



Monitoring and Results Measurement in Katalyst



Monitoring and Results
Measurement Group,
Katalyst



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Goetz Ebbecke

General Manager

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Preface

Particularly since the Paris Declaration on Aid effectiveness in 2005, the development assistance community has been called upon to be more accountable for measuring the results of its development projects. The major funding agencies are asking for attributable impact rather than just an assessment of what happened and a few success stories. Agencies such as SDC, DFID, CIDA and others are placing a strong emphasis on knowing *“what works and doesn’t work, and why?”* A recent White Paper presented to the UK’s House of Commons emphasized, *“Efforts to make aid more effective depend on credible evidence which links particular actions with better development outcomes”*¹. The paper goes on to say *“Credible monitoring and evaluation of development impact is needed to show objectively that aid can make a difference”*. Similarly Germany’s Federal Ministry of Economic Cooperation (BMZ) recently stated that, *“We will be judged by the impacts that our collective efforts have on the lives of poor people.”*²

Increasingly, impact assessment is being seen as an internal management process rather than an external event conducted by consultants. For this reason it is essential that project management becomes more familiar with: a) how impact assessment can be incorporated into a project’s design architecture and, b) how verification of impact can be used as a means for identifying the most important drivers of impact during a project’s life cycle. By doing this, resources can be allocated and reallocated to those development interventions that are yielding the best results. *All of this reinforces the need for a systemic approach to designing, delivering and measuring interventions.*

For several years now, Katalyst has been working on developing a high quality impact assessment system and many of the elements of the current DCED Standard for Measuring and Reporting Results were originally tested and developed in Katalyst³. In August 2008, Katalyst produced its first impact assessment manual and many of the processes documented in that manual are still as relevant today as they were at that time. Fundamental issues like constructing impact logics and assessing attribution have not changed in this version of the manual. But the project has moved on, with a greater emphasis on a multi sector approach that demands greater sophistication. Management decisions on issues like overlapping attribution and displacement are now more commonplace. The aim of this manual is to standardize the processes that Katalyst uses in its results measurements so that the information that the system produces is more reliable and timely.

This manual does *not* cover processes in Katalyst that are specifically related to management reporting such as, the Annual Business Plan, Semester Reports or the Annual Report, but the processes documented in the manual do feed into these reports and they are timed to coincide with strategic decisions made in the project’s life cycle.

This manual is intended as an internal document and guideline for staff involved in the design, execution and assessment of interventions. Many of the processes are well established in Katalyst and therefore their explanation, to an outsider, may appear to be too brief. In an effort

¹ Working Together to make Aid More Effective, House of Commons International Development Committee Report to the Ninth Session of 2007-8, UK

² BMZ: Plan of Operations for Implementing the Paris Declaration of 2005 and the Accra Agenda for Action of 2008 to Increase Aid Effectiveness. BMZ, March 2009.

³ The DCED is a gathering of many of the funding and intergovernmental agencies working for sustainable poverty alleviation through the private sector. It was established in 1979 and has 22 member organizations 6 of which are multilateral (World Bank, ILO, IFC, UNIDO and UNDP and OECD) with the rest being bilateral donors from Austria, Australia, Canada, Denmark, France, the Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the US. See: <http://www.enterprise-development.org/page/about-us>

to make the manual useful to staff, it has intentionally been kept short. However, the manual also has more detailed annexes with examples of reports, report formats and more specific guidelines on how to compile such reports. This manual does not deal with all exceptions and eventualities; it aims to explain the bulk of Katalyst's work on a day-to-day basis. Exceptions will occur and they will be handled on a case-by-case basis. Any manual of this type is not a static document. Updates, revisions and additions are expected, as the community of development practitioners improve their results measurement systems. For the time being, we hope that this manual will continue to assist us in setting high standards for our work.

First major update

Since the first version 1.01 of the manual established in July 2010, Katalyst's MRM-system has been further developed: after a mock audit in October 2010 all interventions and sector strategies were reviewed. Based on these reviews, first amendments to the manual were established. In May 2011 a full DCED-audit was conducted. Besides qualifying the system as "strong with some additional features" recommendations for further strengthening were provided by the auditors. Where regarded as pertinent they are integrated together with the amendments in this version 2.0 of the manual. The update has been a joint effort of the Monitoring and Results Measurement (MRM) Group of Katalyst and in particular of the group managers Hasan Shahriar and Muaz Jalil. The overall responsibility however lies with me.

Several projects and agencies have repeatedly asked for a copy of the manual. While it is basically a public good, its elaboration financed by public money of four donors, it should however be regarded as an internal working document which needs to be updated regularly. This version is not edited by an English native speaker and should therefore not be widely distributed. Any distribution beyond Katalyst and its co-facilitators needs approval of the General Manager or me.

Markus Kupper, Director MRM Group, Katalyst

Executive Summary

The aim of this manual is to standardize the methods and formats for collecting, analysing and reporting data on results in Katalyst. A similar manual was prepared by Katalyst 2 years ago, but, since that time, there have been many changes both in international good practices for results measurement and in the way that Katalyst structures its own implementation. This manual builds on the many excellent elements of the old manual and supplements these with updated guidelines to reflect changes that have happened inside and outside Katalyst over the past 2 years. The manual also reflects Katalyst's continuing commitment to comply with the DCED Standard on Measuring and Reporting Results. It is expected that there will be updates, revisions and additions to this manual as both Katalyst and international best practice in results measurement continue to develop.

Katalyst is a pro-poor project with a private sector orientation. It selects sectors of the economy in which the poor are prevalent and then prioritises the constraints and opportunities for pro-poor income growth within these sectors. Some of these sectors like maize, fish, vegetables etc. are typical value chains, while other sectors like Irrigation and Information and Communications Technology cut across a wide range of pro-poor target groups. In all cases the primary target groups are small farmers or small enterprises.

Since its inception, the core operating principle of Katalyst has been to identify business services, material inputs and regulatory support that have real value for the project's target group and to work with market actors to incorporate the sustained delivery of these services, inputs or regulatory support into their business models. In this way, Katalyst intends to reach more than 2 million small farmers and SMEs up to the 1st quarter of 2013. Once the project has identified its target groups and understood the market systems in which they operate, Katalyst designs interventions aimed at stimulating changes in business practices, which should be both profitable and long lasting. An intervention usually goes through three stages of its life cycle: design, testing and scaling up. In addition, during each phase, interventions are redesigned or adapted to maximize effectiveness. Before, during and after each stage, data needs to be collected and analysed to determine whether an intervention should continue or not and to identify lessons learned to improve implementation. At each stage of the process, this data is different and for every intervention, cost effective ways need to be found to collect such data. This manual is part of the effort within Katalyst to document its strategies, methods and lessons in monitoring and results measurement and, therefore, to reduce the transaction costs involved in monitoring and measuring results.

Katalyst's Monitoring and Results Measurement System consists of several elements: a mandate and logframe that sets out its goals and targets, processes and methods that monitor implementation, reports that document what happened and why, and people trained in the application of the core processes and guidelines to set operational performance standards. The purpose of the system is to provide reliable and timely information so that project management at all levels of decision-making can transparently assess "what worked and what did not and why". Through this feedback better decisions will be made and resources will be allocated more efficiently.

At the core of the system is the project's logical framework or "logframe". This table summarizes the project's strategy for achieving pro-poor results. This strategy is to support the design and sustainable delivery of "outputs", which include business services, material inputs and accessible regulatory support that will stimulate some change in the business practices of the target group. These new business practices should result in improvements in the competitiveness of the farm or business of the target group. This improved competitiveness (productivity, access to new

markets etc.) should yield a net income change that will contribute to household incomes. At each level of this logic there is a set of indicators to provide short-term feedback on the extent to which Katalyst's interventions are actually having the anticipated effect. These indicators are explained in this manual and guidelines are given on how and when to collect data so that findings can be used as a "barometer" for intervention execution.

The basic logic of the logframe is reflected in the smallest implementation unit of Katalyst's operations, namely the intervention. Katalyst may have as many as 80 to 100 of these going on at any one time in its 15-18 sectors. Each intervention has the same logic as the logframe but it is elaborated in more detailed "impact logics," each of which has more sector specific indicators at each critical link of the logic. Because this core logic is the same, it is then possible for Katalyst to add up its results at both the sector level and for the overall project.

The system is overseen by a Monitoring and Results Measurement Group that second most of its personnel to work in the different sector teams so that the monitoring and results measurement function is integrated into the design, testing, adaptation and scale up of all interventions. These professionals advise the operational teams in the preparation of impact logics, drafting of measurement plans, designing of survey instruments and other data collection tools, thinking through attribution strategies and analysing and using findings in decision-making.

The processes that are used in the system are laid out in a series of process flow charts that delineate how sectors are selected, how interventions are reviewed on a quarterly basis and also how interventions pass through the different stages of design, testing and scaling up. The flow diagrams also show the key decision making points at which time "go, no-go" judgments are made and interventions are adapted based on timely information on both impact and on costs incurred.

An important element of any learning process is the documentation of results and this is contained in the next section of the manual. Reports on results are timed to coincide with the planning and reporting schedule of the project. Appropriate reports are prepared specifically for management, for Katalyst's clients, and for the wider community.

The final part of this manual consists of a series of annexes that provide specific guidelines on constructing impact logics, the preparation of vital reports, how to conduct data collection and for which purpose, how to make impact calculations, estimating intervention costs and other formats that are used in the day-to-day implementation of the system.

Table of Contents

List of Abbreviations	viii
Glossary	ix
1 The Goal and Purpose of Katalyst.....	1
2 How Katalyst Works	2
2.1 Poverty Orientation.....	2
2.1.1 Pro-Poor Target Groups	2
2.1.2 Identifying a Pro-Poor Target Group	2
2.2 Sectors.....	2
2.2.1 The Value Chain Sectors	3
2.2.2 Cross Sectors	3
2.3 Understanding Constraints and Opportunities for Income Growth	4
2.4 Undertaking Interventions that Sustainably Address Target Group Growth	4
2.4.1 Defining Interventions.....	5
2.4.2 Sustainability.....	5
2.4.3 Increasing Scale and Outreach through Systemic Change	6
2.4.4 Gender and Environmentally and Socially Responsible Business	7
3 Katalyst's Monitoring and Results Measurement System.....	8
3.1 What is the System?.....	8
3.2 The Aims of the System.....	10
3.3 The Logframe	10
3.4 What is Measured in the System?	12
3.4.1 Outputs.....	13
3.4.2 Outcome.....	13
3.4.3 Purpose (Competitiveness).....	14
3.4.4 Goal (Net Income Changes).....	14
3.5 Attribution and Contribution	15
3.6 Aggregating Data.....	17
3.7 System Management	18
3.8 Process Flow: the System Overview.....	20
3.9 Core Sectors and Cross Sectors	22
3.9.1 Process Flow: Sector Selection and Monitoring	22
3.9.2 Comprehensive Sector Strategies.....	25
3.10 Interventions	25
3.10.1 Check-List for Selecting Interventions	26
3.10.2 Stages of an Intervention	27
3.11 Tracking Costs	31
4 Reporting Results	32
4.1 Management Reporting	32
4.1.1 Sectors.....	32
4.1.2 Interventions	32
4.2 External Reports	33
4.2.1 The Influencing Agenda.....	33
4.2.2 Katalyst's Impact on Employment.....	33
4.2.3 The Semester and Annual Reports	33
4.2.4 Thematic Reports	33
4.2.5 Impact Audits	33
4.3 Publications for the Wider Community.....	34

4.3.1	Case Studies	34
4.3.2	Mini Case Studies	34
4.3.3	Katalyst's Website	34

List of Figures and Tables

Figure 1: Identification of Pro-Poor Target Groups.....	2
Figure 2: Key Sectors of Katalyst	3
Figure 3: Steps in the Diagnostic Process	5
Figure 4: Dimensions of Impact.....	17
Figure 5: Katalyst Organisational Structure.....	19
Figure 6: The System Overview	21
Figure 7: Sector Portfolio Selection and Monitoring	24
Figure 8: Process Flow of Intervention Design	29
Figure 9: Process Flow for Testing	30
Figure 10: Process Flow for Scale Up	31
Table 1: Katalyst Logframe Targets	11

List of Abbreviations

BDT	Bangladeshi Taka
BBS	Bangladesh Bureau of Statistics
BEE	Business Enabling Environment
BEI	Business Environment Intervention
CIDA	Canadian International Development Agency
CLT	Core Leadership Team
CSS	Comprehensive Sector Strategy
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development, UK
ESRB	Environmentally and Socially Responsible Business
FGD	Focus Group Discussion
FTE	Full Time Labour Equivalents
GTZ	German Agency for Technical Cooperation
ICT	Information and Communication Technology
IT	Information Technology
IRSG	Industrial and Rural Sectors Group
K	Katalyst
KII	Key Informant Interview
M4P	Making Markets Work for the Poor (Approach)
MRM	Monitoring and Results Measurement
NGO	Non-government Organization
PCI	Pre-Condition Intervention
RSG	Rural Sectors Group
SDC	Swiss Agency for Development and Cooperation
SMEs	Small and Medium Enterprises
SC	Subcontractor
ST	Sector Team
TGI	Target Group Intervention
USD	United States Dollar

Glossary

Activities: Tasks carried out in interventions that lead to the delivery of some form of output that measurably assists a selected target group.

Activity Result: Immediate result of Katalyst activities. This often relates to increased capacity and/or incentive of a service provider to supply the output.

Annual report: An internal and external document that summarizes overall progress and impact achieved in the sectors of Katalyst in the last year and provide information to donors against the targets set out in the logframe.

Attribution: Estimating the extent of change that was caused by Katalyst, as opposed to changes caused by other factors. Katalyst uses a range of measurement strategies in order to estimate attribution credibly.

Baseline: The status of indicators before an intervention starts or after an intervention has begun if the indicators to be measured have not yet been impacted by the intervention.

