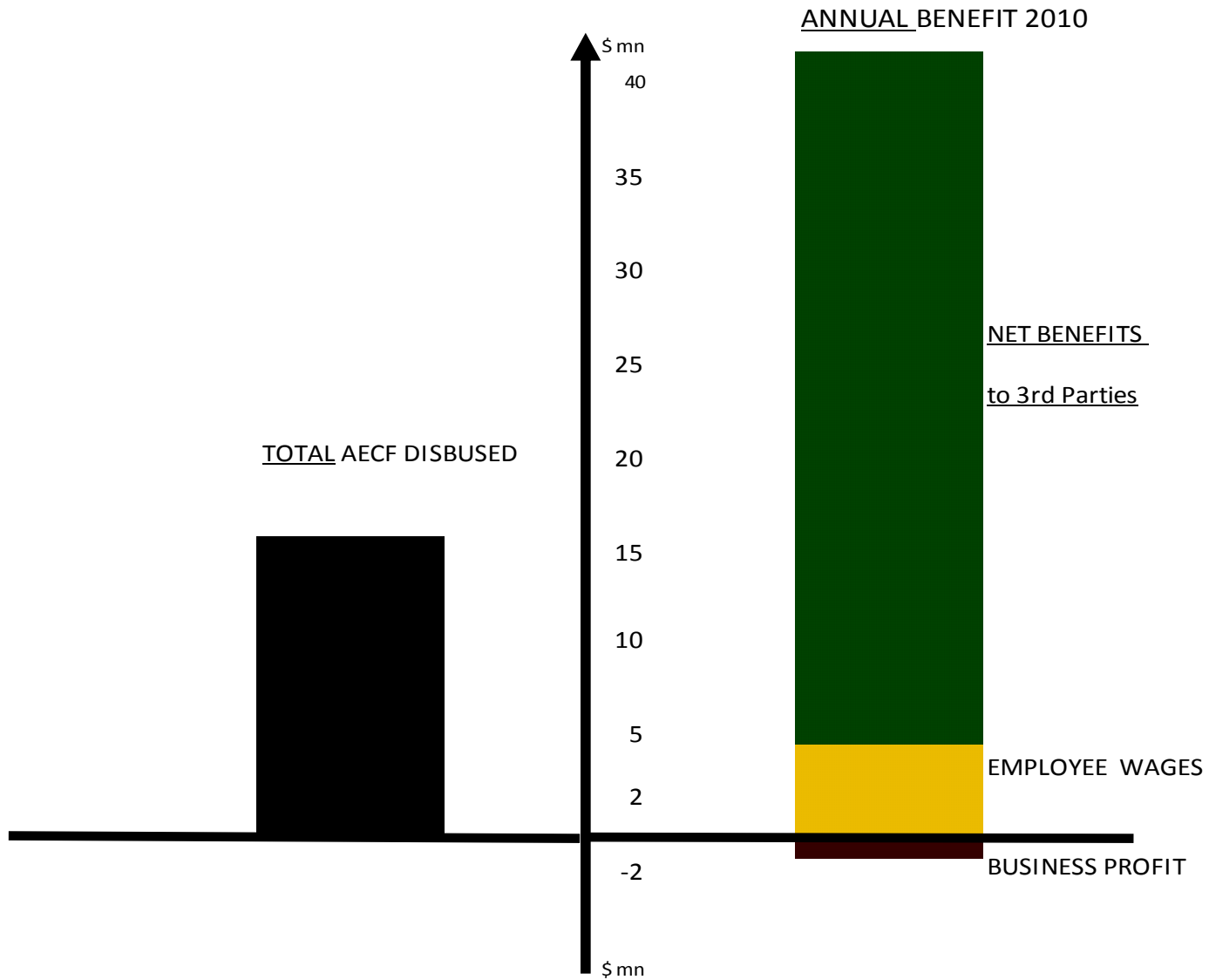
Fund Manager



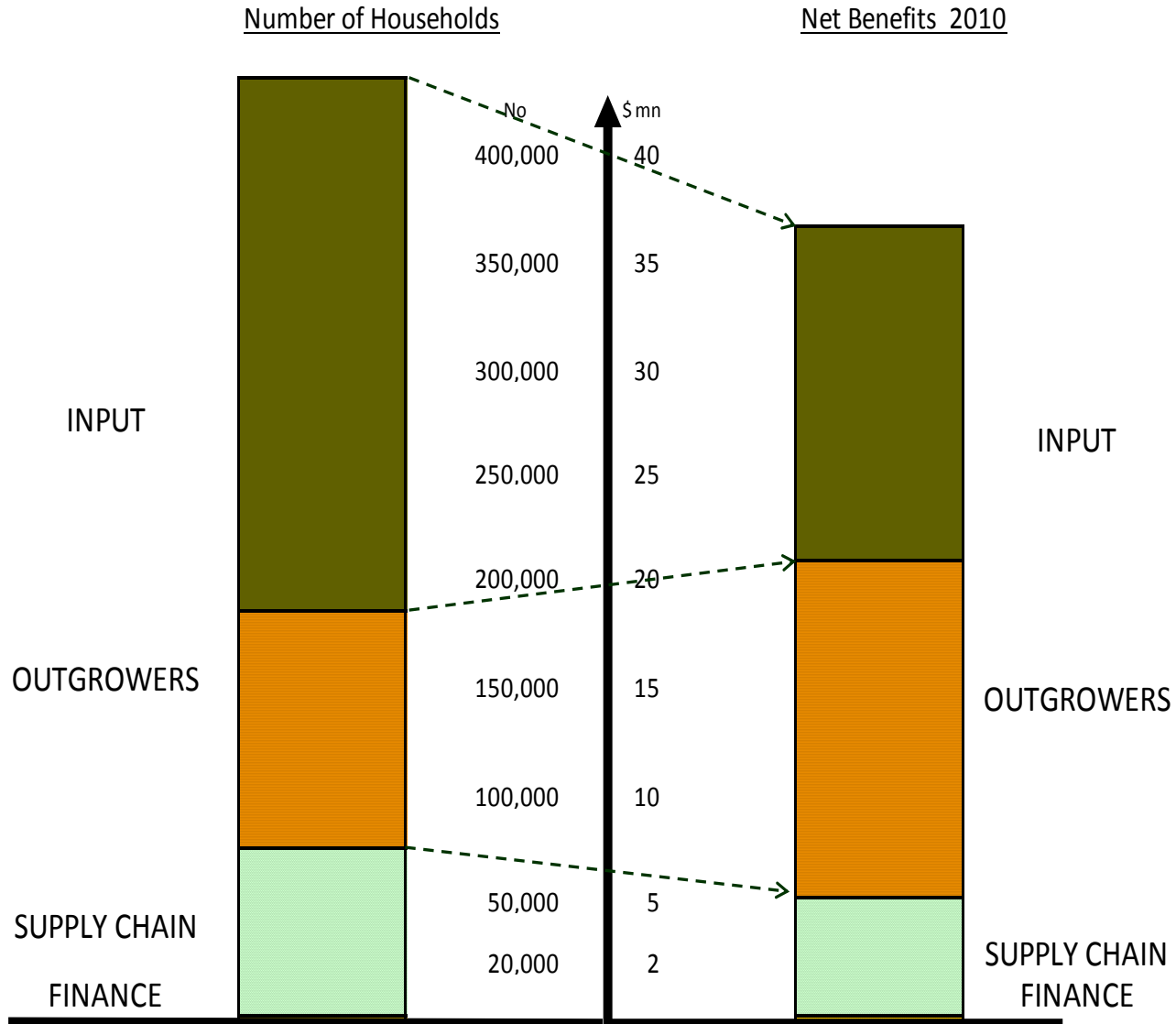
AECF Portfolio 2010

- **39 Projects in 19 countries**
AECF Funding: \$32.1mn (\$16.2 repayable)
Grantee Funds: \$105.8 mn
- **38% in East Africa 36% in Southern Africa 26% in West Africa.**
7 projects in Fragile States: Burundi, South Sudan, Sierra Leone & DRC)
- **Outgrower** including extension/ advisory projects: 19
Eg Avocados, Cotton, Aquaculture, Breweries
- **Input Projects: 9**
Eg seed and farm services/agri inputs
- **Supply Chain: 4**
Distribution and support to supply chain automation
- **Rural Finance: 6**
Including mobile phone banking and insurance
- **Other: 1**

