

1. Overview

Program	Market Development Facility – Pakistan		
Audit visit dates	2 October – 7 October 2017		
Overall final ratings ¹	MUST		515/550=94%
	RECOMMENDED		174/195=89%
Coverage	Dairy and Meat, Leather and Horticulture Sectors		
	Excluding 7 old interventions: Shakarganj 1 and 2, Oasis 1 and 2, Organo Botanica, National Foods and Hashwan Dry Fruit Traders.		
	All control points were checked.		
DCED Standard	Version VIII, April 2017		

Signed:

Country Representative:



Date / place

Sydney - 5 Feb 2018

Auditors:



Phitcha Wanitphon

5 Feb 2018/ Bangkok

Date / place



Mihaela Balan

6 Feb 2018

Date / place:

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 is has a perfect measurement system.

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Acronyms

AUD	Australian dollar
BA	Business Advisor
DCED	Donor Committee for Enterprise Development
DFAT	Department of Foreign Affairs and Trade
ESIA	Early sign of impact assessment
IA	Impact assessment
IG	Intervention guide
MDF	Market Development Facility
MRM	Monitoring and Results Measurement
RC	Results chain
WEE	Women's Economic Empowerment

2. Summary of the Programme and Results Measurement System

2.1 Summary of MDF

The Market Development Facility (MDF) is a multi-country market systems development programme funded by the Australian Department of Foreign Affairs and Trade and implemented between 2011 and 2017 for phase I and 2017- 2022 for phase II. MDF commenced in Pakistan in 2014.

MDF supports private and public sector organisations to innovate, invest and/or undertake reforms in such a manner that small farms and firms benefit from better access to production inputs, services and end markets. This, in turn, is expected to make them more productive and grow and ultimately creates jobs and increases income for poor women and men.

In Pakistan, MDF works in three sectors (or strategic engagement areas), all of which are included in the audit.

- **Dairy and Meat:** Connecting milk producers in remote areas to urban markets through improvements in the supply chain. MDF will also invest in better availability of fodder and essential services, allowing farmers to invest in their herds. Also, connecting livestock sales with demand for improved quality meat products to supply growing export and domestic retail formats.
- **Leather:** working to increase the conversion of finished leather to retail ready products in Pakistan for exports (and in a more limited manner for domestic consumption).
- **Horticulture:** Investing in connections and local entrepreneurs to exploit the distinct quality and seasonal windows offered by different agro-climatic conditions and/or proximity to urban markets. There will be a particular focus on remote areas in Gilgit Baltistan, Khyber Pakhtunkhwa, Sindh and Balochistan.

Key features of the results measurement system

As per the original tender requirements, MDF's results measurement system is guided by the DCED Results Measurement Standard. MDF's results measurement system has been developed for the Facility (which covers five countries), then rolled out at the country level. The Facility provides overall guidance and management of the results measurement system. There is flexibility to implement results measurement according to the intervention needs although all interventions track aggregated common intermediate and impact indicators.

Intervention guides are developed for each intervention or partnership. These include: a results chain, results measurement plan; actual (quantitative and qualitative) information relating to results versus projections at the output, outcome and impact levels; calculations for projections and actuals along with assumptions. More recently results chains have also been drafted by MDF business advisors to assist with the preparation of partnership justification documents.

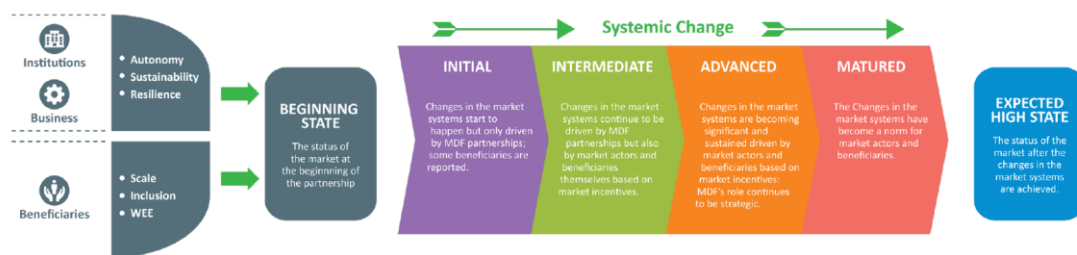
Data relating to common indicators is compiled from each intervention to country-level aggregated results, which is then in turn compiled to MDF-wide results on an annual basis.

