

Results Measurement Working Group (RMWG)

Minutes of Meeting

5 June 2018, Toronto, Canada

Mastercard Foundation Offices

18 June 2018

Participants

Alan	Lukoma	IFC	
Anders	Aeroe	ITC	
Catherine	Masinde	WB	
Georgina	Duffin	Gatsby (observer)	
Iris	Hauswirth	ITC	
Jacob	Grover	MCC (observer)	
Jean-Jacques	Bastien	DGD - Belgium	
Jim	Downey	DFAT - Australia	
Johan	Veul	Netherlands MOFA	
Julie	Delforce	DFAT - Australia	
Lindsay	Wallace	MasterCard Foundation	
Peter	Beez	SDC	
Saki	Ito	JICA	
Samir	Khan	MasterCard Foundation	
Silvia	Heer	BMZ	
Steve	Hartrich	ILO	
Mike	Albu	BEAM Exchange	Session: adaptive management
Susi	Thiard-Laforet	ADA	Session: adaptive management
Gun	Eriksson Skoog	Sida	Session: adaptive management
Andrea	Inglin	SDC	Session: adaptive management
Juergen	Reinhardt	UNIDO	

Remote connections

Asa	Heijne	Sida
Christine	Weinrich	GIZ
Merten	Sievers	ILO
Minja	Nieminen	Finland Foreign Ministry
Zoe	Scott	DFID

Presenters

Eunike	Spierings	Consultant Harmonised Indicators	Session: Indicator Harmonisatn
Matthijs	De Bruijn	Consultant, Steward Redqueen	Session: Measuring Leverage
Karim	Harji	Consultant / Oxford IA Prog.	Session: Impact Investing

DCED Secretariat

Donna	Loveridge	Deputy Coordinator	
Mike	Albu	Director, BEAM Exchange	Session: adaptive management
Jim	Tanburn	Coordinator	

Apologies:

Milena Mihajlovic (SECO)
Valerie Strum (SECO)

1.1 Harmonisation of PSD indicators: Phase 2

Speaker: Eunike Spierings (Consultant)

Resources: PPT presentation

Phase 2 of the Harmonisation of PSD indicators is a continuation of the WG's work started in 2015/16. The Phase 1 report can be found [here](#). Phase 2 focuses on developing guidance and case examples for measuring selected indicators agreed in Phase 1.

Eunike provided an update on the status of the PSD harmonisation exercise; along with a summary of structure of the guidance notes and case studies. The draft report was only circulated on the previous Friday and members agreed to provide feedback by Friday 15 June 2018. In summary, Eunike asked members to provide feedback on:

- Are the selected approaches realistic for PSD results measurement, to be used?
- On investment: Should a tighter definition of investment be used? Should approaches to measure investments leveraged in relation to climate finance be included?
- How directive should the guidance notes be? [on this note, members commented that it was not practical for the guidance to be directive, but rather the emphasis is on lessons and examples]

A full list of the feedback questions is on page 16 and 17 of the PPT presentation.

Comments at the end of the presentation included:

- There are several other harmonisation initiatives so how does this work fit with those?
- Some agencies are interested not only in aggregation but also disaggregation e.g. understanding income distribution;
- There is interest in some quarters to Parliamentary reporting to include targets; presents challenges.
- What does the WG want to do next with this initiative?

Members will provide feedback by 15 June 2018, which will be collated and sent to Eunike on 18 June.

1.2 Measuring leverage

Speaker: Matthijs de Bruijn (Consultant, Steward Redqueen)

Resources: PPT presentation

Phase 2 of the PSD harmonised indicators includes guidance and examples of measuring 'change in amount of investment generated'. Under Phase 1, this indicator was defined as: Measures the change in the amount of investment generated by domestic or foreign investors. This indicator aims to measure the effect on investment of trade logistics interventions as well as industry-specific interventions. In the case of industry-specific interventions, the indicator will only measure investment generated in targeted sector.

Related to this, over the last six months members of the RMWG have expressed interest in measuring the amount of investment leveraged. Steward Redqueen have been looking at this issue and Matthijs de Bruijn was invited to present on this topic.

Matthijs first noted that measuring leveraged investments was increasingly important but also being quite complex with no single harmonised approach being used.

Key messages included:

- Different terminology is in use, with some terms related to causality (*Mobilized /catalysed / leveraged finance*) while others do not (*co-finance, co-lending and additional finance*)

- Leverage should not be used as a standalone indicator; and should not be a leading indicator.

Matthijs presented some examples of different scenarios (page 18-24 of the PPT) to illustrate the key points regarding causality and what investment might be able to be counted as leveraged; and summed up the different factors that needed to be considered if measuring leverage.

The following observations were made following the presentation:

- \$1m invested in the Congo was not the same as \$1m invested in China;
- What happens when there is high leverage but low additionality?
- Need to balance accuracy with practicality;
- How do you compare the importance of different instruments e.g. a guarantee versus a grant?
- Discussions among the OECD and MDBs to integrate their different approaches have not progressed;
- Challenge when programmes will not use the same methodology; makes aggregating for annual reporting difficult;
- It is important not to lose sight of why leverage is being measured;
- Decision makers and politicians are also interested in the impact that is leveraged;
- How are risk levels factored in? How is timing factored in?