Key Results AECF



AECF 2010 by Type



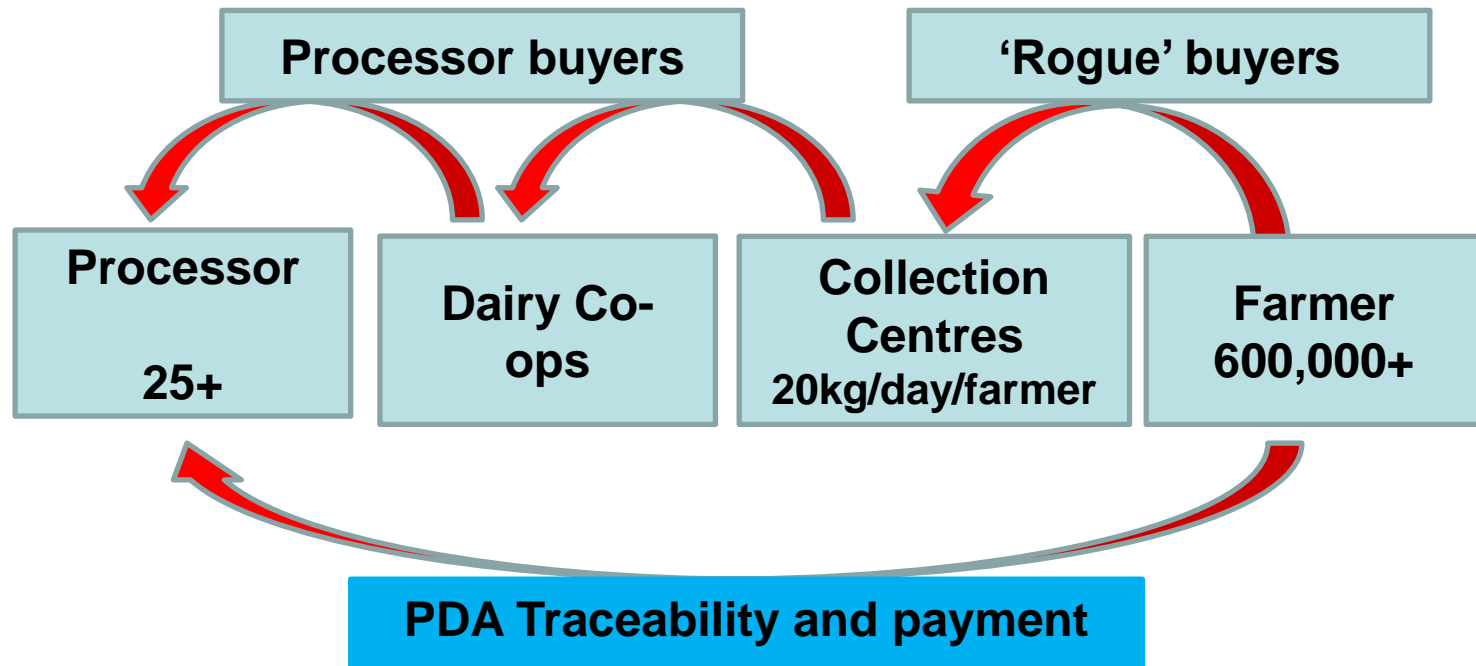
Potential Impacts

| | Key Feature | Measurement Issues | Development Impact | Systemic Impact |
|----------------------------------|---|---------------------------------------|---------------------------|------------------------|
| Outgrower | Quick results | Gross and net gain | ◆ ◆ | ◆ |
| Input | Impact | Traceability/ Attribution | ◆ ◆ ◆ | ◆ ◆ |
| Rural Finance | Long incubation period for results | Defining impact and boundaries | ◆ ◆ ◆ | ◆ ◆ ◆ |
| Supply Chain/Distribution | Quick results | Identifying winners and losers | ◆ ◆ | ◆ ◆ |


Supply Chain : Tracking the winners and losers



Transferring this known from Tea sector to technology to the dairy sector. **Automated weighing and recording through PDA.** 9% increase in net tea price to grower



Tracking Benefits from an automated supply chain

| Virtual City | Processor | Cooling Centre | Dairy Farmers |
|---|---|---|---|
|  <p>Develops software</p> <p>Supplies weighing equipment</p> <p>Support to implementation</p> | <p>Collects Raw Milk</p> <p>Process and distribute milk</p> | <p>Collection Centre</p> <p>Bulking/cooling services</p> | <p>Milk Production</p> |
| <p><i>(i) Lease fees from processors/co-ops</i></p> | <p><i>(ii) Reduced Collection costs</i></p> <p><i>(iii) Less wastage</i></p> <p><i>(iv) Increased reliability of supply</i></p> | <p><i>(v) Co-op income</i></p> <p><i>(vi) Income from input sales</i></p> <p><i>(vii) Income from SMS advertising</i></p> | <p><i>(viii) Higher Milk returns</i></p> <p><i>(x) Quicker payment times</i></p> <p><i>(xi) Supply response</i></p> |

Key Messages

1. A challenge fund can be a **cost effective** way of achieving poverty reduction and changing a market system
2. Understand the **different interests of the** stakeholders in a value chain: businesses, employees, donors and government.
3. Businesses in challenge funds are generally “inclusive” but can only be expected to track some **elements of changes** in the market system.
4. **Only measure what is measurable and don't exaggerate the impact.**
5. Changes to a market system needs in depth analysis and needs to be **tracked longitudinally**. Markets change!
6.Resources are needed to track, measure and validate.

Thank You