Most baseline, monitoring and early impact assessment activities are conducted in-house in Pakistan.

In 2015/16, MDF also sought to integrate women's economic empowerment (WEE) into the results measurement approach. Intervention guides were updated to identify which of the five WEE domains an intervention or partnership was expected to contribute to. Subsequently, data collection tools were amended to collect information on these domains.

MDF also developed a framework for systemic change, with the initial thinking commencing in 2014. The framework consists of six parameters, autonomy, sustainability, resilience, scale, inclusion and WEE, and maps a six-stage pathway from beginning to high states. MDF's role in facilitating systemic change diminishes over time with heavier intervention in the initial and intermediate stages and less at the advanced stage. The mature stage denotes that the change has become the norm.

MDF Systemic Change Pathway



The methods to assess MDF's results in promoting systemic change have not yet been fully developed, although aspects of them draw on other processes (such as the WEE framework outlined above).

Evolution of the results measurement system

The MDF approach to results measurement is guided by the DCED Results Measurement Standard. The initial system was developed in 2011/2012 and the latest version of the Results Measurement manual updated in 2014. This manual is being replaced by a Strategic Guidance Note covering results measurement (currently in draft form) in 2017.

In 2016/17, the MDF Team Leader commenced a review of the results measurement system in practice, following issues that arose in Pakistan. In summary, MDF overall found that the implementation and results measurement teams were not working together as intended but were rather operating, somewhat, in isolation of each other. The issues identified in 2016 included:

- User-unfriendly results chains, because implementers had stopped using and updating them, as they had become the prerogative of the results measurement specialists;
- Change definitions in results chain 'boxes' for outputs and outcomes got increasingly more generic (shorter, simpler, less precise) while long lists of indicators were generated. The less precisely defined change meant that implementers and results measurement specialists diverged on the focus of the monitoring and impact assessment activities.
- Rigid, clunky and untimely survey research that grew out of the long lists of indicators, larger sample sizes, lack of qualitative information to help understand the quantitative data.

Changes were implemented, including simplifying results chains; a reconfiguration of roles so the implementers first draft the results chains, initially formulating key questions and developing indicators from these; and increasing the focus on qualitative information. The six-monthly review meetings were

part of the RM process from the start of the programme. However, particular emphasis is now given to ensure that the information collected from the field through monitoring visits, field observations and partner discussions is reflected in the strategic meeting to steer the future of partnerships, and the portfolio in general.

3. Summary of the Audit Process

MDF Pakistan was audited under Version 8 of the DCED Results Measurement Standard, published in April 2017.² MDF Pakistan works in three sectors: Dairy and Meat, Leather and Horticulture. Not all MDF Pakistan interventions have been included in the portfolio from which the auditors selected the sample to be audited. MDF opted to exclude seven older interventions that had not been upgraded to the new RM system. These are Shakarganj 1 (May 2014 - Jan. 2015) and 2 (Dec. 2014 - Sep. 2015), Oasis 1 and 2 (Oct. 2015 – Dec. 2015), Organo Botanica (Jun. 2014 – Nov. 2016), National Foods (Jul. 2014 – Oct. 2015) and Hashwan Dry Fruit Traders (Apr. 2015 – July 2016).

The sample selection for the audit is a two-stage process. The first stage is to select the sectors. Since MDF Pakistan has only three sectors, to meet the minimum requirement of Standard, all sectors are covered. The audit reviewed a representative sample of all current and past interventions in these sectors, omitting the interventions that were excluded, as described above.