Case studies: Published papers that profile particularly successful and/or interesting interventions or sectors, and highlight both results and lessons learned.

Copying: Other SMEs/farmers copying behaviours that have been adopted by those affected directly by Katalyst activities.

Crowding-in: Other output providers copying behaviours that have been adopted by those affected by Katalyst activities.

Cross Sectors: Sectors that *cut across* several sectors of the economy but nevertheless have pro-poor impacts inside as well as outside the sectors in which Katalyst is operating. Cross sectors include material inputs like seeds, fertilizer and irrigation and business services like media and ICT services.

Comprehensive Sector Strategy: A document prepared to guide work in a sector.

Competitiveness: The extent to which a farmer or SME can compete effectively in a sector. In Katalyst, this is measured primarily by farmers' and SMEs' production, productivity or price of their products.

Data collection: Gathering both quantitative and qualitative information to estimate the status and change in indicators and thereby monitor the outputs and outcomes of Katalyst's activities, assess higher-level impacts, explore attribution, and understand change processes.

Direct impact: Results at the goal level generated by Katalyst that can be linked in a straight line to Katalyst activities without considering crowding in or copying.

Displacement: The amount of negative effect on those enterprises harmed by Katalyst activities. Some enterprises may be negatively affected because others are benefiting from Katalyst activities.

Empowerment: Increasing poor people's voice, access to information and influence over decisions that affect them.

Employment: Employment is given in Full Time Labour Equivalents (FTE). FTE conversion is mostly done for rural sectors, by dividing the required labour days by 240 days (where 8 hours of work equals 1 work day).

Enterprise behaviour: Business practices of farmers and SMEs that Katalyst is targeting, such as how farmers prepare their fields or how factories use their machineries.

Estimated results: The outreach and change in an indicator that is attributable to an intervention, estimated based on the findings of data collected. Estimated results replace projected results in an impact logic after data collection and analysis.

Findings: Information used to calculate projected or estimated impact that is based on the results of Katalyst data collection.

Goal: It is a level in the logframe, which shows the net additional income of the target group resulting from the proper use and application of the competitiveness-enhancing service or output.

Impact: Higher level changes in farms/SMEs and poverty resulting from Katalyst outputs and outcomes. Impact can be direct or indirect.

Impact logic: A diagram that shows the chain of events through which Katalyst activities lead to increases in incomes for the target group. Also called results chains, impact chains or impact models.

Indicators: Measures of changes that Katalyst can observe and quantitatively assess; used to understand to what extent changes are taking place in Katalyst's levels of analysis.

Indirect impact: Change generated by Katalyst that can be linked to Katalyst activities through crowding in or copying.

Intervention: A set of activities designed to achieve the sustainable delivery of a new or improved service or output that, through its use by the target group, will result in increased incomes for that target group.

Intervention area: A component of a market strategy designed to address one particular constraint in the market. Intervention areas include one or several interventions designed to address a particular constraint.

Intervention MRM Plan: A table in the intervention plan that outlines how the sector team and MRM group will monitor the activities in the intervention, indicators of their immediate outputs and expected changes resulting from those outputs.

Intervention Plan: An internal document that outlines Katalyst's strategy and activities to achieve a specific change in SME/farmer competitiveness.

Intervention Report: An internal document that summarizes what happened in an intervention, estimates the results at all levels from the intervention, and notes lessons learnt.

Logframe: Short for "Logical Framework" a table that summarizes a project's strategy for achieving its goal, using the levels of outputs, outcomes, purpose and goal.

Monitoring and Results Measurement (MRM): The process of understanding the outputs, outcomes and higher level changes resulting from Katalyst's activities and making quantitative projections and estimates of indicators of change at each of those levels.

Mini-cases: Brief papers that describe particular interventions as well as the processes by which those interventions are resulting in changes at the outcome or goal level.

Net Income: The difference between the value of additional sales and value of additional costs incurred. It may be referred as additional profit or cost saved by SMEs/farmers.

Outcome: The immediate result of Katalyst outputs, which usually refers to changes in enterprise and/or service provider behaviour.

Output: The immediate result of Katalyst activities, which is generally the delivery of a business service, material input or accessible regulatory support.

Outreach: The number of farmers and SMEs reached by Katalyst activities. Outreach is achieved on different levels: access to services (access outreach), use of new practices (usage outreach) and income increase (benefit outreach).

Projected impact: Katalyst's projections for outreach and change of an indicator attributable to an intervention. Projected impact is written in each box of an impact logic at the design phase.

Projection: Katalyst's reasoned estimates of the results it expects to achieve based on available data.

Productivity: A measure of output from a production process, per unit of input.

Provider: A firm or agency that sustainably delivers an output to the target group

Purpose: A level in the logframe, which shows improved competitiveness of targeted SMEs/farmers from the result of the outcome level. This is measured in terms of cost reductions, improved productivity, access to new markets, value addition and so on.

Scale: The "breadth" of impact; the number of targeted SMEs/farmers being reached. The term often refers to reaching high numbers.

Scale up: The expansion of effective outreach by significantly expanding the delivery of an output to a target group often through new private or public sector mechanisms.

Service market: The system of providers, users and transactions for a particular business service.

SMEs: Enterprises and farmers targeted by Katalyst interventions. Katalyst determines an appropriate definition for each sector in which it works. Where appropriate, this relates to the GOB definition below or, for agricultural sectors, to land holding size.

Small manufacturing enterprises are those with fixed assets Tk. 0.5-15 million or with 10-50 workers and small non-manufacturing enterprises are those with fixed assets Tk. 0.5-5 million or with 10-25 workers.

Medium manufacturing enterprises are those with fixed assets Tk. 15-200 million or with 50-150 workers and medium non-manufacturing enterprises are those with fixed assets Tk. 5-100 million or with 25-50 workers. (*Industrial Policy 2009, Ministry of Industries, Bangladesh*)

Special studies: Studies that Katalyst commissions on areas of interest such as gender, or working conditions and common types of interventions such as training, or to validate common assumptions that cut across many sectors.

Sustainability: Changes that last, and are even enhanced, well beyond Katalyst interventions.

Systemic Change: It means that something fundamental and new has happened in the output delivery system and that this change does not require the continued support of the project or other change agents. Systemic change is a higher degree of sustainability.

Triangulation: Acquiring the same information from various sources and making an estimate based on all those sources.

Unintended effects: Changes at any level that are due to Katalyst activities and that were not anticipated when designing the logic. These effects may be positive or negative.

Value Chain Sectors: A vertically integrated group of farms and/or enterprises (both large and small) that deals with the same product group. A sector includes farms and/or enterprises that produce or procure raw materials, enterprises that process them, as well as enterprises that sell the finished products (both on a wholesale and retail basis).

1 The Goal and Purpose of Katalyst

Katalyst aims to contribute to increased income for men and women rural and urban areas by increasing the competitiveness of farmers and small businesses in key rural and urban sectors, reaching 2.3 million farmers and small businesses, providing employment for 450,000 poor people by the end of the phase in 2013.

Katalyst follows a *pro-poor market development approach also known as ‘making markets work for the poor’ (M4P)*. Its premise is that market systems⁴, which are more conducive to the poor’s participation, provide the basis for increased enterprise competitiveness and lead to inclusive economic growth, thus reducing poverty. Katalyst focuses on sectors of the economy which are important to large numbers of poor people and which have potential for inclusive growth, in terms of productivity, profitability or jobs, and with prospects for stimulating large-scale and sustainable change.

Katalyst is a jointly-funded programme of the Swiss Agency for Development and Cooperation (SDC), the UK Department for International Development (UKaid), the Canadian International Development Agency (CIDA) and the Embassy of the Kingdom of the Netherlands (EKN). It is implemented under the Ministry of Commerce (MoC) of the Government of Bangladesh by Swisscontact and GTZ International Services. Katalyst began its second phase in March 2008 with a budget of CHF50.67m.

In its current phase, Katalyst is placing a particular emphasis on “scaling up” this approach by intensifying what has worked well in the past and also by expanding and developing the capacity of more co-facilitators to take on more functions currently executed by Katalyst.

⁴ Market systems are the socio-economic mechanisms through which people, including the poor, earn their livelihoods and get the goods and services they need to survive and thrive.

2 How Katalyst Works

2.1 Poverty Orientation

2.1.1 Pro-Poor Target Groups

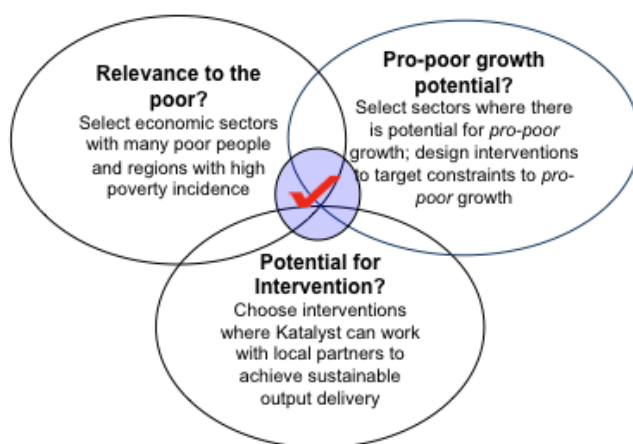
In all its work Katalyst focuses on achieving sustainable improvements for the poor. Katalyst establishes poverty profiles of its target groups by using the Progress out of Poverty Index (PPI), see annex 21. Hereby the international poverty lines of 2.5 USD/day and 1.25 USD/day serve as reference and indicates portion of the target groups with a high probability to be below the two poverty lines.

2.1.2 Identifying a Pro-Poor Target Group

Katalyst identifies pro-poor target groups using a careful diagnostic process. (Each part in the process is described in more detail later.) The diagnostic process starts by identifying economic sectors in which there are significant numbers of poor people and by choosing to work in regions, such as the northwest, that have the highest incidence of poverty in the country. The project uses the World Bank's Poverty Map as a key input in making these decisions. Then, the sectors are screened for their potential to generate growth that is pro-poor. In other words, the sectors selected must have significant potential not only for growth, but also for growth that will significantly benefit the poor people in the sector. Sectors are also screened for their potential to positively impact on gender and ESRB issues. Each sector selected is analysed to identify the specific constraints to pro-poor growth. This leads to identifying outputs for a sector – business

services, material inputs and/or regulatory support – that will address these constraints. At this stage, the pro-poor target group for each output is identified: Which farmers and SMEs could increase their competitiveness by using the output in such a way that addresses the constraint? Finally, Katalyst determines if supporting the output is both feasible and will lead to the sustainable delivery of the output. This process is summarized in the accompanying diagram.⁵

Figure 1: Identification of Pro-Poor Target Groups



2.2 Sectors

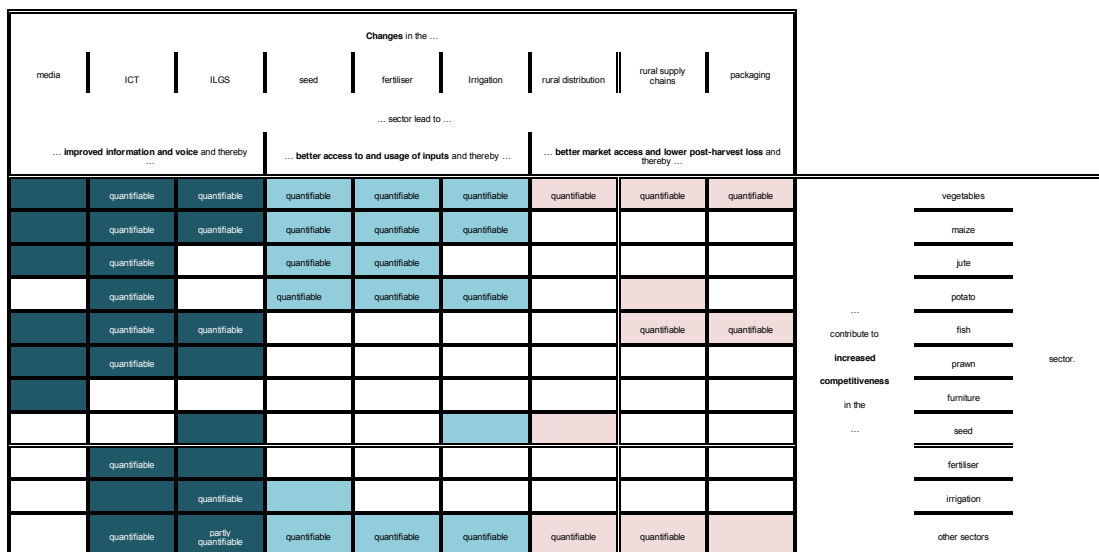
Katalyst works in two types of sectors: the first type is the standard *value chain sector* such as fish, vegetables, maize and the like; while the second type is *cross sector* consisting of either material and service inputs such as seeds, fertilizers and irrigation that have broader outreach to a wide range of agricultural sectors, or services like media and information services that can benefit SMEs and/or farmers in a wide range of sectors throughout the economy. While each of

⁵ Adapted from the Springfield Centre

these sectors has its own growth dynamic and target groups, Katalyst often tries to achieve synergy by overlapping the two; for example, combining its work in vegetables with that in fertilizers or seeds.

Annex 18 illustrates how these two types of sectors overlap and support each other. The portion of the graphic on the right illustrates that Katalyst aims to have impact in its sectors *beyond* the immediate geographic areas in which it operates. Additionally, the portion of the graphic at the bottom shows that cross sectors can also have a broader effect on the wider economy and that their impact is not just limited to the sectors in which Katalyst currently operates.

