

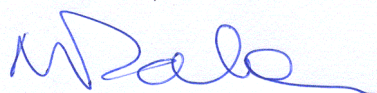
1. Overview

Market Development Facility (MDF) Fiji	2011-2017	
Audit visit dates	1- 5 December 2014	
Overall final ratings ¹	MUST	450/470 = 96%
	RECOMMENDED	98/100 = 98%
Coverage	Horticulture and Agro-exports Tourism and Related Support Services	
	All control points checked	
DCED Standard	Version VI, January 2013	

Signed:



MDF Fiji Shahroz Jalil, Country Representative 27 February 2015



Auditor Mihaela Balan 19 February 2015

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¹ An overall rating of 100% implies that the project meets the compliance criteria and has a strong measurement system of acceptable quality within the boundaries of what the programme has set itself to measure, not that it has a perfect measurement system.

Acronyms

AAR	Annual Aggregation of Results
BA	Business Advisor
DCED	Donor Committee for Enterprise Development
EIA	Early Impact Assessment
FY	Financial Year
IA	Impact Assessment
IG	Intervention Guide
M4P	Making Markets Work for the Poor
MDF	Market Development Facility
MP	Monitoring Plan
MRM	Monitoring and Results Measurement
QA	Quality Assurance
PDD	Programme Design Document
RM	Results Measurement
WEE	Women's Economic Empowerment

2. Key Audit Findings

Articulating the Results Chain	
<p>Results chains are articulated for each intervention. There is evidence supporting the logic of the results chains that show how the interventions are expected to lead to impact. Staff can describe results chains covering their work and give examples how they are used or are going to be used. There is a system for reviewing results chains during six monthly sector review meetings, with changes documented in the logbook. Key partners can describe the logic of the intervention. Systemic change is included in the results chains as copying, crowding in or both. Staff considers risks of displacement within or outside the results chain explaining why it is unlikely to occur.</p>	<p>For some interventions, the logic linking some of the boxes in the results chain is not fully clear or changes to strategies are not reflected in the results chains.</p> <p>A few results chains are not supported by adequate and documented market research, and have insufficient evidence that the links in the results chain are likely to lead to sustainable results. On some occasions key assumptions underlying the results chains are not clearly spelled out.</p>
Defining Indicators of Change	
<p>There are relevant indicators for each results chain box. Universal impact indicators are included. Staff can describe indicators and use them to inform implementation. Indicators are included to assess sustainability at relevant levels in the results chain. Impacts are projected for key quantitative indicators to appropriate dates with assumptions and calculation.</p>	<p>Indicators of sustainability are not always included for all relevant market players. Occasionally, an indicator is missing.</p> <p>In some interventions, not all sources of an assumption for a projection are listed.</p>
Measuring Changes in indicators	
<p>There are plans to collect baseline data for interventions. When appropriate, baselines</p>	<p>Baseline information is not always collected for partners.</p>

have been collected already. A detailed measurement plan exists to collect information for each intervention, very often with triangulation. Measurement of indicators mostly conforms to good practice, with comprehensive quality control.	Sample sizes are sometimes inadequate. Early Impact Assessment is sometimes planned quite late. Qualitative data collection is sometimes limited to beneficiaries, and other relevant market players are not included.
Estimating Attributable Changes	
A plan for estimating attributable changes is included in the Intervention guide for each intervention. In general plans follow good practice. Staff can explain the methodology used to assess attribution.	Assessment of attribution is mainly at the beneficiary level. In the case of FJHOI02 baseline, the sampling did not take into account the characteristics of the self-selecting treatment group. Therefore, the control group may not be sufficiently comparable to the treatment group.
Capturing Wider Changes in the System or Market²	
Plans to assess systemic change are included in the measurement strategy of the Intervention Guide, when appropriate. The plans include information on how and when measurement will take place.	In a few cases, the plan does not include information on how copying farmers will be identified.
Tracking Programme Costs	
All costs are tracked annually and cumulatively. The direct costs are tracked for each sector and intervention.	
Reporting Results	
There is a documented system to aggregate results across interventions, sectors and countries. The system takes overlap into account within and across sectors. Other contributors are acknowledged. MDF disaggregates data by gender.	There is a minor typographical mistake in the aggregated results reported in the Annual Aggregation of Results (AAR) for Feb 2014. The quality assurance system for aggregation is not fully implemented.
Managing the System for Results Measurement	
There is a documented system in place to incorporate RM into management decision-making. Staff participate in monthly and six monthly sector review meetings where sector and interventions strategies are discussed and revised. All staff have access to a RM manual that documents how to implement the system. Staff have had formal and informal training on RM tailored to MDF. Staff can explain how they used or will use the information for decision-making. Tasks and responsibilities for results measurement are well documented in job descriptions of staff. There are sufficient human and financial resources to support the results measurement system.	