The number of interventions per sector were selected as follows:

- From Dairy and Meat sector: 16 interventions. The square root of 16 = 4.
- From Leather sector: 6 interventions. The square root of 6 = 2.45, rounded down = 2.
- From Horticulture sector: 13 interventions. The square root of 13 = 3.60, rounded down = 3.

For each sector, the interventions were stratified into two categories: with ESIA and without ESIA. The number of samples were allocated to each category proportionally. Then, the randomiser website was used to generate random numbers for selecting the interventions to be covered in each sector. These can be seen in the following table:

² Since the new version was published very recently, MDF had the option for the audit to be based on Version 7 or 8.

Table 1: Selected interventions

Sector	Code	Intervention name	Total Budget (PKR)	Start date	Expected end date	Intervention status
Dairy and Meat	DM/I14, DM/I13	Pioneer Pakistan Seed Limited 2	9,200,000	Mar-16	Apr-17	Activities Completed & Monitoring On-going, ESIA conducted
Dairy and Meat	DM/I22	ICI Pakistan Limited	6,020,000	Aug-16	Apr-17	Activities Completed & Monitoring On-going
Dairy and Meat	DM/I15	Shakarganj Food Products Limited No. 4	11,400,000	Apr-16	Apr-17	Activities Completed & Monitoring On-going
Dairy and Meat	DM/I32	Fauji Foods Limited	31,018,000	Apr-17	May-18	Active
Leather	L/I01	Intra-Systek Components	33,421,650	Apr-14	Aug-17	Activities Completed & Monitoring On-going. ESIA conducted
Leather	L/I07	TTI Physical	8,181,000	Dec-16	Aug-17	Active
Horticulture	HO/I05	Magnus Kahl Seeds	11,960,000	Feb-15	May-17	Activities Completed & Monitoring On-going. ESIA conducted
Horticulture	HO/I08	Baluch Hamza Brothers Co	9,510,076	Feb-16	Dec-16	Activities Completed & Monitoring On-going
Horticulture	HO/I12	Kashmala Agro Seeds	8,930,000	Oct-16	June-17	Activities Completed & Monitoring On-going

For Pakistan, not all aspects of results measurement have yet been carried out. Therefore, some compliance criteria in the Standard are not yet applicable. Compliance criteria that were not scored were:

- 3.3.2 and 3.3.3 since impact assessments have not yet been conducted for selected interventions;
- 3.5.3 assessments of results related to gender have not yet been conducted;
- 4.2.5, 4.2.6 and 4.2.7 since the results of systemic change pathways have not been assessed yet;
- 6.2, 6.3.1 and 6.3.2 since results on gender and systemic changes have not been measured and hence not reported yet;

- In addition, since for all interventions audited, the impact assessments are planned late into the programme and have not been carried out yet, the actual reported figures (6.1.1, 6.1.2) are only based on small sample monitoring visits and/or early signs of impact assessment.³

4. Summary of Findings

MDF Pakistan scored 94% (515 out of a possible 550 points) for 'must' compliance criteria and 89% (174 out of possible 195 points) for 'recommended' compliance criteria. For Pakistan, not all aspects of results measurement have yet been carried out due to the timing. Therefore, some compliance criteria in the Standard are not yet applicable and were not scored. Hence, the maximum 'must' and 'recommended' scores have been adjusted to exclude the compliance criteria that were not scored.

Table 2 summarises the scores for each section of the DCED Standard. Detailed scores are outlined in Annex 1.

³ Monitoring visits and early sign of impact assessments are parts of monitoring process. They are normally based on limited number of samples and coverage. So, they are statistically less rigorous than full impact assessments.

Table 2: Score by DCED Standard Section (disaggregated mandatory and recommended compliance criteria)

		Total maximum	Total actual	%
Section 1: Articulating the results chain	Must	80	79	98%
	Rec	15	15	100%
Section 2: Defining indicators and other information needs	Must	80	72	90%
	Rec	50	46	92%
Section 3: Measuring attributable change	Must	155	137	88%
	Rec	50	46	91%
Section 4: Measuring systemic change	Must	-	-	-
	Rec	50	42	84%
Section 5: Tracking costs and impact	Must	55	55	100%
	Rec	20	20	100%
Section 6: Reporting results and costs	Must	50	47	94%
	Rec	10	5	50%
Section 7: Managing the results measurement system	Must	130	125	96%
	Rec	-	-	-
Totals	Must	550	515	94%
	Recommended	195	174	89%

The following sub-sections outline the scores for each control point and summarise the findings according to the strengths and weaknesses of each section. More detailed findings for each sector are outlined in **Annex 2**.