Figure 2: Key Sectors of Katalyst



2.2.1 The Core Sectors

Katalyst is currently operating 7 core sectors. These are vegetable, fish, prawn, potato, maize, jute and furniture and crafts⁶. Katalyst uses a standard definition of these sectors as: *A vertically integrated group of farms or enterprises (both large and small) that deals with the same product group. A sector includes farms or enterprises that produce or procure raw materials, enterprises that process them, as well as enterprises that sell the finished products (both on a wholesale and retail basis).*

Within each of these core sectors, pro-poor target groups are identified by either: their land holding size, their income levels, or their geographic locations in more remote and poorer regions of the country.

2.2.2 Cross Sectors

The cross sectors are sectors that *cut across* several sectors of the economy and have pro-poor impacts inside as well as outside the value chain sectors in which Katalyst is operating. There are two main divisions of these cross sectors.⁷ The first of these are material and service inputs that are widely used in the agricultural sectors. For example, more efficient irrigation water supply can achieve considerable cost reductions to farmers, or balanced applications of organic and

⁶ Private health care and tourism are sectors phased out during phase II (private healthcare in 2009, tourism by end of 2011)

⁷ Cross sectors include "cross sector components" and "cross sector services" as referenced in the business plan.

chemical fertilizers reduce soil degradation for farmers, or improved vegetable seeds can significantly increase yields. The second type of cross sector encompasses services that cater to the needs of a wide range of enterprises and farmers, for example media, ILGS and ICT. Because of the nature of these services it is not possible to restrict their use exclusively to Katalyst's target groups. It is however possible to design "information messages" that are more dedicated for pro-poor target groups such as small farmers etc. For example, ICT is being used to promote a dedicated telephone line that farmers can call if they need urgent advice on disease or pest control, fertilizer applications and the availability of quality seeds.

2.3 Understanding Constraints and Opportunities for Income Growth

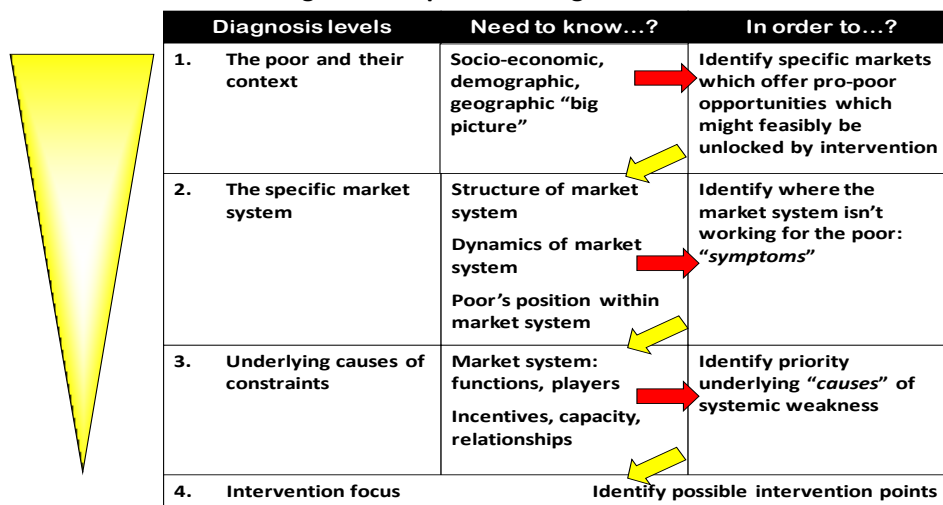
In all of its sectors, Katalyst conducts a thorough constraints and opportunities analysis at two levels: firstly at the level of the sector as a whole and secondly, at the more specific constraints and opportunities affecting pro-poor target groups within these sectors. At the first level, sector wide constraints might include: public regulations and their enforcement, taxation, product distribution and public markets or the functioning of meso-organizations that may play a critical role in changing the dynamics of how a sector functions. The second level of analysis is narrower, and looks more specifically at the needs of the selected pro-poor target groups. These might include: access to better inputs, information on how to improve productivity, knowledge and access to higher value markets, etc. Interventions may be designed for both of these levels provided that some pro-poor impact can be seen within approximately 24 months of starting the intervention.

In the case of the cross sectors, the constraints and opportunities analysis focuses more on the pro-poor target groups as opposed to the overall constraints of the sector. The reason for this is that Katalyst usually does not aim to transform the whole sector. This is beyond the scope of Katalyst's resources. Rather, the objective of working in these cross sectors is to innovatively use their broad delivery capacities to influence pro-poor outcomes and impact primarily inside, but also outside, the value chain sectors, by, for example, promoting business models that reach pro-poor target groups or making services more useful to pro-poor target groups.

2.4 Undertaking Interventions that Sustainably Address Target Group Growth

Once the constraints and opportunities of Katalyst's target groups have been identified through the above-mentioned analysis, interventions are designed to address the constraints and opportunities so that a target group's incomes can be measurably improved. The following graphic, borrowed from the Springfield Centre, illustrates this process.

Figure 3: Steps in the Diagnostic Process



2.4.1 Defining Interventions

Once a significant constraint or opportunity to pro-poor growth within Katalyst's sectors has been identified, interventions are developed to address them. Interventions are a set of activities aimed at a common output – implemented usually with the same partner - sustainably changing the delivery of services, material inputs or regulatory support. The aim is that by using these "outputs", the target group will improve its competitiveness and, as a result, enjoy increased income.

Interventions always have a start and an end date. If an intervention has to be adapted in the course of its implementation, and as a consequence will need much more time, then a new intervention shall be established, even when it pretends the same output/outcome.

Interventions are grouped in intervention areas comprising several interventions leading to the same outcome.

There are, however, some interventions that are either related to making long-term changes in the business environment or that are related to creating the conditions needed for future potential interventions. These two types of interventions do not have a measurable, short or medium term impact on Katalyst's target groups.

In the process of designing interventions, aimed at achieving impact, there are two critical dimensions of market development that, in addition to impact, are embedded in this design. They are sustainability and outreach.

2.4.2 Sustainability

The reason that Katalyst chooses to work with market intermediaries rather than delivering services and inputs directly to the target groups is because experience shows that by working with local actors that have an incentive to deliver services and inputs to the target group, the sustainability of delivery is far greater. For example, by working in the maize sector with lead firms that have interests in achieving higher yields from their out-growers⁸, Katalyst can improve the sustained delivery of advisory services and inputs aimed at increasing farmer productivity. Similarly, by developing a cost-covering help line for farmers, with Banglalink, the probability of

⁸ Out-growers: Contract farmers producing crops for lead farmers

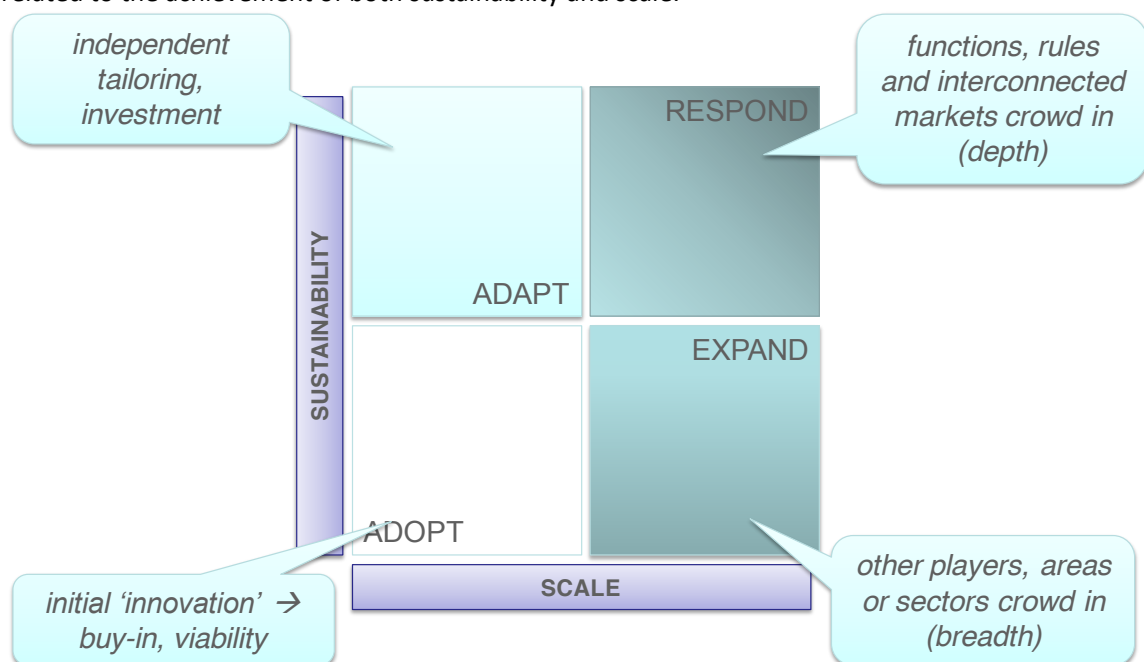
sustainability is far higher. In some cases, Katalyst even operates an additional step back from its target group. This means that Katalyst works with firms that build the capacity of intermediaries that then deliver services and inputs to Katalyst's target group. For example, Katalyst works with large agricultural input supply companies that have small agricultural input retailers in their networks. Katalyst builds the capacity of the input supply companies to train retailers to provide technical advice to farmers along with the sale of inputs. In a next step, Katalyst may support an education institution to establish a course for retailer training. This strategy can further enhance sustainability as well as the potential for scale, but makes impact measurement more demanding.

2.4.3 Increasing Scale and Outreach through Systemic Change

Making market systems work better for the poor is a central tenet of M4P and is the intermediate goal of any market development intervention, preceding pro-poor impact; indeed, for Katalyst, it is the means by which poverty reduction is to be achieved if it is to be sustainable and far-reaching. For markets to be improved in this regard, Katalyst must work at the "systems-level" to re-configure existing market interactions or to introduce new market interactions altogether.

Whilst sustainability and scale are commonly-used terms in development programme discourse, what really sets the market systems approach aside is that both sustainability and scale fall out of *how* the programme sets about intervention; in part, the facilitative manner in which programme's work indirectly through market partners; and, in part, the focus on alleviating systemic constraints to enact systemic change. Sustainability and scale are not objectives that are 'bought' or 'delivered' but are themselves the result of *facilitating systemic change*. In this regard, it is useful for M4P programmes to chart their progress towards attaining scale and sustainability from the perspective of systemic change, with the 'quality' of the systemic change corresponding to both the breadth (think: scale) and depth (think: sustainability) of its impact.

We can therefore think of systemic change as being composed of four different elements, related to the achievement of both sustainability and scale.



Whilst 'adopt' will always be the first element in place, there is no fixed sequencing of elements beyond that. In fact, quality M4P interventions will often work on the 'respond' element from an early stage to give the systemic change instigated a strong potential of achieving sustainability and scale.

To be highly attuned to the progress of systemic changes adopted requires sector teams and co-facilitators to make a concerted effort to capture qualitative shifts in how a market is developing and combine it with quantitative analysis of access and usage outreach and benefit. This involves Katalyst placing a great emphasis on storyline (i.e. progress against a sector team's vision of a better working market). The storyline needs to feed back into sector team strategies and force teams to answer the question: "*are we doing, or have we done enough to promote change in [ABC]... ?*" Indeed, this question requires teams to consider notions of market system resilience and prompts teams to clarify their exit plans.

Further definitions and instructions are provided in annex 22.

2.4.4 Gender and Environmentally and Socially Responsible Business

Katalyst is committed to mainstreaming⁹ the issues of gender and environmentally and socially responsible business (ESRB) within the project. This stems not only from a commitment to addressing these issues as an important aim in itself but also from an understanding that addressing issues of gender and ESRB is critical to achieving the goal of sustainable pro-poor growth. Katalyst treats gender and ESRB as "cross-cutting issues." This means that issues of gender and ESRB are integrated into the diagnostic process in sectors, the screening process for choosing sectors and into the design, implementation, monitoring and results measurement of interventions when appropriate. Katalyst has established gender and ESRB strategies that build on the experiences and lessons learned from Phase I of the project.¹⁰

The sectors that Katalyst focuses are such that they are traditionally male dominated. If women are involved it's mostly informal and/or as household labour. Through time, Katalyst has determined that it is often not useful or sufficient to disaggregated data by gender. Therefore, while Katalyst has the objective mainstreaming gender (where possible), it does not have any quantitative Gender target in its logframe, instead Katalyst has committed to implementing a number of gender specific interventions. Katalyst has also developed a Gender Strategy paper highlighting areas, sectors and issues where they could potentially intervene. Given the backdrop, Katalyst does not have gender disaggregated targeting, but is consciously monitoring and reporting impact on gender through thematic reports (see annex 15). In case of gender specific interventions Katalyst will also report on number of female impacted/benefitted. In addition to the income of women, Katalyst tries to capture their economic empowerment by a set of adequate indicators.

⁹ This means that gender and ESRB are in-built into the process of planning, implementation and monitoring but not separate project targets and are always embedded in better functioning markets with the respective (business) incentives for the market actors.