² MDF is currently developing an original definition and framework for systemic change; given that this was a work in progress at the time of the audit, it could not be audited as such. Comments and scoring therefore focused on copying and crowding in, where appropriate.

Final ratings

“Must” control points:

Percentage	Description	Programme Rating
91-100	Strong results measurement system	√
81-90	Reasonable results	
71-80	measurement system	
61-70	Moderate results	
51-60	measurement system	
41-50	with notable weaknesses	
31-40	Weak results measurement system	
21-30		
11-20		
0-10		

“Recommended” control points:

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

3. Brief Review of the Programme and Measurement System

Focus of MDF

The Market Development Facility (MDF) is funded by the Government of Australia and managed by Cardno Emerging Markets (Pty). MDF commenced operations in Fiji in 2011; it is now also operational in Timor-Leste and Pakistan, with Country Teams in each country. It is scheduled to conclude in June 2017. The Facility is committed to implementing a market systems approach to poverty reduction.

In Fiji, MDF is operational in three sectors: Horticulture and Agriculture Exports, Tourism and Related Support Industries and Services, and Export Processing Industries.

Objectives of MDF

MDF aims to:

- Create additional employment and income earning opportunities for poor women and men through broad-based and sustainable pro-poor growth.
- Make rural and urban sectors of the economy in which the poor are involved as producers and workers, more competitive and grow.
- Trigger lasting, 'systemic' changes in the market systems around these sectors to reduce constraints to growth and to increase their capacity to innovate and deal with competitive, regulatory, social and environmental pressures, so that the benefits for the poor will sustain and expand in time.

Key elements of the RM System

MDF is mandated³ to use the Donor Committee for Enterprise Development (DCED) Standard for Results Measurement. The results measurement system in MDF is built into its implementation and management process. The key purpose of MDF's results measurement system is learning, which is why there is a very strong link between monitoring, measuring and aggregating results, learning and decision making, and revising intervention and sector strategies. This learning is used to maximise the results of the Facility. MDF uses its results measurement system to learn what works, what doesn't and why- making adjustments along the way to improve and maximise results for each country.

In each country MDF starts with a sector study and the subsequent sector strategy. Once the strategies are finalized, the MDF team focuses on identifying partners, and generating and designing intervention ideas that would increase sector competitiveness and stimulate growth - from which the poor will ultimately benefit as entrepreneurs or employees. MDF works with partners on developing and agreeing a partnership agreement outlining each party's role and responsibilities and contribution brought to the partnership. Once the partnership is signed, all information regarding each intervention is included in an Intervention Guide (IG). The IG includes key information about the intervention, including strategy, results chain and measurement strategy. Once the intervention activities have started, the MDF team focuses on monitoring those activities and measuring outcomes and impact. Data are collected and result aggregated and exported. A system of learning

3 Use of the DCED Standard for Results Measurement was called for in the Programme Design Document.

and improving underpins this system. Six-monthly sector meetings are a forum for discussion, to learn from what worked well and what not.

MDF aggregates its results across its sectors and interventions and reports them through six-monthly and annual reports to its donor. Regular monitoring is conducted by MDF staff and its partners. Baseline studies are also conducted for each intervention or for a group of interventions. Early Impact Assessments are conducted after about one year of implementation and Impact Assessment (IA) usually after two years.

MDF reporting

At the Facility level, MDF produce Semester Reports, Annual Strategic Plans and Annual Aggregations of Results. These documents include overall aggregated information as well as breakdown information by country and, when required, by sector. The Annual Aggregation is publicly available. In each country, at the Sector level, MDF produces Six-Monthly Review Reports, Sector Assessment and Strategy Reports, Sector Guides and Case Studies. At the Intervention level, Intervention Guides and Case Studies are produced.