4.1 Section 1: Articulating the results chain

Table 3: Score: Articulating the results chain

No.	Control points	Must/ Rec	Std max. score	Actual score
1.1	An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each intervention.	M	20	19
1.2	Each intervention results chain is supported by adequate research and analysis	M	15	14
1.3	Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities.	M	25	25
1.4	The intervention results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	M	20	20
1.5	Each intervention results chain is supported by adequate research and analysis on gender.	R	5	5
1.6	Each results chain is supported by research and analysis that considers the risk of displacement.	R	10	10

Strengths	Weaknesses
All interventions have an intervention results chain. Results chain are mostly logical and sufficiently detailed.	In a few cases, results chains have a few minor discrepancies in terms of logic and/or details.
Partnership justifications explain the logic of the interventions. Viability of the business model has also been considered when developing the partnership justification. The partner justifications and intervention guides (IGs) include most of the external risks/assumptions related to the logic of the interventions. The interventions address key constraints in the country engagement strategy.	In most of the partnership justifications and intervention guides (IGs), at least one critical risk/assumption is missing.
Staff have a good understanding of the intervention results chains and use them in their work, including drafting them as part of the partnership justification, monitoring progress, designing assessments and discussing during the review meetings.	
Regular reviews are undertaken of results chains and they are revised when necessary.	

MDF has developed a WEE framework and each intervention is assessed to determine its contribution to five WEE domains of change (e.g. economic advancement, decision-making). These are noted in the IG. Relevant boxes in the RC are also 'tagged' as relating to WEE.	
Displacement has been considered for the all relevant interventions.	

4.2 Section 2: Defining indicators of change and other information needs

Table 4: Score: defining indicators of change and other needs

No.	Control points	Must/ Rec	Std max. score	Actual score
2.1	There is at least one relevant indicator associated with each change described in the results chain(s).	M	10	10
2.2	Qualitative information on how and why changes are occurring is defined for each intervention.	M	30	23
2.3	A small number of indicators at the impact level can be aggregated across the programme.	M	20	20
2.4	There are specific indicators that enable the assessment of sustainability of results.	M	10	9
2.5	Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	10	10
2.6	There are specific indicators that enable the assessment of gender differentiated results.	R	15	13
2.7	Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	R	35	33

Strengths	Weaknesses
All interventions have indicators linked to each box in the results chains. The indicators are mostly relevant, specific and measurable.	In some cases, a few indicators are missing or are not specific enough.
For each intervention, questions have also been	In some cases, qualitative indicators or questions (in the

developed for quantitative and qualitative information needs. ⁴ All interventions include qualitative indicators or questions to measure behavioural changes of each actor. Qualitative indicators or questions are almost sufficient to assess character and depth of changes.	"key question to ask" column) on why changes have or have not happened are missing.
Common impact indicators are defined for all interventions.	
All interventions have indicators to assess the sustainability of results. The primary sustainability indicator for the businesses is profit, and, when it is included, it is tracked for three years past MDF support. At beneficiary level, to assess likelihood of sustainability, net income is tracked in many interventions, and for three years again.	For KAS, sustainability indicators for dealer is missing. In a few cases (e.g. ICI and Fauji Foods), sustainability indicators for service providers (e.g. retailers, vets and entrepreneur) include sales volume and/or value. However, other key indicators relating to costs, profit and business viability or qualitative questions on the likelihood of sustainability are not included. This limits the ability to assess the likelihood of sustainability of these actors.
For all interventions, WEE questions have been identified for relevant changes in the results chains.	For a few interventions (e.g. ICI, IS and MKS), WEE questions are missing for a few boxes.
Projections have been developed for all relevant interventions and for almost all key indicators. Projection has been review and updated at least annually.	For some interventions, some key quantitative indicators are not projected. In addition, in few interventions, there are some errors in calculation of projected net profit (e.g., Pioneer 2 and IS) and correction for overlapping (e.g., ICI). In addition, sources of some assumptions are not documented in many interventions.