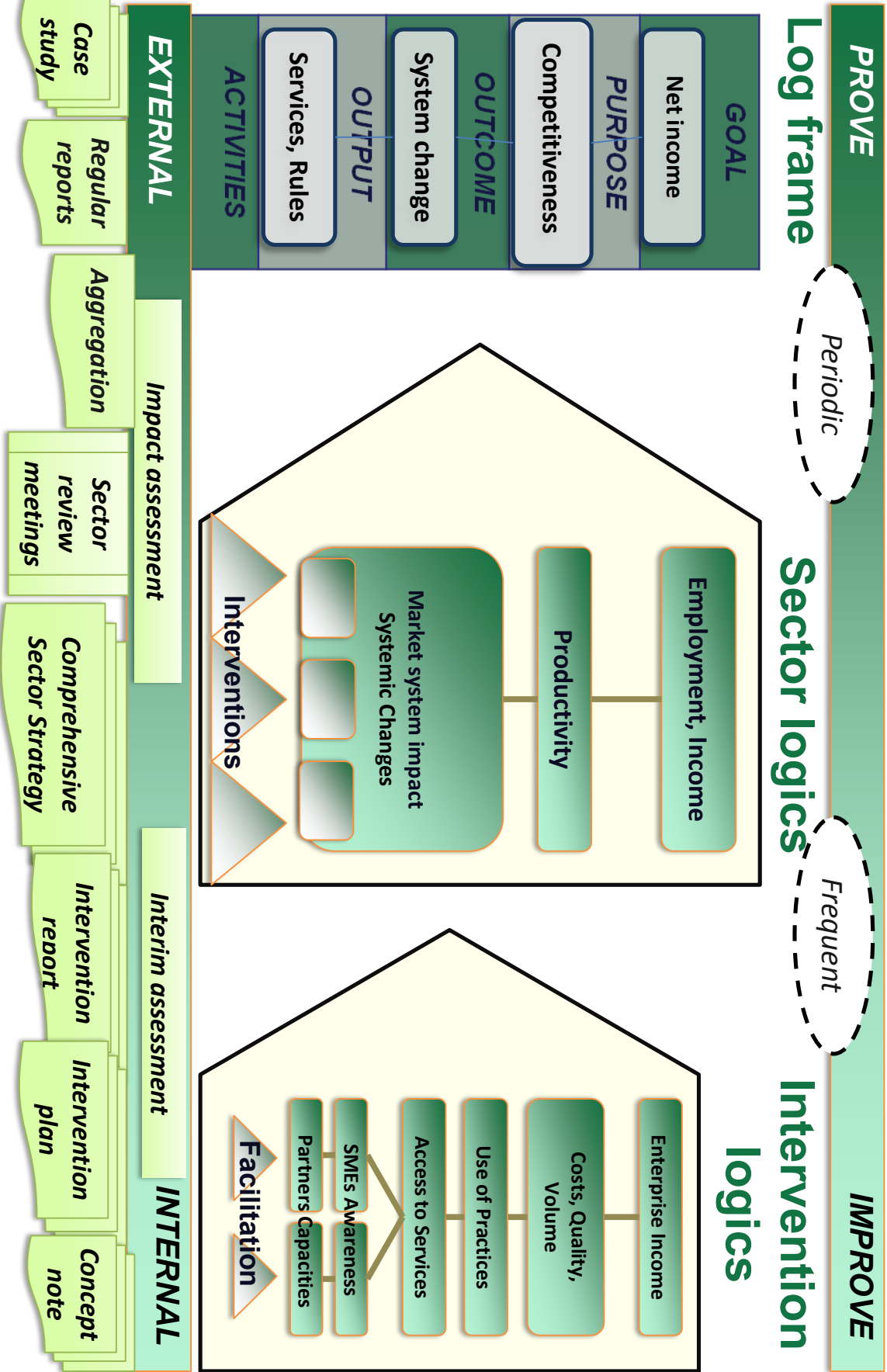
¹⁰ Please refer to these strategies.

3 Katalyst's Monitoring and Results Measurement System

3.1 What is the System?

The Results Measurement System in Katalyst is composed of several elements, these include:

- **The Project Document and Logical Framework** (logframe) that establish overall project deliverables, in terms of impact, outreach and sustainability and also confirm the core methodology used by Katalyst in its delivery of these results
- **Key processes** and methods that are either used in selecting and monitoring sectors or in the design, implementation, adaptation and scaling up and results measurement of interventions at various stages
- **Documents** (reports, surveys, assessments) that feed reliable and timely information into critical management decision-making points in the life cycles of sectors or interventions
- **People** that are well trained in: the applications of the processes and methods used; in the collection of the right information needed for documenting project results; and in assessment methods for making critical decisions
- **Guidelines** and standards for the people to use in the implementation and management of the processes, documentation and decision-making



This manual documents Katalyst's Results Measurement System. It is a living document; updates, revisions and additions will be made as necessary to effectively reflect the system and provide a useful resource for Katalyst staff and subcontractors.

3.2 The Aims of the System

The system is aimed at generating information used in the achievement of three objectives:

- **To help managers, staff, co-facilitators and sub-contractors improve project implementation** in order to maximize pro-poor growth and poverty reduction. The system is designed to encourage managers and staff to think through sector strategies and intervention designs with a pro-poor lens, choosing those strategies and interventions with the greatest potential for sustainable poverty reduction. The system also aims to provide regular information on project outputs and outcomes and higher level results to help managers and staff adjust implementation to better achieve intervention goals. The system helps managers and staff to determine if the number and type of activities have been effective in addressing specific constraints or if more are required. Lastly, the system helps managers and staff to glean lessons from past implementation in order to improve future activities
- **To help Katalyst report project performance and results to its donor clients.** Katalyst's donors require that Katalyst reports on the results of the project at various levels including target group outreach, changes in business service markets, enterprise performance, changes in sectors, poverty reduction and impact on its special focus issues. The system is designed to regularly deliver information on each of these levels so that it can be easily consolidated and put into reports for Katalyst's donors
- **To help Katalyst inform others in the wider community** about Katalyst's results, successes and lessons learned. It is essential that projects share such information in order to improve the state of practice in pro-poor private sector development. In addition, Katalyst's donors require that Katalyst periodically shares information on results, successes and lessons with the wider community. Sharing information also helps Katalyst build a good reputation that is important in attracting high calibre national and international staff. The system is designed to regularly deliver information on Katalyst's results, successes and lessons that can be easily incorporated in publications, presentations and other information sharing media

The system is designed to document Katalyst interventions, and generate information on resulting changes in service/output delivery, providers, and farms/SMEs using the services. The specific indicators of change tracked by the system are based on an "impact logic" that is developed for each intervention.¹¹ Based on this information, reasoned estimates are made of Katalyst's contribution to overall changes related to target group income. While the system has been developed to serve the aims above, attention has been paid to complying with the control points and compliance criteria in the DCED Standard on Measuring and Reporting Results. (A summary of the Standard is provided in annex 26.)

3.3 The Logframe

The Monitoring and Results Measurement System derives its priorities from the logical frameworks of the project. The main logframe summarizes the basic causal steps that lead from

¹¹ Impact logics are also called results chains, causal chains, causal models and impact models.

a project's activities to the achievement of the project's purpose and goal. The indicators in the project logframe are a *summary* of what the project expects to achieve in its sectors and in its interventions. For example, an intervention that stimulates net incomes changes of BDT 1 million among 1,000 potato farmers who employ 250 "full time labour equivalents" is aggregated with other similar interventions to achieve potato sector results. Then all of the results of the various sectors are aggregated into the whole logframe.

The main logframe closely reflects how Katalyst performs the bulk of its work:

- After identifying pro-poor target groups and understanding the constraints or opportunities to pro-poor growth in the sector, intervention areas are defined, interventions designed and **activities** undertaken with the aim of generating a new or improved service or output aimed at stimulating changes in the competitiveness of the target group
- The new or improved **output or service** is then delivered to the target group by providers who are committed to repeating the supply of this output/service even after the project withdraws its support
- If it is effective, the service/output will then be used by the target group to make some basic change in the way that they operate their farms or small businesses. This behaviour change, beneficial for the target group, is called outcome. Additionally, by now, other providers may wish to enter the market for supplying the service/output
- The change in behaviour leads to a change in the competitiveness of the target group. Therefore, the result of the outcome, at the **purpose** level of the logframe, is improved competitiveness. Competitiveness is either a (sustainable) reduction in costs, an increase in production on the same area (agriculture) or manpower, or an increase of product price due to better quality or a combination of several of them.
Katalyst has a strong case for attribution at this level. Katalyst does however not construct a competitiveness indicator to be aggregated on the purpose level.
- This improved competitiveness is reflected at the **goal** level where it becomes possible to estimate the net additional income for the target group, which is derived from the proper use and application of the competitiveness-enhancing service or output

Katalyst's pro-poor target groups reflect Katalyst's strategy for reducing poverty. The project specifically targets poor farmers and SMEs that employ poor people through respective strategies. The figures in the logframe reflect however the benefit for all enterprises and groups benefitting from Katalyst's interventions. In the baseline studies and impact assessments the poverty orientation of the interventions is captured applying the PPI framework (see section 2.1.1).

The current logframe is presented below:¹²

Table 1: Katalyst Logframe Targets

<i>Narrative Summary</i>	<i>Primary Indicators</i>
<i>Goal</i>	

¹² This logframe was included in the 2010-2011 business plan; minor revisions to the wording of the outputs has been made for clarity. The table includes the narrative and targets from a project logframe; it leaves out the other aspects of a logframe for simplicity.

<i>To contribute to increased income for poor men and women in rural and urban areas.</i>	<i>By end of 2013, Katalyst has contributed to an accumulated net income increase of USD 280 million for 2.3 million farmers and small businesses, providing full time labour equivalents in employment for 450,000 poor people.</i>
Purpose	
<i>To increase the competitiveness of low income farmers and small businesses in key urban and rural sectors</i>	<i>2.3 million farmers and small businesses exhibit changes in production, productivity or price of their products.</i>
Outcome	
<i>Pro-poor, systemic improvements in business service markets for farmers and small businesses are stimulated</i>	<i>4.1 million farmers and small businesses show changes in business practices (skills, efficiency, technology, environment protection, social responsibility). 2/3 of the 15,000 service providers addressed directly or indirectly by Katalyst show a significant and sustainable change in performance, innovation, capacity, relationships and/or investments.</i>
Outputs	
<i>Value adding business services for farmers and small businesses are identified and promoted</i>	<i>At least 70% of the 80 relevant services promoted by Katalyst will continue to be delivered to farmers and small businesses 1 year after terminating project support.</i>

There are, however, additional and important results that are not included in the main logframe. They are necessary for more long-term impact on the target group and the sustainability of the approach that Katalyst is using. **These will also be monitored by the system.** These are:

- Improvements in the general business enabling environment for pro-poor farmers and enterprises where their impact cannot be measured within the timeframe of the project. Katalyst projects and captures the achievement of outcomes, i.e. the systemic changes or the trends for future changes. The interventions are nevertheless designed up to the goal level, with targets up to the outcome level.
- Capacity development and awareness building, as well as other influencing activities, for co-facilitators, other projects and other stakeholders potentially interested in learning about or using the pro-poor market development approach. To this end, Katalyst has developed a framework in April 2011, which also contains the capturing of respective results.
- Katalyst's effects on employment creation. Even though this indicator was removed from the logframe in March 2010 Katalyst will show the respective impact through separate studies.
- Results specifically related to gender and to ESRB. Katalyst has developed gender and ESRB strategies. These documents contain specific guidance on how to include issues of gender and ESRB within the MRM system, both using existing methodologies and special studies to explore results related to these issues.

3.4 What is measured in the System?

The system will measure indicators related to the main logframe as well as the other aspects of the project listed above. In the main logframe, the focus is on measuring four levels of changes in the development process (from output to goal).

3.4.1 Outputs

The main result to monitor and measure at the logframe's "output" level is whether the delivery of the promoted outputs is sustainable. Katalyst's target is, *"At least 70% of the 80 relevant services promoted by Katalyst will continue to be delivered to farmers and small businesses 1 year after terminating project support."*

There are two main areas to measure in order to assess the sustainability of output delivery, these are: the value proposition of the new output, and the continuous delivery of the output.

- The "value proposition" of an output is the extent to which the target group values the output. It is measured as an early "check" on an intervention to assess if the output is likely to lead to the expected outcome. This early check provides invaluable information to validate the intervention concept and redesign or adjust the intervention as necessary. The value proposition has two parts to it: whether or not the target group expects the output to lead to the outcome; and whether the target group considers that the output's benefits outweigh whatever costs are involved with getting and using the output. Measurements are taken at the time and place of output delivery, and these would include: an estimation, by the target group, of the relevance of the output to the expected outcomes; an estimation by the target group of their transaction costs vs. anticipated benefits; an estimation by the target group of other factors that will support the desired change, and an estimation of the willingness of the target group to change their future behaviour in the expected way because of the output
- The second indicator at the output level is the one in the logframe. It concerns the continuous delivery of the output. This is measured by surveying a sample of the output providers involved in the intervention. Data is collected regarding their outreach in the target group (increasing, declining or constant?). Qualitative data is also generally gathered on providers' perceived benefits from delivering the output and their intention to continue providing the output. The timing of this data collection would be at the 1 year cut off point referred to in the indicator

3.4.2 Outcome

There are two main indicators to monitor at this level. The first indicator, relating to changes in business practices, aims to confirm the strength of the link between getting an output and applying it within a farm or SME. The "application" of the output is demonstrated by a clear and specific change in business practices. This change is specified per intervention.

"4.1 million farmers and small businesses show changes in business practices (skills, efficiency, technology, environment protection, social responsibility)."

Data will be obtained from the results of individual interventions and then aggregated and reported against this logframe target.

- Data is collected at an appropriate time after the target group has received the output. Types of data include: the % of output consumers that are exhibiting the desired behaviour change and why? What % of output consumers would recommend this output to other members of the target group? What are most essential features of the output, and are there additional features that would be practical to include in any further development? What other factors could lead to significant changes at the outcome level.

The second indicator at the outcome level is, *“2/3 of the 15,000 service providers addressed directly or indirectly by Katalyst show a significant and sustainable change in performance, innovation, capacity, relationships and/or investments”*. This indicator shows the extent to which providers are changing their behaviour in order to sustain and expand output delivery, and, by extension, whether there is demand for this among the target group. This significant and sustained behaviour change by providers and the increasing demand for the output among the target group are essential parts of achieving scale and sustainability.