1.3 IFC's ex-ante impact assessment

Speaker: Alan Lukoma (IFC)

Resources: PPT presentation

Alan presented IFC's new approach to ex-ante impact assessment: Anticipated Impact Measurement & Monitoring (AIMM) System.

Alan outlined the why, what, how and when of the system emphasising the importance of the new system with IFC's focus on development impact return and not only commercial returns. The two key steps are: outlining the potential impact; and assessing the likelihood that the impact would be achieved based on the operational and context risks. At both stages, a score is generated for an investment and then a total score produced.

Key messages shared included:

- Important to incentivise staff to look at development impact and not only profitability;
- To create feedback loops between the ex-ante assessment and evaluations, encouraging more rigorous analysis;
- Testing the system while implementing it and some parts were already being tweaked based on lessons e.g. the score ranges.

Alan noted the implementation had already generated some interesting discussions with colleagues. While there was flexibility in some parts of the system the system was not totally flexible.

Members expressed interest in how the system impacted on deal selection; how it was aligned to the SDGs. To date, a large number of investments have been scored and IFC is looking to score more historical assessments to support more portfolio analysis and benchmarking.

1.4 Guidance on incorporating ex-ante financial and/or economic analysis into results measurement practices on market systems development programmes

Peter Beez, SDC, provided a short introduction to the activity, sharing SDC's experience emphasising the benefits to expanding the thinking and analysis behind interventions. The aim of the activity is to develop practical guidance (not-academic) for implementation teams.

Lindsay Wallace noted that MCF are currently undertaking an exercise to collate what other organisations (such as the World Bank; DFID's business case approach) were doing in relation to this issue including looking at what challenges may be experienced; and developing a how-to note.

Jake Grover noted that MCC does this for every investment they make, calculating the economic rate of return. He noted the benefits, for example in changing the conversation with teams. MCC's guidelines for economic and beneficiary analysis can be found [here](#).

Georgina Duffin asked how one could trust the numbers from such exercises. Peter Beez referred to techniques such as articulating, and being transparent about, risks and assumptions, sensitivity of analysis, and risk management. Lessons raised by members during the discussion included:

- Staff lack of understanding of the approaches and the need to socialise the technique and provide simple explanations.
- It requires guesstimates; it is better to present a range than an exact number (to avoid the risk of false precision)
- Build this type of analysis into the culture, stay disciplined;
- Cost-benefit analyses focus on known costs and benefits, but it is important to factor in other costs and benefits that become 'known' later on.

Mike Albu also referred to a BEAM Exchange [Pre-intervention investment toolkit: The challenge of achieving impact at scale in market systems development \(M4P\) interventions](#) as a useful contribution to this.

Members agreed to provide feedback on the draft TOR by 15 June 2018.

1.5 Results measurement and impact investing

Guest: Karim Harji, Oxford Impact Measurement Programme

The RMWG does not currently have a work activity related to results measurement and impact investing. The 2018/19 activity on improving results measurement practices with corporates is a related area of interest and this session sought to provide a foundation for the discussion on the next work activity – See Section 1.6. Karim was invited to speak to the WG to share his insights and key take-aways regarding the SDGs as a driver for impact measurement and how corporates, impact investors and social enterprises view impact measurement, their role, and the solutions. This led to a wide-ranging discussion on issues related to impact measurement and management, incentives for improving, and some possible options for the DCED.

Karim's introductory comments included the following points:

When you chose to measure something, you are also excluding something. Currently, the things that can be counted are those things that are measured (meaning qualitative data is not generally collected; there is little room for qualitative interpretations).

Impact measurement and management is currently seen as a cost line rather than a value line, even though investors don't think about collecting, analysing and reporting financial information as a cost. It is important to focus on timely monitoring information and demonstrate its value to investors, enterprises and other stakeholders. All organisations are concerned with the cost of setting up the measurement systems, the human capital is costly. If organisations/investors can get over this then the current impact measurement and management practices could progress. Karim referred to PGGM, a Dutch Pension Fund, which has taken a lead on impact measurement and management, developing guidelines for how to set a foundation of actionable information. The emphasis is on information that creates value. See [here](#) for more information.

Peter Beez noted the challenge was that impact investors currently only look at the financial return; the risk for donors is that, when their investment stops, so does the focus on impact. So how can

donors incentivise impact investors? Some observations on the issues of incentives for impact investors to measure:

- Impact investors are concerned with financial materiality so is it possible to identify impacts that affect the financial materiality? Then there may be more incentive to measure it.
- Some impact investors are 'output investors'; there are some concerns of 'SDG-washing'. There are also questions about how to avoid the 'gaming' of impact data and increase the reliability of impact information, to which Karim believes there will be a growth in services related to the verification of data. Alan noted that IFC is convening a group (e.g. Accenture, Leapfrog) to look at standards for impact investing.
- Karim also noted that currently he doesn't agree that the SDGs are driving investors' strategies since most alignment is happening after the investment strategies have already been developed (therefore, the SDGs are retro-fitted). He also asked whether the SDGs are the right thing to aspire to for the private sector, suggesting that it could be beneficial to consider other ways to change practices. For instance, more work could be done to look at how investors react to different types of impact information (drawing on behavioural economics theory).
- Karim also noted that it is important to consider who the measurement is for; accountability is both interesting and problematic. Generally, the private sector and ESG and impact investors have a narrower view of returns, and who the stakeholders are, than development actors. As such, they are not internalising [externalities](#), something Karim believes that investors cannot afford to ignore. However, some impact investors are looking at participatory approaches and feedback loops (see Feedback Labs reference below), which might influence incentives.