4.3 Section 3: Measuring attributable change

Table 5: Score: Measuring attributable change

No.	Control points	Must/ Rec	Std max. score	Actual score
3.1	Baseline information on all key indicators is collected.	M	60	51
3.2	Monitoring information on all key indicators is collected.	M	60	51
3.3	Impact assessment is conducted to assess attributable changes in all key indicators in the results chains using methods that conform to established good practice.	M	10	10 ⁵

⁴ The development of questions is part of the MDF RM system to also capture the need to understand why changes are occurring or not. Developing questions to articulate information needs is not a specific requirement of the Standard. However, developing questions for some information needs (instead of indicators) is acceptable practice.

⁵ Control point 3.3.2 and 3.3.3 were not scored since impact assessments have not yet been conducted.

3.4	The programme implements processes to use information from monitoring and results measurement in management of interventions and decision making.	M	25	25
3.5	The programme has a system for assessing and understanding differentiated results by gender.	R	30	29
3.6	The programme monitors to identify unintended effects.	R	20	17

Strengths	Weaknesses
<p>Plans to collect baseline data exist for all interventions. Where appropriate, baseline information has been collected.</p> <p>RM plans are largely satisfactory. Attribution has been considered at the partner and beneficiary levels.</p>	<p>In one case (Shakarganj), the baseline samples are relatively small (10 treatment samples out of around 500 expected beneficiaries with 10 control samples) and not fully representative (collected from 1 out of 10 collecting centers).</p> <p>In some cases, the timings in the RM plans for collecting monitoring information are not timely especially at output and outcome levels.</p>
<p>Quantitative and qualitative information has been collected according to the plan through regular field visits, telephone calls and reports from partners; the information allows staff to adequately monitor progress.</p>	<p>In a few cases, the quantitative information collected has not been updated in the measurement and observation tab of the IG.</p> <p>For Pioneer 2, in ESIA, the samples are not fully representative (as they do not include samples from renting farmers). In addition, there are errors in the profit calculations for maize growers, renting farmers and silage entrepreneurs. For MKS, the impacts on onion growers are actually estimations based on other studies and partner information. The 'actual' increases in yields of target beneficiaries have not been measured.</p> <p>In most of the cases, qualitative information for some changes has not been compiled, summarised and documented in the measurement and observation tab in the IG to provide a consolidated view of the qualitative aspects of performance/status.</p>
<p>Staff use the monitoring data that has been analysed to inform their work and improve the interventions.</p>	
<p>RM plans also include disaggregating relevant data by sex and the appropriate assessment of relevant WEE domains.</p>	<p>In an intervention (TTI), the WEE questions are not included in the RM plan, but staff can explain them.</p>
<p>Where unintended effects have been identified, they are reported and discussed in team meetings and also incorporated into the interventions when appropriate.</p>	<p>The process for monitoring unintended effects has recently been developed. The RM guide includes instructions to look out for unintended effects during assessments and the findings on unintended effects can be documented under "other findings" in the research</p>

	findings template. However, the RM guide does not include instruction on when their implications should be analyzed, discussed and documented.
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4.4 Section 4: Capturing wider changes in the system or market

Table 6: Score: capturing wider changes in the system or market

No.	Control points	Must/ Rec	Std max. score	Actual score
4.1	The programme has an overall plan for assessing systemic changes at programme level.	R	10	7
4.2	Systemic changes are assessed at market systems level and beneficiary level using appropriate methods.	R	40	35 ⁶

Strengths	Weaknesses
The programme has a systemic change framework. The systemic change pathways have been developed for all sectors.	While the measurement of most parameters in the systemic change framework draws on other data collection activities, the process for consolidating data and analysing systemic change has not been developed and therefore the system is not yet fully operational.