- Information for this indicator is collected for each intervention and types of data includes: the % increases in the delivery of the output to the target group; qualitative changes in the behaviour of providers; the commercial sustainability of providers; the entrance of new suppliers in the market, or “crowding in”; whether the proportion of the target group that is aware of the output is increasing over time; and what proportion of the target group is regularly using the output or variations of the output; All of these indicators are aimed at showing a trend towards an expanded demand and a sustainable supply of the output

3.4.3 Purpose (Competitiveness)

The indicator for this level is concerned with the actual change in target group competitiveness: *“2.3 million farmers and small businesses exhibit changes in production, productivity or price of their products”*. Again, appropriate indicators are chosen per intervention¹³ based on the specific change expected as a result of a given outcome. For example, it is expected that planting better seeds combined with using appropriate agricultural practices will lead to increased yields. This logframe indicator is derived from an aggregation of the results from individual interventions.

Measurement at this level is designed to assess the extent to which changes in the specific business practices outlined per intervention actually result in concrete changes in farm and SME production, productivity and/or prices. It is expected that not all farmers/SMEs that change their behaviour will experience these changes in competitiveness. Therefore, the goal level outreach of 2.3 million farmers/SMEs is considerably less than the 4.1 million farmers/SMEs expected to exhibit changes in business practices.

- Data on outreach to farmers and SMEs is collected at the intervention level and then assessed at a higher level within the MRM system to ensure that target group members are not double counted. (See annex 18)
- Data on competitiveness indicators at the farm/SME level is collected from a sample of the target group who have gotten a particular output. The aim of measurement is to assess the level of change that has taken place in the designated competitiveness indicators such as changes in costs, yields, volume or price. Since the common denominator of these indicators is the net income increase, which is aggregated on the goal level, the results are only captured on the intervention level and serves to assess the value of an intervention.

In certain interventions competitiveness and net income changes are not captured. This concerns interventions which are a pre-condition for others (e.g., building of management capacity of BMOs) or where an impact assessment is not possible as in the sector media.

3.4.4 Goal (Net Income Changes)

The indicator at this level is: *“By end of 2013, Katalyst has contributed to an accumulated net income increase of USD 280 million for 2.3 million farmers and small businesses, providing full time labour equivalents in employment for 450,000 poor people”*. The critical pieces of

¹³ It has not been found possible to define a universal indicator (e.g. productivity) for all sectors.

information for this indicator are: the number of farmers and SMEs experiencing a change in net income, the value of the net income changes, and the number of poor people (FTE) employed in the farms and SMEs. It is also important to know the significance of this net income change to the farmer or SME in terms of their existing incomes in a sector. Therefore, Katalyst will gather this information as context for the project results at the goal level.

Data collected for the outreach numbers is the same as the figure identified at the purpose level; again, double counting is minimized (see annex 18).

The data on net income changes is derived from surveying samples of the target groups exhibiting competitiveness (at the purpose level) and measuring the net income change due to the change in competitiveness. Net income change will capture aspects of increased profit and income saved (potential loss saved). At this level of the logframe, Katalyst states that it has had a major “contribution” to this net income change on the assumption that at this level there may be external factors also contributing to the measured change in net income. Nevertheless, measurement methods aim to assess the strength of the link between the competitiveness change and net income, to ensure that the claim of a “major contribution” is credible and realistic.

Data collected on employment is given in Full Time Labour Equivalents (FTE). Changes are captured in separate studies (see section 3.3).

Katalyst also maintains data on the average income levels of all of its different target groups from their work in the chosen sectors. This provides the opportunity to compare the net income change stimulated by the increased competitiveness with the original incomes of the target groups in the sector to assess the likely significance of the change to the target group. This is assessed when data is collected for each intervention.

As on the purpose level, for certain interventions (pre-condition, media) the impact at goal level is not captured.

3.5 Attribution and Contribution

The foundations of assessing attribution are well-constructed impact logics and measuring change at each level of those impact logics:

- Well-constructed results chains help intervention designers to logically think through how program activities will lead, through various changes, to income changes for the chosen target group. At the design phase, each intervention impact logic must demonstrate clear and logical links between Katalyst’s activities and the “purpose level of the project’s logframe (enterprise competitiveness)
- Katalyst then measures change at each level of the impact logic to determine if and to what extent the expected change actually happened. If each change did happen as expected, this demonstrates that the changes are likely to have been caused, to some extent, by Katalyst activities. If each change did not happen as expected, then Katalyst does not attribute any changes at further levels of the impact logic to activities because it is likely that those changes were a result of other factors

At the “goal” level where net income changes are estimated, Katalyst will speak of its “contribution” to these changes as there are likely to be several other external contributors to this change.

When Katalyst implements more than one intervention aimed at the same target enterprise/farmer, it is not necessary to isolate the exact amount of changes in competitiveness

from each intervention as long as the extent of their combined effect on competitiveness can be measured and as long as they contributed to changes in target group incomes from the selected sector. Practically, this means that the results from related interventions may be measured jointly.

Katalyst supplements this foundation with additional methods to assess the extent to which change can be attributed to Katalyst's interventions. Two types of methods are used: factual and counterfactual. A factual method simply examines the status of the indicators before the intervention and after result is expected. A counterfactual method measures the status of indicators before and after and also includes a method to assess the extent to which measured changes are due to the project as distinct from other external factors. Within each of these method types, several methods are available. Katalyst chooses appropriate methods for each intervention depending on the type of change being assessed and the context of that change. A summary of the methods used and the guidelines for choosing among them are presented below. Details can be found in annex 11.

Activity to Outputs: Assessing these links in an impact logic usually means understanding the extent to which Katalyst's activities have increased the capacity and/or incentives of service or other output providers and the extent to which those providers have changed their behaviour as a result. At this level, Katalyst is usually promoting a new business model, behaviour or improvement and there are few, if any, other factors that might contribute to the expected change. Therefore, Katalyst usually uses a factual method. Because Katalyst is generally closely involved with the providers and there are relatively few providers during the testing phase, Katalyst uses before and after qualitative assessments of the providers together with gathering the opinions of the providers as to why they have changed. These methods not only provide a good understanding of the extent to which changes in providers are due to Katalyst activities but also useful management information for improving intervention implementation.

Outputs to Purpose: Assessing these links in an impact logic, i.e. for each intervention, usually means measuring the extent to which:

- a target farmer/SME getting a service or output results in them changing their behaviour in a specified way
- a target farmer/SMEs behaviour change results in a specific change in competitiveness such as lower costs or increased yields

At this level, Katalyst may use a factual or a counterfactual method as follows:

Factual methods are used when:

- The service or output is new for the target group and there are no, or few service providers before the intervention
- The steps in the impact logic are backed with reliable data from other similar situations
- There are few factors, other than Katalyst activities, that are likely to influence the expected change
- The target group validates the high importance of the output to the desired outcome

For Katalyst, the factual methods chosen are usually a "before and after" survey that measures the status of the relevant indicators across a sample of the target group combined with an "opinion survey" that asks the respondents why change has happened. Reported impact figures are based on the "before and after" measurements while the target group opinions are used to improve implementation and provide a check that the measured changes do represent change due to Katalyst activities.

Counterfactual methods are used when:

- The service/output existed before the intervention and Katalyst's aim is to improve it
- Expected changes are incremental improvements on existing behaviour
- There are other factors, besides Katalyst activities, that are likely to influence the expected change

Katalyst uses two counterfactual methods: comparison and quasi-experimental. These are explained in annex 16. Katalyst combines these with an "opinion survey" as above for management information and as a check on the quantitative findings.

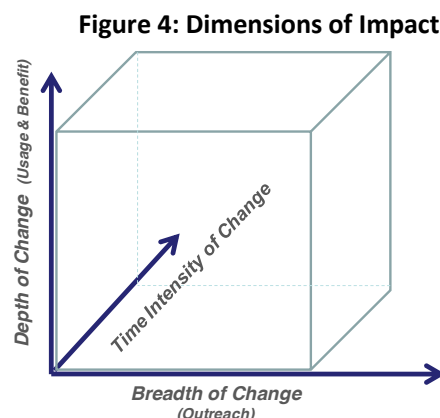
Using the methods above, Katalyst measures the extent to which target group competitiveness changes and that contributes to net incomes at the testing stage. The findings from the testing stage are then used to estimate total change during the scale up phase. Katalyst conducts small survey during the scale up phase to validate that the findings from the testing phase are still applicable.

3.6 Aggregating Data

In order to understand Katalyst's progress toward its targets at the project level, it is necessary to aggregate the results of all the individual interventions in the project. The MRM system is designed to streamline this aggregation.

Data collected from each intervention is reported in the same format as the logframe, namely: the number of outputs promoted, the number of providers involved, how sustainable they are, what outreach is being achieved, how many farmers or enterprises are showing signs of improved competitiveness and eventually what this means in terms of net income change. These data from interventions are then added for each sector to reflect Katalyst's contribution to impact in their respective sectors and eventually the sectors are added up to the figures reported against the targets in the logframe.

There are three dimensions to estimating aggregated results for net income changes based on indicator measurements. The first is the measurement of "depth" or the extent of the changes on the target group (from behaviour to competitiveness and eventually net income changes). The second dimension is related to the measurement of "breadth" or how many members of the target group have been reached directly and indirectly by the project's interventions. The third dimension is the "time intensity" of the change or when do we start to measure the results of change and then for how long? What is called Katalyst's "contribution" to net income changes is an arithmetic calculation based on multiplying the estimations of these three dimensions much like the volume of a cube is calculated. Figure 5 illustrates this principle.



- The first dimension runs vertically along the "Y" axis and represents the *depth* of change on the target group. The depth refers to awareness of the change, and can also progress from this to an understanding of the change or to the accessing of critical outputs needed for the change, business practice change and so on up to additional income resulting from the change.

- The second dimension to consider in estimating aggregated results is *breadth*. It is represented horizontally on the “X” axis. This is often called outreach, or how many of the target group has been reached. There is direct and indirect outreach. Direct outreach refers to those target farmers and SMEs who have received an output from a provider who has been involved with the project. Indirect outreach includes the estimated number of target farmers and SMEs that have received an output from other service providers who have, on their own, imitated the output delivery of providers involved with the project. Indirect outreach also includes the target farmers and SMEs who have copied a particular behaviour from target group members reached directly. Estimates for indirect outreach are made for each intervention based on observed, measured and documented data.

When the objective is to stimulate a change in agricultural practices, the effective use of copying is an efficient means for creating *breadth*. But the eventual impact on income may not be as significant as it is in the case of direct outreach. For this reason, the extent of the net income change needs to be re-validated for farmers/SMEs reached indirectly as the basis for reporting indirect impact. Similarly, the causal connection between the changed behaviour and the net income change also needs to be established. If there are other significant factors contributing to this change then they should be acknowledged and the strength of their causality estimated.

- The third dimension to measuring aggregated results is related to the “*time intensity*” of the change process. This is represented by the “Z” axis. The time intensity of impact is a factor of two variables: when the impact on the target group starts to be measurable and when the project chooses to end its impact estimation.

As with the other dimensions, the measurements need to be made for each separate intervention target group. The reason for this is that each intervention target group may be on a different “clock”; they may experience change early in the project or later in the project. Estimating when the target group will experience measurable change following the consumption of the project’s output determines the first reference point, when the clock starts. Choosing when to stop the clock varies by intervention. Katalyst has decided to stop monitoring results two years after the first major impact. This can be partly occurring while an intervention is still on-going e.g. due to an extended consolidation or after the intervention has been terminated. This timing was chosen because it is expected that within 24 months, the target group will have internalized change and they will be able to replicate the impact on their own and without further project support. Indirect impact, i.e. the benefit for farmers copying a practice from direct service users, takes usually place one year/season after the latter have shown a benefit. Consequently the indirect beneficiaries are captured with a delay of one year but also totally for two years. “Stopping the clock” not only means that Katalyst no longer measures results of that intervention, but also means that further impact is no longer aggregated in Katalyst’s impact figures. However systemic change is observed during the entire project duration or even in a next phase of Katalyst. This system will also aid in projecting impact beyond the life of the project.

Annex 18 provides more details about the process.

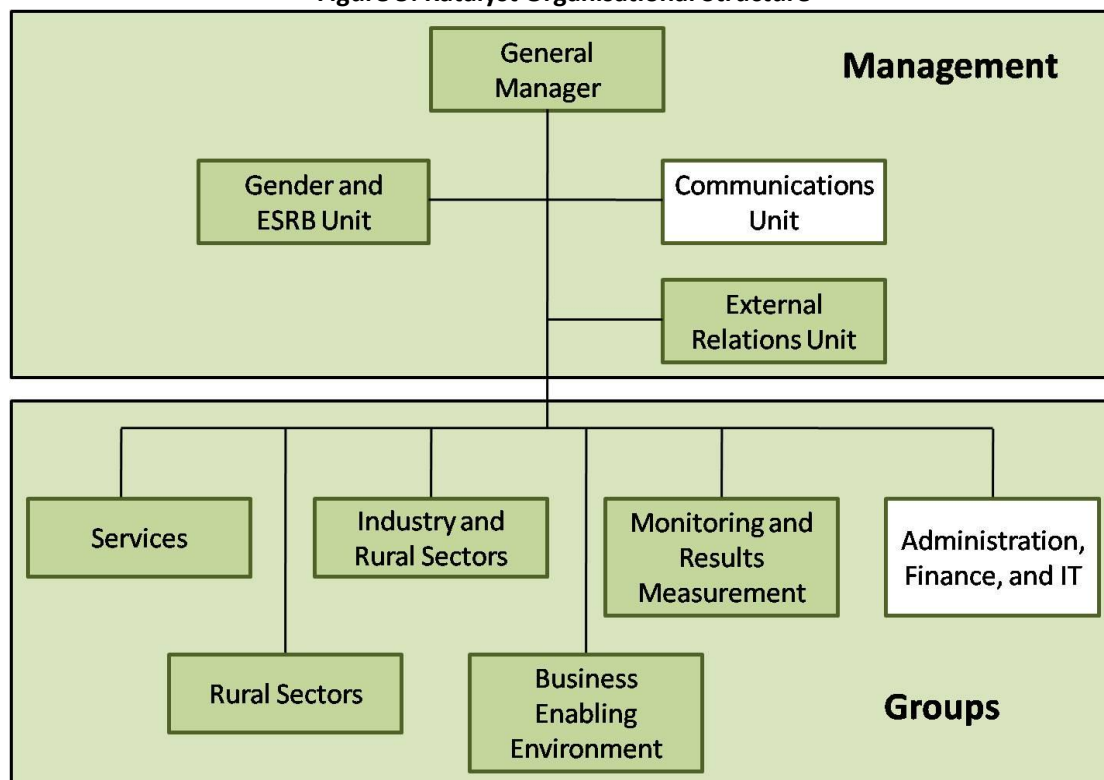
3.7 System Management

The Measurement Reporting System is an integral part of both strategic and day-to-day management in Katalyst. There are several feedback loops specifically incorporated in the

system so that senior management has the appropriate information to restrict or expand the resource allocation to any particular sector or intervention.