Intervention Guides keep track of what is taking place in each intervention within a sector. They are internal working documents which are constantly updated with monitoring information and plans for future monitoring based on MDF's work and changes in the market. Information from these documents is also used in developing the Sector level and Facility level reporting documents

Cross-Cutting Themes

MDF has two crosscutting themes that it incorporates in its programming:

- *Women's Economic Empowerment (WEE)*. MDF has actively pursued a focus on gender and WEE. It commissioned a study on gender and poverty in each country to better learn where the issues are, and has committed to continue in this way by incorporating a M4P WEE approach into its operations and assessing progress in WEE.
- *Environment*. MDF considers the risks to the environment in each of its interventions.

Portfolio Maturity

MDF Fiji has 26 interventions that have been approved, and that were in the implementation phase or had ended at the time of this audit. 6 started in 2012, of which one ended early; 14 started in 2014, some of which do not yet have a finalised partnership agreement; 6 started in 2013, but 3 ended early, for various reasons. Of the 22 which continued to their planned end, or are still in progress, only 2 had reached an appropriate stage to measure beneficiary level impacts at the time of the audit. So the majority are still early in implementation. This had implications for the sample selected for the audit and the level of assessment (DCED Standard compliance criteria) that the auditor was able to do.

Management Structure

A Team Leader heads the team responsible for implementing MDF. Each country has a country representative. One RM Manager and Operation Manager cut across all countries. Each country has a number of business advisors (BA), sector coordinator (not all) and RM Specialists. A function of accounting and administration also exists in each country. Each BA works in more than one intervention and they have RM responsibilities as well as other responsibilities related to managing interventions.

Managing the System

MDF uses a series of management structures to share information within the team; apart from meetings, MDF also uses the software Mangoapp to help with sharing. Teams have weekly and

monthly meetings where they discuss progress of activities. A six-monthly sector review meeting is held in which the entire sector team gathers and reviews the progress of the sector.

History of Applying the DCED Standard

The tender documents for MDF required alignment with the DCED Standard, and project has been working towards compliance since inception. Prior to requesting this audit, MDF contracted a pre-audit review that was conducted by a consultant familiar with the DCED Standard in late 2013.

4. Summary of the audit process

This audit was a full audit. It covered active interventions selected from the two out of three sectors in Fiji (Horticulture & Agro-exports, Tourism and Related Support Services and Industries). The Export sector was excluded as being too new to be representative. Of the remaining 26 interventions, 4 had been suspended, 1 (Support) was a special case, and 1 was too new to be representative. Of the remaining 20, one was selected purposively (Adi chocolate) as being relatively mature. The others were selected at random, so the final sample was as follows:

Horticulture & Agro-exports	FJHOI02 South Pacific Elixirs: Establishment of the SPE Kavalactone Processing Facility and the 3 varieties of Kava supply system from SPE and outgrower farms.
	FJHOI08 Standard Concrete Industries 2: Improving farmers' yields and incomes by bringing soil pH ranges within optimal ranges through availability, promotion and awareness on, and correct application of Aglime
	FJHOI06 Devesh and Bharosh: Set up a commercial nursery to produce new varieties of seedlings in volume, and offer advisory services on handling, transplanting and early care/maintenance of these seedlings.
Tourism & Related Support Services and Industries	FJTOI03 Farmboy: Establishing an Industrial HACCP kitchen for the processing of horticulture produce for hotels and resorts.
	FJTOI12 Essence of Fiji: Improving the market presence and training raw material suppliers to improve the quality of products and meet the desired quantity.
	FJTOI02. Adi Chocolate: First commercial producer of high-quality chocolate in Fiji using locally grown cocoa beans and offering privatised extension services.

So 6 interventions were audited. For each one, the auditor reviewed the results chain, results measurement plan, supporting calculations, impact calculations, sector guides, relevant sector-level baselines, early impact assessments and impact assessments (where available). The audit considered the sector strategy, the sector guide, and the intervention progress reports and other technical studies. For MDF as a programme, the audit reviewed the Results Measurement manual, six-monthly and annual progress reports, job descriptions, the organizational chart, background research and various thematic studies, the list of interventions and the aggregation system. A full list of the documents reviewed is included in Annex 3.