4.5 Section 5: Tracking costs and impact

Table 7: Score: Tracking costs and impact

No.	Control points	Must/ Rec	Std max. score	Actual score
5.1	Costs are tracked annually and cumulatively.	M	20	20
5.2	Programme-wide impact is clearly and appropriately aggregated.	M	35	35
5.3	Costs are allocated by major component of the programme.	R	20	20

Strengths	Weaknesses
Costs are tracked annually and cumulatively. The direct intervention costs are allocated to each intervention.	
The system for aggregating common impact indicators is appropriate. Aggregated impact is estimated	

⁶ Compliance criteria 4.2.6, 4.2.7 and 4.2.8 have not been scored. The program has only seen the signs of systemic changes in some markets. The formal assessment on the results of systemic changes has not been conducted yet.

annually. There is no potential overlap in common impact indicators in Pakistan at this stage due to the different geographic locations of each intervention.	
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4.6 Section 6: Reporting costs and results

Table 8: Score: Reporting costs and results

No.	Control points	Must/ Rec	Std max. score	Actual score
6.1	The programme produces a report at least annually which describes results to date.	M	50	47
6.2	Results of gender impact are reported.	R	N/A	N/A
6.3	Results of systemic change are reported.	R	N/A	N/A
6.4	Results are published.	R	10	5

Strengths	Weaknesses
Impacts are reported in the annual aggregation of results report. The report provides information on results, progress and qualitative explanations on results and progress. Costs are reported in the semester reports.	Most of the actual reported results are mainly based on information gathered through small sample monitoring visits and ESIs as stated in the report. However, in case of MKS, MDF reported actual on increase income of onion farmers who use MKS seeds is actually an estimate based on information from partners and other studies. The increase in yields and income has not been measured yet.
Contributions of other programmes and actors are acknowledged in the reports.	
Reports on results are published on the MDF website.	Costs are not included in the published reports.

4.7 Section 7: Managing the system for results measurement

Table 9: Score: Managing the system for results measurement

No.	Control points	Must/ Recommended	Std max. score	Actual score
7.1	The programme has a clear system for using information from the results measurement system in management and decision-making.	M	30	30
7.2	The system is supported by sufficient human and financial resources.	M	50	50
7.3	The system is well managed and integrated with programme management.	M	50	45

Strengths	Weaknesses
There are sufficient human and financial resources to manage the results measurement system for each of the sectors and the programme as a whole. Staff can clearly explain their roles and responsibilities, and those of others, related to results measurement. Roles and responsibilities in results measurement are clearly defined and integrated into job descriptions, staff orientations and performance appraisal.	
Staff have access to sufficient guidance (predominantly provided by staff rather than written) on how to implement the results measurement system.	
Quality assurance processes for each intervention and for aggregation of common impact indicators and DFAT indicators are in place and functional. Outputs, such as analyses and aggregation reports, are reviewed.	There is no periodic internal formal review of the overall results measurement system.

5. Summary of key areas for improvement

Outlined below are some key areas for improvement:

- Ensure that the indicators/information needs to assess the likelihood of sustainability are defined for all actors in the business model;
- Ensure that sufficient qualitative information needs on why changes happen or not are included in the RM plan;
- Ensure that the profit and FTE calculations in the projections and actuals are correct and sources of assumptions for projections are fully documented;
- Ensure that the samples are fully representative and sample sizes are sufficient for the intended purposes of the assessments.
- Ensure that quantitative and qualitative information collected is compiled and documented in designated places such as the measurement and observations tab in the intervention guide;
- Ensure that systematic, periodic internal quality reviews of the overall results measurement system are in place;
- Operationalise the approach to assessing progress in promoting systemic changes.

Annexes

(separate document)

1. Overall and sub-sector specific ratings
2. Sub-sector specific findings
3. List of documents reviewed
4. List of interviews conducted