Five lessons from the DCED results measurement audit of the ILO SCORE project

By Stephan Ulrich, 15 May 2015

Technical cooperation programmes are under increasing pressure to provide credible measurements of results and analyse their effectiveness. This also applies to enterprise development programmes like SCORE which offers training and consulting services to SMEs. Donors and project partners are constantly asking us: Are SMEs are adopting the good practices introduced in the training programme? Do these practices improve SME productivity? Do they improve their working conditions?

To answer these questions, and to provide ourselves with real-time data on programme effectiveness, we needed a comprehensive M&E system. Luckily, we didn't have to reinvent the wheel. Shortly before we started the SCORE project in 2009, the donor agencies represented in the Donor Committee for Enterprise Development (DCED) decided to develop a common Standard on measuring and reporting results of private sector development programmes. The aim was to increase the quality of M&E, facilitate learning of what works and what doesn't, and allow for better comparability of results across programmes. The DCED Standard for Results Measurement was born.

What was the audit process?

In the SCORE project, we tried from the beginning to follow the Standard. In 2011, we underwent a pre-audit on the Standard where a consultant trained on the Standard explained the requirements to us and how we could improve our results measurement system. With the start of Phase II which extended the project for four more years, we decided to attempt a full audit in our project in India. When we felt ready, we contacted the DCED Secretariat who assigned one of their certified auditors to the task.

The actual audit consists of a thorough document review and interviews with project staff and a few project partners. Similar to the ISO 9000 and many other standards, the auditors require documentation that provides evidence that data collection is happening in line with solid research methods and that good practices are followed. The folder we submitted for the document review contained more than 500 files. They included the results chains in the different evolutionary stages, research evidence that underpin the changes in the results chains, data collection sheets, impact assessment plans, budgets, workplans, job descriptions, and most importantly, a results measurement manual. The interviews with staff in Geneva were done via skype while the auditor spent two days in New Delhi to interview staff and talk to partners.

A week after the audit visit, the DCED secretariat sent us the draft report for our comments and a week later the final report which we agreed to have published on the DCED website. Overall, we paid ca. 8,000 USD for the audit which required 10 work days for the consultant and the travel costs.

How did we do?

Our M&E system was judged 87% compliant with the Standard. We were overall satisfied with the results – on most of the eight criteria of the Standard, there are small things we could do better like publishing our progress reports, or documenting better the reasons for changes in the results chains. Our big weakness is estimating attribution – for most

indicators we are not in a position to say to what degree for example reductions in the accident rates are due to our training programme or other factors.

What have I learned?

1. **Most elements of the DCED Standard are common sense and good management practice.** Sometimes, the common sense is hidden behind technical language, but if you for example reformulate the eight criteria of the Standard, they become rather intuitive:

> 1. You shall have a theory of change (results chain) that is detailed and logical for each intervention.
> 2. You shall have SMART indicators for every step along the results chain.
> 3. You shall measure the change in each indicator along the results chain.
> 4. You shall investigate to what extent you can attribute changes in these indicators to your activities.
> 5. You could measure changes in the broader market system, for example whether helping some business to grow comes at the expense of others going out of business.
> 6. You shall monitor how much you spent on your activities.
> 7. You shall report transparently on your results.
> 8. You shall make decisions, learn and adapt your intervention based on the data you collect.

It is hard to argue that any of these eight areas should not be part of a solid project management system.

2. The most important lesson from applying the Standard is for me: **Get your results chain right!** Before starting to implement activities, it pays off to develop a detailed results chain and revise it regularly so that it adequately describes the planned activities and changes that are expected to occur. In our case, we started with a rather simplistic intervention logic: surely, if we only taught enterprises a few good management practices, they would implement all of them and then grow and create jobs. Alas, this did not happen and our revised results chains now realistically describe the change process from SMEs participating in training and consulting, to them adopting some of the good practices taught in the classroom, to improving their operational performance and some areas of working conditions over which they have most control. Feedback from an external observer is particularly helpful in this process - we are so used to our standard way of operating that we don't see all the implicit assumptions underlying our theory of change.

3. **Be realistic in what you can measure.** We started ambitiously trying to measure productivity improvements, cost savings, job creation, wage increase. One by one, we had to drop these indicators from our wish list – not because these might not change as a result of our intervention, but rather because many of these indicators are complex and difficult to measure consistently as part of on-going project activities. We are now planning to collect data on these indicators for a small sample of SMEs in a separately designed impact assessment, but this will be a small side-project in itself.

4. **Attribution is a huge challenge.** There are many factors impacting on enterprises' operations every day. Changes in an indicator like the defect rate can be caused by power cuts, frequent changes in orders from customers, or from continuous defect analysis and prevention as taught in the SCORE Training programme. Which of these factors are at play at any point in time is difficult to say. An increase in measured defects can even be a positive sign that an enterprise is finally measuring and reporting defects correctly! All these

aspects make it difficult to analyse and attribute changes in indicators to our intervention. Using the DCED Standard helped us to determine better what we know with how much certainty: It also taught us to be more humble and transparent in communicating the results we can expect from our intervention.

5. **Are you willing to get out of your comfort zone?** We had hoped that by applying the DCED Standard, we would get answers to questions like the ones raised at the beginning. However, we learned that we knew less about our intervention than we thought, and many new questions emerged. We realized for example that the "one-size-fits-all" Key Performance Indicators that we encourage factories to track are not suitable to all firms. Many firms need indicators tailored to their operations, which however leads to problems to aggregate and compare data for us. While this was discomforting at first, I think this is also a good sign that we are getting closer to knowing what we don't know as we are venturing in unchartered territory and have the opportunity to innovate and contribute to advancing the enterprise development agenda.

Would I recommend it to others?

The DCED Standard is a good starting point for any project manager to develop a results measurement system. Most of the criteria are just good management practices and the Standard articulates a systematic way to monitor project activities. The earlier you start in your project the better, and I would definitely recommend contracting a consultant who is familiar with the Standard to help you in setting up the results measurement system.

Whether you want to go for a full audit is a different question. For us, without the "pressure" of the forthcoming audit we would have probably not progressed as much as we did in developing our M&E system. However, preparing for the audit involves a lot of additional work of properly documenting all your M&E processes (there are 55 control points in the Standard), even the ones which are working well without being spelled out in detail on paper. If you don't have a dedicated M&E Officer to prepare well for the audit, it might be better to simply do a pre-audit.

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