Interviews were held with senior managers, the country representative, and business advisors. The list is provided in Annex 4.

5. Detailed scoring of the Control Points

The program scored 450/470 points for the MUST control points and 98/100 for the RECOMMENDED control points. The maximum scores have been adjusted to exclude the “Not Applicable” compliance criteria. All compliance criteria were verified.

Control Point	M/R	Max. Score	Rating	Justification
Section 1: Articulating the Results Chain				
1.1 An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	M	30	28	<ul style="list-style-type: none"> A results chain has been established for each intervention, linking activities to changes at impact level. For some interventions, the logic linking some of the boxes in the results chain is not fully clear, or changes to strategies are not reflected in the results chains.
1.2 Each results chain is supported by adequate research and analysis.	M	30	28	<ul style="list-style-type: none"> Some assumptions are listed in the results chain; however, key assumptions that underpin the logic are not always documented.
1.3 Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	M	30	30	<ul style="list-style-type: none"> Staff are able to describe the results chains and how they have used them or will use them to guide their activities. Key partners can describe the logic of the intervention as articulated in the results chain.
1.4 The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	M	20	20	<ul style="list-style-type: none"> The results chains are reviewed at least every six months during sector review meetings. Changes are documented in a logbook.
1.5 The results chain(s) include the results of broader systemic change at key levels.	REC	10	9	<ul style="list-style-type: none"> The results chains include the results of copying and crowding in where appropriate. If these changes are not included, an explanation is not always given why not.
1.6 The research and analysis underlying the results chain(s) take into account the risk of displacement.	REC	10	10	<ul style="list-style-type: none"> Risks of displacement are considered and documented in the Intervention Guides.
Section 2: Defining Indicators of Change				
2.1 There is at least one relevant indicator associated with each key change described in the results chain(s).	M	20	19	<ul style="list-style-type: none"> Indicators are established for all changes in the results chains. Most of the indicators are relevant and appropriate.

				<ul style="list-style-type: none"> A few indicators are not tightly defined; other relevant ones are occasionally missing.
2.2 The universal impact indicators are included in the relevant results chain(s).	M	10	10	<ul style="list-style-type: none"> The universal impact indicators are included.
2.3 There are specific Indicators that enable the assessment of sustainability of results.	M	20	19	<ul style="list-style-type: none"> There are appropriate indicators to assess the sustainability of results. However, qualitative aspects on perceptions and satisfaction are occasionally not checked.
2.4 Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	20	20	<ul style="list-style-type: none"> Mid-level and senior level staff can describe indicators and have used them to inform implementation.
2.5 Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	REC	30	30	<ul style="list-style-type: none"> The impacts are projected for key quantitative indicators to appropriate dates with supporting calculation.
Section 3: Measuring Changes in Indicators				
3.1 Baseline information on key indicators is collected.	M	20	18	<ul style="list-style-type: none"> Baseline information on key indicators is collected for interventions. Occasionally there is no explicit plan to collect baseline data on partner performance (e.g. SPE in 02).
3.2 Information for each indicator is collected using methods that conform to good research practices.	M	40	38	<ul style="list-style-type: none"> For each intervention, a detailed measurement plan is in place to guide collection of information. It specifies methods, timelines and who does what in: baselines, Early Impact Assessment (EIA) and Impact Assessment. Most aspects of research are in line with good research practice Timing for some EIAs might be too late for MDF to use the information to adjust interventions. Sample sizes are sometimes inadequate.
3.3 Qualitative information on changes at various levels of the results chain is gathered.	M	20	19	<ul style="list-style-type: none"> Qualitative information is collected across various levels in the results chain. However, in a few instances, some stakeholders are not included.
3.4 Reported changes in indicators that are extrapolated from pilot figure are regularly verified.	REC	N/A	N/A	<ul style="list-style-type: none"> Not applicable.
Section 4: Estimating Attributable Changes				
4.1 Attributable changes in	M	50	44	<ul style="list-style-type: none"> Each intervention guide includes a plan