On an operational level, Katalyst has a Monitoring and Results Measurement Group fully dedicated to the tasks involved in making the system operational. The group is led by a Group Director and two Group Managers. 5 to 6 Business Consultants are assigned to specific sectors. Up to 3 professionals are posted in field offices primarily to collect data. (See Organisational Structure below).

Figure 5: Katalyst Organisational Structure



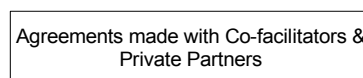
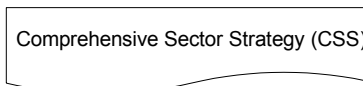
The deputed personnel help the implementation personnel with: drafting impact logics; formulating appropriate indicators; preparing a monitoring plan for each intervention; making annual projected estimates of impact; designing appropriate assessments to measure change and assessing attribution; analysing findings and what they mean for adjusting implementation; and, developing strategies for scaling up successful interventions.

The MRM group is the “custodian” of the system and its core responsibility is to ensure that the system generates accurate and timely information so that management can take informed decisions. It is however important to note that the proof of impact and the collection of data is the responsibility of the sector teams. The MRM-group also provides input into the management process by ensuring that monitoring and results measurement is used as a management tool. The director of the MRM group ensures that the MRM professionals are effectively performing their roles and the General Manager provides strategic direction on the use of the system as a management tool. The interface between the system and management is, as is seen in subsequent process flow diagrams, continuous in one form or another.

3.8 Process Flow: the System Overview

The process flow diagram below illustrates how the system is “sequenced” and where the critical decision points are within the system. This Overview Process Flow is later broken down into smaller parts and explained in greater detail in later sections of the manual. There are three main “shapes” in the process flow charts:

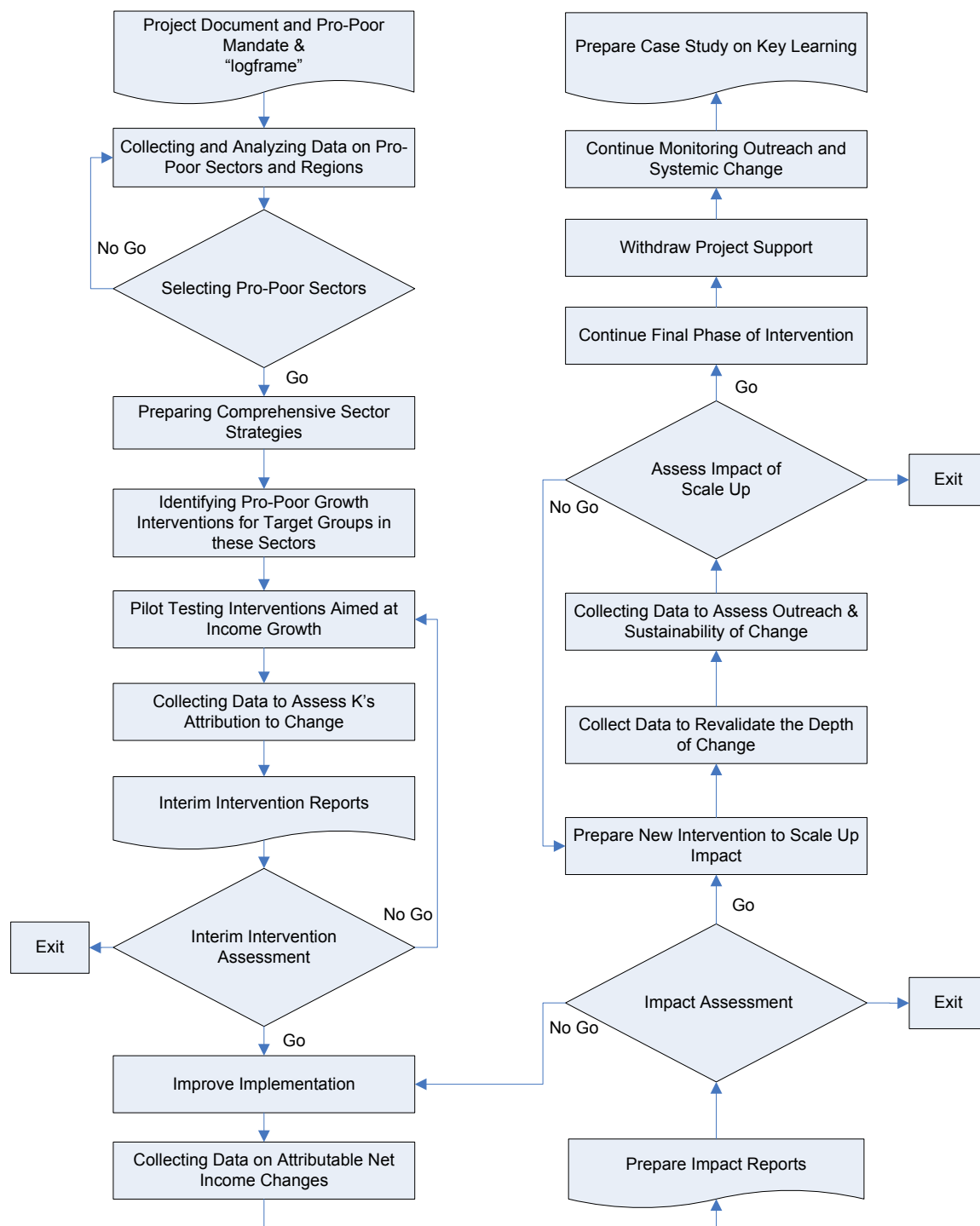
- The first of these looks like the shape on the right and it denotes a key document like a strategy or report.
- The second shape is like a diamond and this denotes a “go” or “no-go” decision point.
- The third shape is that of a rectangle and it denotes a process.



The Overview Process Flow below starts with the Project Document and logframe as the basic mandate for the project, and from this mandate sectors are selected, sector strategies developed and interventions started. Interventions go through three critical stages: design, testing and scaling up. In addition, during the testing and scaling up phases, the interventions are assessed and redesigned or adapted as needed mid-stream. It is important to note that prior to each of these stages, as well as at appropriate points, there are “diamond” shapes to show that critical decisions are made either on proceeding with the intervention, modifying it or abandoning it altogether. More detailed process flow diagrams describe what decisions are made in these “diamonds”, who participates in this process, who leads the decision making, and lastly, if there is a dispute, what the appeal process is.

At the end of a successful scaling up of an intervention, the process flow ends with the final documentation of the results of the intervention and the elaboration of a case study so that lessons can be shared with the wider community of private sector development practitioners.

Figure 6: The System Overview



3.9 Core Sectors and Cross Sectors

3.9.1 Process Flow: Sector Selection and Monitoring

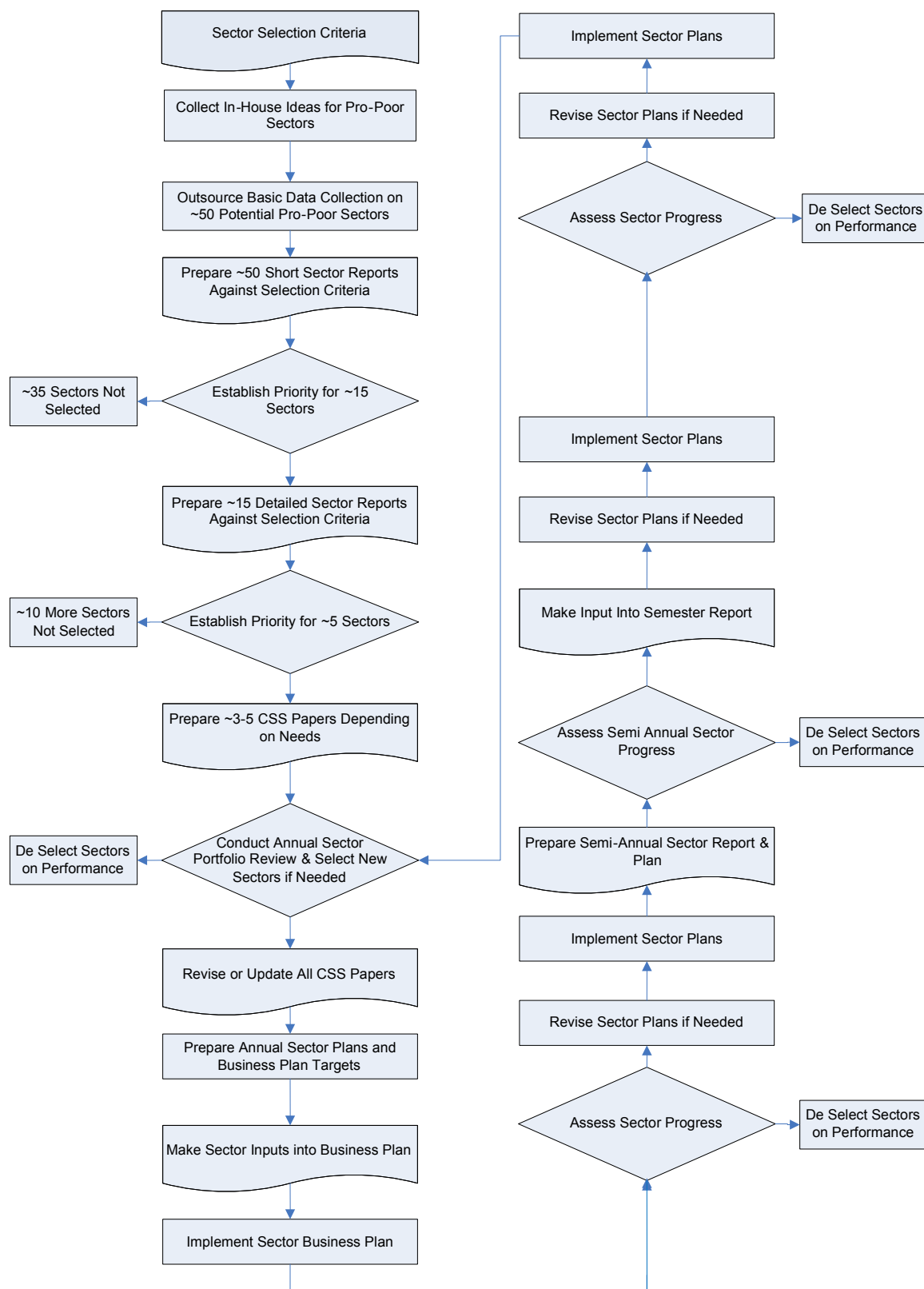
The Process Flow presented in Figure 8 shows how all sectors are selected in Katalyst, then how this triggers the design and implementation of interventions within these sectors and then how the interventions and results in these sectors are assessed on a quarterly basis, against performance targets established at the beginning of the year, and, if necessary, modified as the year progresses. At any critical step in this process flow sectors may be eliminated, downgraded or expanded. The majority of this process flow is cyclic and takes place against an annual time frame that coincides with the requirements of the Annual Report, the Semester Report and the Annual Business Plan. All sectors may not be assessed at the same time, in order to keep the workload manageable.

- The process starts with the elaboration of sector selection criteria that include, potential outreach, relevance to the economy and to pro-poor target groups, geographic coverage etc.
- Ideas for potential sectors, derived from Katalyst staff and other sources, are added to a possible pool for further investigation.
- An external service provider is then hired to make short reports on these sectors with most of the data coming from secondary sources.
- This information is presented in a report to Katalyst with a brief ranking of the sectors against the selection criteria and weight assigned within the criteria.
- This report is then discussed in a CLT meeting to reduce this number of sectors to approximately 15. This meeting is chaired by a member of the CLT assigned to lead the sector selection process.
- The external service provider is then given the task to prepare more detailed papers on the 15 selected sectors, this time collecting some primary data to understand the sectors, assess relevance to the poor and the potential for pro-poor growth, identify basic constraints and opportunities, and elaborate potential areas of intervention for Katalyst.
- This report is then presented to the CLT where the meeting is now chaired by the General Manager or his/her representative. The 5 sectors receiving the highest ranking are then selected for further investigation.
- At the next step the external service provider is commissioned with preparing Comprehensive Sector Strategy Papers according to the format presented in annex 1.
- These CSS papers are then fed into an annual sector portfolio review process of the CLT, where the aim is to review the progress in all sectors and make strategic decisions to continue, abandon or select new sectors. This meeting is chaired by the General Manager. This meeting is not a detailed assessment of each sector – this is handled separately – but rather draws on the detailed assessments to examine and adjust Katalyst's overall sector portfolio.
- Any necessary strategic revisions are made to the CSS papers after this review process.

- Annual sector targets, for each sector are then established for the annual Business Plan.
- What follows after this are quarterly sector monitoring meetings in which the progress of each sector is assessed in detail and, if necessary, corrective action taken. These are smaller meetings, conducted per sector and chaired by the Group Director.

The sector selection process only takes place every few years because this is a major exercise. Even though the process flow chart shows the elaboration of 3-5 CSS papers, this does not mean that all of these sectors will be chosen. Some of these sectors will be retained as back up sectors so that when a sector is eliminated from Katalyst's portfolio either because it has matured and Katalyst feels that it is not cost effective to continue or because it has been found to yield lower than expected results, then other priority sectors can be taken into the portfolio with the minimum of delays in implementation.

Figure 7: Sector Portfolio Selection and Monitoring



3.9.2 Comprehensive Sector Strategies

For each sector, the project prepares a Comprehensive Sector Strategy (CSS). The CSS outlines the following: the sector's relevance to poor people, the sector's pro-poor growth potential, the potential for Katalyst to intervene effectively to promote pro-poor growth, how the sector is organized, key environmental and social issues to consider, the main opportunities for pro-poor growth, the main constraints to these pro-poor growth opportunities and a summary of the activities of other development agencies in this sector. The second part of the CSS focuses on the main target groups in the sector and Katalyst's vision of what changes will lead to pro-poor impact. The third part of the CSS is more specific in terms of what kinds of interventions are either taking place or are in the planning stages. The final section estimates Katalyst's budget for the sector and identifies the core implementation team members and their particular responsibilities for intervention implementation. (The CSS table of contents is in annex 1.)

The objective of the CSS paper is to develop a common understanding and vision within Katalyst of: why the sector has been chosen, what Katalyst can do to raise net incomes for the target group within the sector, how it can do this, what Katalyst is already or is planning to do within the sector; how it is being done or will be done; and, where the responsibilities lie. The sector teams are responsible for the preparation and updating of the CSS papers. These strategy papers are to be updated at least once a year with new sector-based statistics and a current reiteration of Katalyst's focus, why this focus is appropriate to achieving pro-poor growth in the sector and how the focus may have changed over the year. The basic format for the CSS paper is the same for the Value Chain Sectors and the Cross Sectors. In the case of the Cross Sectors, however, there is more of a focus on how change-agents in the cross sector can be animated to engage with Katalyst in bringing about pro-poor outcomes.

3.10 Interventions

In Katalyst there are three types of interventions: Target Group Interventions (TGIs) which make up about 80% of what Katalyst implements; Business Environment Interventions (BEIs) aimed at long term changes in public policy; and, Pre-Condition Interventions (PCIs) for local private sector partners not yet engaged in any specific intervention.

- **Target Group Interventions** are planned sets of activities aimed at promoting the sustainable delivery of a new or improved output that, through its use by the target group, will result in improved competitiveness and increased incomes for this target group.
- **Business Environment Interventions** are planned sets of activities where the aim is to influence changes in laws, regulations, policies or procedures in the public domain. Because these public dialogue processes are unpredictable, their impact is likely to be seen only in the long term.
- **Pre-Condition Interventions** by themselves do not lead, in the short run, to impact on Katalyst's target groups. They may, however, be important for establishing a platform for future interventions that could affect Katalyst's target groups. In the past these interventions have focused on building the capacities of business membership organizations that have eventually become partners in interventions.

Each one of these types of interventions requires an impact logic ending in increase in net income for a defined target group. TGIs require indicators and a results measurement plan that covers the entire impact logic. BEIs and PCIs only require indicators and a results measurement plan up to the outcome level. On occasion, Katalyst may implement specific "tasks" which

cannot be assigned to a specific intervention. These have to be justified on their own merit and are limited in their numbers.

3.10.1 Check-List for Selecting Interventions

Each Target Group Intervention must have:

- **An identified pro-poor target group.** In the main sectors, these are often clearly defined as small maize farmers in Rajshahi, or small furniture producers in Chittagong. But, for the cross sectors it is not so easy to restrict the coverage of an intervention. It is, however, possible to identify a target group as small farmers, for example, and then design specific outputs that are aimed at the specific needs of these small farmers. In such a way each intervention needs to be absolutely clear about its target group.
- **A clear and logical hypothesis for how activities will lead to net income change** for the identified target group. The hypothesis must clearly link the changes in enterprises behaviour and competitiveness to the target group's use of those outputs or services that have been supported by the intervention. This impact on the target group should be measurable, at least initially within 12-18 months of starting the intervention.
- **A market actor delivering the change in a sustainable way.** These actors can be retailers, standalone service providers, lead firms or their agents, business membership organization of public sector offices. They must have a clear incentive for supporting the sustainable delivery of the change on a continuous basis.
- **The opportunity to reach scale.** A core emphasis of Katalyst in this phase is to achieve greater scale, so if all interventions should be screened at the outset for the potential to achieve significant outreach.
- **A clear exit strategy for Katalyst.** Katalyst and its interventions are "finite" and if no plausible exit strategy can be seen at the concept development stage of the intervention then it will not be supported for implementation. This strategy does not need to be proven but it does need to be credible and justified.
- **Show how ESRB and Gender issues have been considered.** At the design stage, relevant ESRB and gender issues should be considered for all interventions. This means identifying any potential negative impacts related to these issues and, if necessary, developing ways to mitigate these negative impacts. In addition, opportunities to positively impact on relevant issues should be explored and incorporated into the intervention where appropriate. This might mean, for example, identifying ways through which resource efficiency can be translated into productivity or ways to empower the disenfranchised.

Each Business Environment Interventions must have:

- **A pro-poor target group**, from within the sector or cross sectors of Katalyst.
- **A justification** for why the change being advocated could have an impact on this target group and
- **A strategy** for how Katalyst will cost-effectively use its resources to influence this change process. A potential scale up strategy is not expected.

Each Pre-Condition Intervention must:

- **Justify its relevance and cost** of the capacity building measure in the context of Katalyst's aims in any given sector. A potential scale up strategy with projections on target group outreach is not expected.

3.10.2 Stages of an Intervention

There are 4 basic stages to a Target Group Intervention's life cycle, and these are:

- **Concept:** Based on the sector strategy and on an in-depth constraints analysis, the idea for an intervention is written down in a concept note (see annex 5). This concept note needs the approval of the management. Based on this concept note the implementing partner(s) are selected. Only when the contract with the partner is established, the intervention plan is designed, in cooperation with the latter.
- **Design:** This involves moving from a raw intervention idea to a valid idea followed by the sector team's documenting this in the form of an Intervention Concept Note that is then reviewed by a larger group of peers and management. If the Concept Note is accepted, the sector team prepares an Intervention Plan that includes a full results chain complete with indicators and a complete monitoring and results measurement plan reflecting appropriate methods for measuring indicators and assessing attribution¹⁴.
- **Testing:** While the potential for scale is considered at the design stage of interventions, many interventions will need to go through a testing phase to validate that the output actually leads to the expected outcomes and purpose level changes. This stage has two distinct phases. The first phase involves: capacity building of the output providers; ensuring that the output is actually stimulating the change anticipated; and, collecting baseline data from the target group. Then, the first phase is assessed. Based on the results of this assessment, the intervention is redesigned or adapted to improve effectiveness. The intervention proceeds to the end of the relevant business cycle. Finally, data is collected for a judgment as to whether the intervention should be abandoned or scaled up. Testing may not be needed if it can be clearly established at the design stage that an output will lead to the expected outcomes and purpose level changes, in which case the intervention proceeds directly to the scale up phase.
- **Scaling up and exit:** This stage involves formulating an appropriate scale up strategy (with a MRM plan), rolling this out and then determining whether outreach is increasing sufficiently and whether the output is still having the expected impact on the target group. If this intermediate assessment of the scale up is positive, then support for the intervention is continued until it is determined that the time is right to withdraw project support. Outreach is then monitored for a period of approximately 24 months / 3 business cycles and a final impact assessment made before documenting the intervention experience in a Case Study for public consumption.

This intervention "life cycle" with its three stages, and accompanying adaptations, is presented afterwards in the Intervention Process Flow. The next three sections of the manual deal with each one of these stages in more detail.

¹⁴ In exceptional cases it may not be possible yet to design a full impact logic with projection of indicators. In such cases, the logic is drawn but the other elements of the implementation plan (calculation sheets etc.) are not established. In this case the concept note has to mention that it concerns preliminary activities to test selected activities and partners.

3.10.2.1 Designing Interventions

The design stage of an intervention starts with the Comprehensive Sector Strategy Paper. In the CSS, the sector teams will have identified either interventions or intervention areas. A CSS also explains the reasons for focusing on these interventions and how the interventions are expected to lead to improvements in competitiveness of the identified target groups.

If the CSS papers do not present this rationale for interventions or intervention areas in a convincing way the sector teams are asked, in CSS review meetings (see Section 3.9.1 on Sectors), to revise them until either the justification is made or the sector is abandoned. These meetings are led by the Group Directors and may involve members of the wider CLT.

The sector teams then draw up raw intervention ideas and discuss them internally and if the ideas are still considered to be valid then an Intervention Concept Note is prepared by the Sector Team with the support of appropriate focal person from the Monitoring and Results Measurement Group. The Intervention Concept Note consists of a “light touch” impact logic, meaning that the steps in the logic are plausible even though hard data may not have been collected to substantiate this logic (see the Guideline on the Intervention Concept Note in annex 5). The intervention, however, should be able to plausibly address all the items mentioned in the checklist in Section 3.10.1, particularly a concept for how the intervention will be scaled up.

The Intervention Concept Note is then reviewed in a meeting composed of the sector team, the respective Director, the MRM focal point the MRM Group Manager and if appropriate the General Manager. The purpose of the meeting is to assess the quality of the Concept Note and ensure that it meets the minimum standards for an intervention to proceed to the next stage of implementation. In any meeting, more than one intervention can be similarly assessed. This meeting must be held before any formal commitments are made to outsource the intervention to a co-facilitator.

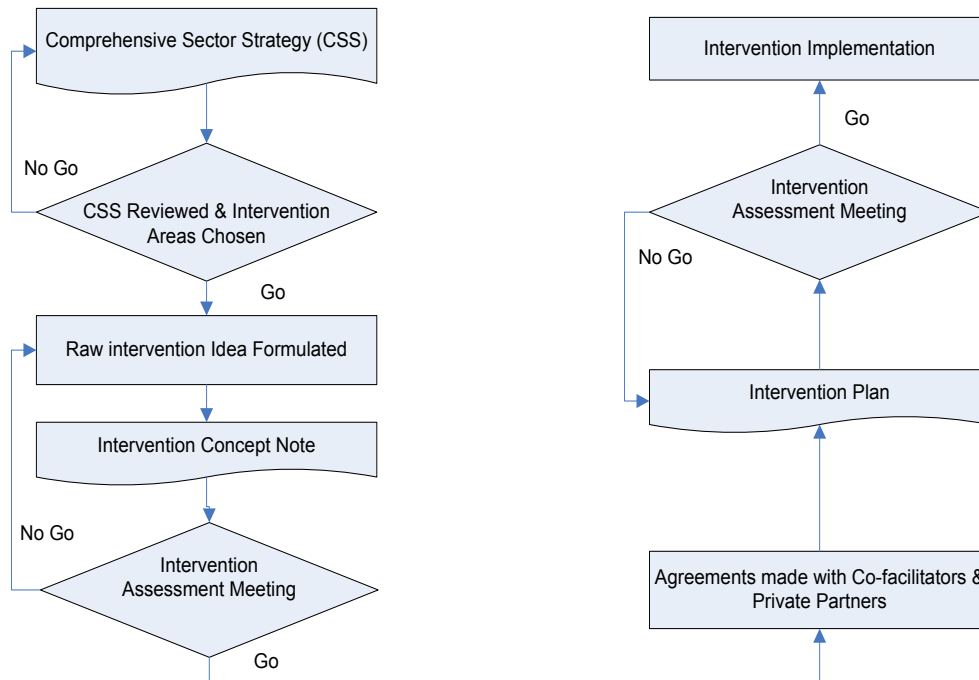
If the Concept Note is approved, the sector team may proceed with collecting further information and data needed to fully complete the impact logic and the intervention plan. At this stage, if co-facilitators are involved, agreements and contracts can be concluded in which the co-facilitator, as part of their contract, prepares the Intervention Plan. Sector teams, however, must ensure that the co-facilitator fully complies with the standards of what is to be included in an Intervention Plan and accompanying MRM Plan. An Intervention Plan includes a clear rationale for the intervention, a description of expected activities, a plausible impact logic supported by data, indicators (including universal impact indicators), projections for outreach and other results, assumptions, consideration of attribution and displacement and an MRM plan that specifies appropriate methods for data collection and for assessing attribution. (Guidelines are provided in annex 7.)

This Intervention Plan is then reviewed in a meeting that includes at least, the relevant sector team members relevant, the appropriate Director, the co-facilitators if appropriate, and the focal person of the MRM Group. More than one intervention may be assessed in these meetings and they may be attended by other Group Managers and the General Manager when appropriate. These assessments are critical steps before any major resources are committed to the implementation of the intervention and, if there are major reservations, the approval of the Intervention Plan may be deferred until management feels that its concerns are met.

The final stage of an intervention’s initial design may involve some minor revisions of Intervention Plan before proceeding to implementation. If the revisions are major, then implementation should be deferred for another Intervention Plan meeting at which time the revisions are presented and justified.

The process flow chart below illustrates how this process of intervention design is put into operation.