all key indicators in the results chains are estimated using methods that conform to established good practice.				<p>to assess attribution at the level of beneficiaries. However many plans do not include plans to assess attribution of changes in commercial partners.</p> <ul style="list-style-type: none"> • When data were collected, attribution at partner level was not adequately taken into consideration. • Sampling did not always take into account the characteristics of the self-selecting treatment group. Therefore, the control group may not be sufficiently comparable to the treatment group.
Section 5: Capturing Wider Changes in the System or Market				
5.1 The results of systemic change at key levels in the results chain(s) are assessed.	REC	20	19	<ul style="list-style-type: none"> • There are plans in place to measure systemic change for interventions, when appropriate. • In a few cases, the plan does not include information on how copying farmers will be identified.
Section 6: Tracking Programme Costs				
6.1 Costs are tracked annually and cumulatively.	M	20	20	<ul style="list-style-type: none"> • All costs are tracked annually and cumulatively.
6.2 Costs are allocated by major component of the programme.	REC	20	20	<ul style="list-style-type: none"> • The direct costs are tracked for each sector and intervention.
7.1 The programme produces a report at least annually, which clearly and thoroughly describes results to date.	M	30	28	<ul style="list-style-type: none"> • MDF has a documented system to aggregate and report results. The system takes overlap into account within and across sectors in each country. No overlap is expected between countries. • One small typographical mistake was found in the FY2013 aggregation report. • Staff are not clear who does the quality assurance for the overall aggregation.
7.2 Contributions of other publicly funded programmes and private contributions are acknowledged.	M	10	10	<ul style="list-style-type: none"> • The report recognizes the contributions of MDF partners and other organisations.
7.3 Reported changes in key indicators are disaggregated by gender.	M	10	10	<ul style="list-style-type: none"> • MDF disaggregates its results by gender across its 3 universal indicators.
7.4 Results of systemic change and/or other indirect effects are reported.	REC	N/A	N/A	<ul style="list-style-type: none"> • Not applicable as no results from crowding in and copying are anticipated yet.
7.5 Results are published.	REC	10	10	<ul style="list-style-type: none"> • The Annual Aggregation Report is publicly available.

Section 8: Managing the System for Results Measurement				
8.1 The programme has a clear system for results measurement through which findings are used in programme management and decision-making.	M	40	40	<ul style="list-style-type: none"> • The programme has a clear system for results measurement through which findings are used in programme management and decision-making. • The RM manual guides staff on how to implement the Monitoring and Results Measurement (MRM) system. It is available to all staff and will be updated periodically. • Staff are able to explain how they use, or will use, the results of the RM system to inform management decision-making.
8.2 The system is supported by sufficient human and financial resources.	M	30	30	<ul style="list-style-type: none"> • Sufficient resources are available. MDF can allocate more financial resources if required. • The MRM manual documents roles and responsibilities appropriately. • Staff can accurately describe their roles and responsibilities related to RM.
8.3 The system is integrated with the management of the programme.	M	20	20	<ul style="list-style-type: none"> • The RM system is institutionalized in MDF: monthly and six monthly strategic review meetings take place, job descriptions contain RM responsibilities, performance is reviewed on those responsibilities, etc. • Staff are trained periodically in RM. • Staff consider result measurement tasks as part of their jobs.

6. Summary of areas with potential for improvement

Articulating the Results Chain

Ensure that there is sufficient documentary evidence to support the logic in the results chain. Document the rationale for intervention sustainability and the logic that changes will lead to long lasting impact. Ensure that significant assumptions that underlie the logic in the results chain are explicit and documented in the Intervention Guide or other programme document

Measuring Changes in Indicators

Ensure that the baseline information is collected across all relevant market players, not only for the final beneficiaries. The timing of the Early Impact Assessment in measurement plans should be reviewed in light of intervention progress, and where feasible brought forward. Ensure that qualitative information collected enables an understanding of why changes did or did not occur at all levels in the results chains.

Estimating Attributable Changes

Consider attribution at partner level. Consider also how to address attribution in the case of self-selecting beneficiaries, who may for example be more entrepreneurial than the population as a whole.

Reporting Results

Enhance the Quality Assurance system to support the aggregation process at all levels; the final results should be reviewed by more than one person.

Managing the System for Results Measurement

As the programme is scaled up over the coming years, ensure that sufficient financial resources are allocated for RM-related activities.

Annexes

1. Overall and market specific ratings
2. Sector specific findings
3. List of documents reviewed
4. Schedule of meetings