Figure 8: Process Flow of Intervention Design

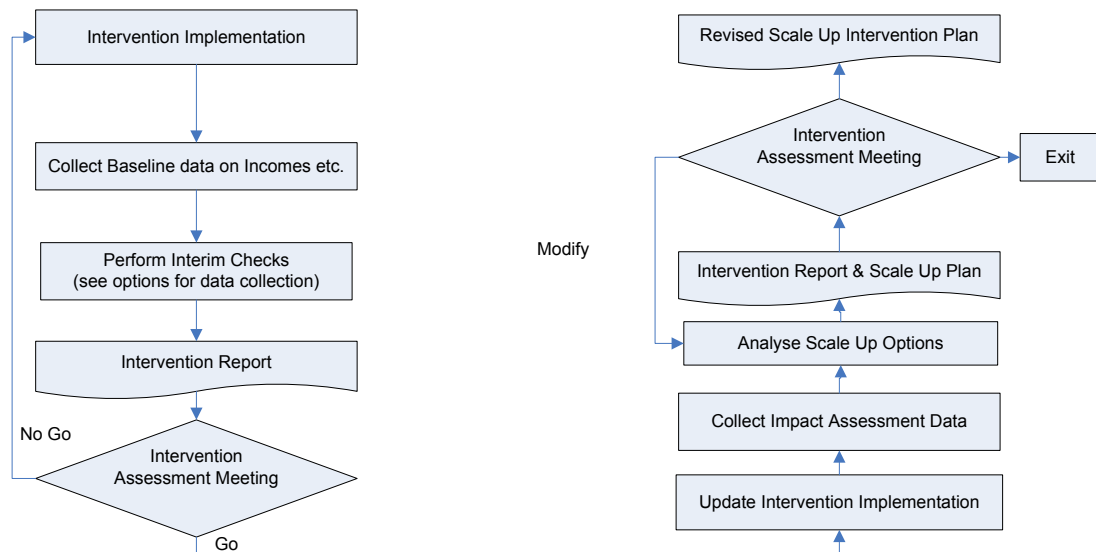


3.10.2.2 Testing Interventions

- Following the approval of the Intervention Plan, the intervention is then commissioned for its first phase of implementation. At this point, baseline data is collected for all the indicators in the impact logic (target group incomes, outreach of services etc.).
- After the intervention has started and some initial services/outputs have been delivered to the target group, a first check is made to validate key assumptions and determine if the output is having the desired effect. Various data collection methods are used to gather credible data, which form an essential part of the Interim Intervention Report. (See Guideline on Data Collection Tools in annex 11) At this stage, the sector team also does a qualitative check for any positive or negative unintended effects.
- The Interim Intervention Report is a compilation of: the impact logic with its quantified indicators; an update on the progress of implementation, and the results of the output check and any other relevant observations made by the sector team. (See the Guidelines for the Interim Intervention Report in annex 13)
- This Interim Intervention Report is used to re-assess the intervention's potential to deliver the impact that it originally intended. This assessment offers the opportunity for the intervention to be deferred, redesigned, cancelled or continued in a modified way. This meeting is chaired by the Group Manager and involves the same team as were present in the meeting to discuss the Concept Note and the Intervention Plan. If a consensus of opinion cannot be found the issue will be taken to the General Manager for a final decision.

- After this assessment, if the intervention is cleared for its second phase of implementation, it then continues for an extended period of time until measurable impact can be expected.
- At this point, data on changes in target group incomes and competitiveness are collected. The aim of this data collection is to measure the change in indicators related to the depth and breadth of results, assess attribution to validate the chain of causality expressed in the impact logic, assess the sustainability of output delivery, identify ESRB and gender impacts and pinpoint any unintended effects. These findings are reflected in the Intervention Report. If the assessment of the Intervention is positive, a Scale up Plan and accompanying MRM plan is then prepared. (See Guidelines on Intervention Report in annex 14 and on Scale up Plan in annex 8.)
- The Intervention Report is fed into an assessment meeting where the intervention and the Scale up Plan are assessed, and, if appropriate, given the approval for implementation. This meeting is chaired by the Group Manager and also includes the MRM Director and the General Manager.
- Throughout intervention implementation, there are also regular, informal assessments of the progress of implementation, which helps the sector team improve the intervention.

Figure 9: Process Flow for Testing

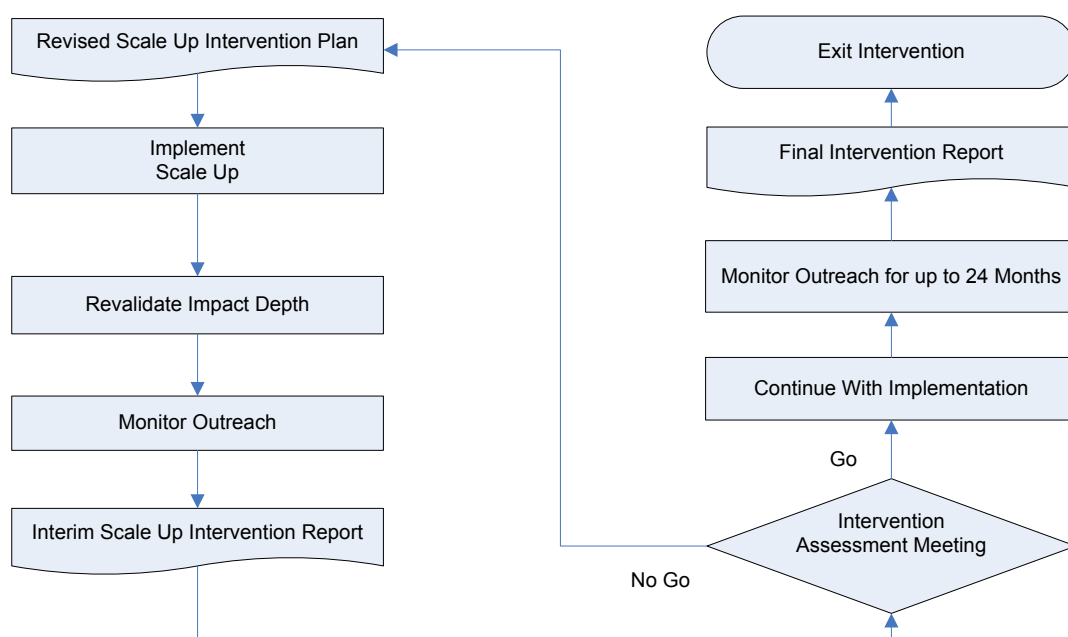


3.10.2.3 Scaling Up and Exiting

- The scaling up process begins with a revised Intervention Scale up Plan (including a revised MRM plan) in which a strategy is clearly laid out for “how” scale will be achieved.
- The sector team proceeds with the implementation of this plan. During implementation, the sector team monitors the output and the outreach achieved to assess if this is greater or smaller than what was foreseen in the Revised Intervention Scale up Plan. In addition, the sector team measures the depth of the impact that the output has on the target group to determine if the findings on the depth of impact from the testing phase are still valid.

- This information is then fed into an Intervention Assessment Meeting to determine whether to continue implementation as before, adapt implementation or revise the scale up plan significantly.
- If the decision is made to continue implementation, then activities continue until such time as the sector team feels that it can withdraw project support and still see a growing delivery of the interventions outputs. This period of time between intervention scale up and withdrawal should not, however, exceed 12 months without the approval of the General Manager.
- Once the project has withdrawn its support from the intervention, the sector teams, with the assistance of the MRM group, continue to monitor the impact by planned assessments for 24 months / 3 business cycles.
- At the last stage of the intervention, a Final Intervention Report will be completed and this may be used to form the basis of a “Case Study” in which impact and lessons learnt form the core of the content.

Figure 10: Process Flow for Scale Up



3.11 Tracking Costs

Katalyst's results must be analysed in the context of the amount of resources spent. For the purposes of monitoring and results measurement, the project will prepare internal reports on costs every six months¹⁵. All costs will be included in these reports and the reports will divide costs by sectors. This information will be used in the assessment meetings described above to aid in decision-making. Annex 20 provides detail on this financial monitoring and reporting.

¹⁵ Cost tracking in Phase 2 is only realized since July 2009. Before the accounting system did not segregate costs per sector but only types of costs.

4 Reporting Results

There are three basic target audiences for the information produced by the system. These are Katalyst's Management, Katalyst's donors and the wider community. The distribution of these reports is sometimes restricted to these audiences and their wider distribution is subject to management approval.

4.1 Management Reporting

The system aims to produce two main sets of reports for management. The first is related to the sectors and the second is related to interventions (TGIs, BEIs and PCIs). Their objectives are learning and decision-making.

4.1.1 Sectors

- **The Annual Business Plan** establishes the targets for sectors. In principle the Business Plan's targets reflect the targets in the main logframe. Sector targets, therefore, consist of interventions the sector teams plan to execute, the number of services/outputs they expect to promote, an approximate number of providers involved and an estimate of the outreach to the target groups in the sector. Impact is not given as a target in the Annual Business Plan.
- **The Semester Report** describes the progress of the project with regard to services (access, number of services, service providers).
- **The Annual Report** contains data on impact achieved in these sectors in terms of the business plan.
- **Aggregated Impact figures** will be reported to the management team (CLT) every six months. This will be aggregated per sector and also, headline figures for the project till date.

4.1.2 Interventions

There are several reports on interventions that are fed back to management at the most critical stages of an intervention's life cycle. These reports include:

- **Intervention Concept Notes** that outline valid intervention ideas (See annex 5)
- **Intervention Plans** with impact logics, indicators, MRM plans etc. (See format in annex 7)
- **Interim Intervention Reports** completed approximately half way through an intervention's testing period. (See format in annex 13)
- **Intervention Scale up Plan** completed at the end of the testing period on the intervention and prior to any scaling up. (See format in annex 8)
- **The Final Intervention Report** that is a summary of all impact as well as an assessment of key learning points from the intervention. (see format in annex 14)

These reports document the progress of all interventions. Business Environment Interventions however will end with a Final Intervention Report that does not include any scale up plan. The small number of Pre-Condition Interventions will likewise follow the same procedure.

4.2 External Reports

Reports prepared for the donors such as Mid Term Reviews, Annual Output to Purpose Reviews, Evaluations, Project Proposal Preparation Mission, Special Mission (like the one on MRM in March 2010), and Financial Audits are all outside the scope of this manual. The most important reports for the donors on results are the Annual Report and any specific Audit of the Monitoring and Results Measurement System of Katalyst. In addition to this, several other results areas and their respective reports are of particular interest to the donors. **All data contained in these reports have to be validated/approved by the MRM group.**

4.2.1 The Influencing Agenda

Katalyst has a range of activities that address its influencing agenda. For example, a wide range of communication materials developed by the communication unit in collaboration with the sector teams, are designed to further the influencing agenda. Semester and annual reports will specifically detail activities in this area as well as in the results of these activities.

4.2.2 Katalyst's Impact on Employment

In March 2010, Katalyst removed the indicator in the logframe that related to employment creation because there was an inherent conflict between this aim and competitiveness, which often actually reduces employment. Katalyst will continue to report, within the logframe, on the Full Time Labour Equivalent (FTE) jobs that are engaged in the production of the additional target group incomes to which Katalyst has contributed, but it will not report on targets for employment creation. Nevertheless, Katalyst is committed to assessing the impact on employment for selected sectors and, for this a methodology is developed in the second half of 2011

4.2.3 The Semester and Annual Reports

These reports provide information to donors against the targets set out in the logframe. As such they must include figures on the total outreach of Katalyst to poor farmers and SMEs in Bangladesh and the net income changes stimulated through Katalyst's interventions. Moreover, data on the number of jobs that are affected by income increases will also be reported. The Semester and Annual Reports will also provide information on the number of new services being promoted to the target groups, what percentage of these are being provided sustainably and how many additional fundamental systemic changes in service delivery have been facilitated through Katalyst's interventions.

4.2.4 Thematic Reports

These reports provide information to donors and external audiences that highlight specific achievements and provide qualitative data in areas of particular interest. Katalyst's work and achievements within cross-cutting issues, particularly Gender and ESRB are typically highlighted in these reports.

4.2.5 Impact Audits

These are scheduled for May 211 (first audit) and the second semester of 2012 with the aim of assessing Katalyst's Monitoring and Results Measurement system itself. These audits examine the ways that results are measured and impact is estimated including how attribution is assessed. The impact logics of interventions are tested for their plausibility based on documented evidence that are objectively gathered through primary or secondary data. These

audit reports are available to donors but are restricted in their circulation as any financial audit would be. (A summary of the Results Measurement Standard is provided in annex 26.)

4.3 Publications for the Wider Community

Also for these publications, the figures will be verified by the MRM-group.

4.3.1 Case Studies

The project commissions case studies to profile successful and/or interesting interventions, groups of interventions or sectors. These case studies not only record the impact of these interventions, they also lay out the methodologies used and explore the key learning points, positive and negative, gained throughout the implementation process. Some cases may focus on particular aspects of interventions, such as how environmental or policy issues were addressed. These case studies are published on the website of Katalyst and become the subject of presentations at key conferences, seminars and meetings with other development practitioners. Such studies are an important part of Katalyst's influencing agenda as they explore "good practices," and share lessons learned with others in the same field.

4.3.2 Mini Case Studies

Mini case studies are similar to case studies in that they profile an interesting intervention or group of interventions. However, these cases are more limited in scope and length (4 pages maximum.) They are designed to share information about Katalyst's approach, achievements and lessons learned in an easily digestible format. As such, they are written in non-technical language, use simple and clear diagrams and include relevant pictures. This format enables Katalyst to reach beyond the enterprise development community to influence the development community and related stakeholders more broadly. (Guidelines for writing mini-cases are included in annex 15)

4.3.3 Katalyst's Website

Katalyst uses its website and other information channels to share project information with the wider community. The website profiles the project: its background, aims, approach, sectors and key achievements. Katalyst also prepares a range of communication materials such as briefs on achievements, news pieces and project videos that are shared through various channels. The website and communication materials are developed and managed by Katalyst's communication unit and are an integral part of Katalyst's communication and influencing agenda.

Version History

Version 1.01 (*July 7, 2010*)

1. Started the version history section
2. Updated the cover page
3. Corrected the formatting for footnote texts
4. To-do list:
 - Updating the Glossary sections – add definitions for the different levels of outreach and clarify the definition for attribution
 - General updates and corrections

Version 2.0 (*April, 2012*)

Updates based on the DCED-audit of May 2011 and its preparations. More details see at the end of annexes.