Silvia Heer noted that blended finance was a big discussion area. A question was 'how to have more impact?' Karim noted that the private sector is being asked to do what the public sector could not do - while relying on grant capital to guarantee / subsidise investing. A key question is: what is the role of public capital concessions? Concessional finance is about giving up something to gain something e.g. a lesser/delayed financial return (e.g. 'patient') - but there is an impact upside.

Iris raised challenges around obtaining sufficiently detailed data on business performance to understand the impact created. She questioned whether big data / mining data from places like Amazon and Alibaba were possible. Karim suggested that it depends on good data going in to big data, so it could be an opportunity - but should not be automatically assumed to be beneficial. It was also important to avoid some of the experiences from microfinance, where data were misused to push credit / services. Reference was made to the responsible data toolkit (see reference below).

Lastly, Karim suggested there were some options that DCED members could consider. These included:

- How can impact incentives be built into contracts?
- If giving loans, can interest rates be adjusted depending on the level of impact achieved, meaning that impact measurement and management have to be built into the system?
- DCED could also increase its 'face' in some of these conversations and bring more of its experience to the discussion.

Additional resources referenced during the discussion included:

- [Impact Management Project](#)
- [GIIN Navigating Impact](#)
- [GIIN Impact Toolkit](#)
- [Nesta Standards of Evidence](#)
- [MERL Tech](#) – for those interested in Big Data
- [Feedback Labs](#) – for those interested in shorter feedback cycles, creating value
- PGGM taxonomy report is [here](#).
- Responsible Data handbook is [here](#)

- Rockefeller Foundation publications on impact measurement and management – [here](#) and [here](#)
- www.evaluatingimpactinvesting.org
- Danida’s report on [Private Capital for Sustainable Development](#)

1.6 Bringing the DCED Standard for RM closer to the private sector players/corporates who remain actors in the system after development programmes finish

After the previous discussion (Section 1.6) members made the following observations when considering this work activity:

- Corporates are a very diverse group; it is too simplistic to treat it as one;
- Important to be clear about what the entry points for DCED are and where DCED could add value;
- The objectives of the work activity should refer to incentives; not use the word responsibility;
- Need to speak the same language.

Members thought other groups may also be interested and/or have lessons:

- PSE Working Group – risk management
- MSD implementers – are engaging with the private sector.

Steve Hartrich mentioned the private sector engagement strategy that ILO was developing. Learning from their experience and challenges of engaging with the private sector, they are developing a more long-term strategic approach.

Members will provide comments on the TOR by 15 May 2018.

1.7 MSD programmes, adaptive programmes and results measurement

Following discussions among some members who attended the DCED BEAM Seminar in Nairobi in February, this item was scheduled to determine if there was sufficient interest among RMWG and MSDWG members to develop a joint activity on adaptive management and results measurement on MSD programmes. Gun Eriksson Skoog, Sida, introduced the topic for discussion, emphasising the importance of donors promoting and providing the conditions to support adaptive management. The following questions were posed:

- How can donors facilitate, as well as hold implementers to account for, adaptive management?
- How can we design and implement RM systems to support adaptive management?

Participants noted that there could be different ways to structure the relationship between donors and implementers. Observations made during the discussion included:

- Institutionalising adaptive management practices requires trust building; this may involve reviewing the logframe, for example;
- Results measurement needs to be pragmatic;
- Teams need to be empowered to adjust the course they are taking, during implementation;
- Use process indicators;
- Use guiding questions to help to understand if programmes are using an adaptive management approach;
- A lot of effort is put into designing logframes and good indicators but often these are too rigid for dynamic environments. HQ evaluations often evaluate against the logframe but more flexibility is needed;
- If the issue is accountability of implementers, how are accountability and learning balanced? How do we get more feedback loops in practice?;

- Review the theory of change; create partnerships with programmes and build trust and dialogue. Be well informed through field visits while not micromanaging;
- Some results take a long time to materialise, so we need some indicators to determine if the programme is on track. Try using a mix of indicators – lagging, process and leading;
- Are funders part of the challenge? Is the push for accountability making adaptive management difficult?

The discussion concluded that while there was general interest in the topic; however, a clear and concise activity was not immediately evident.

1.8 AOB

Julie Delforce, DFAT, asked about the DCED Standard audit ratings and noted that it was possible for a programme to score well even if they were not able to provide information about systemic change, as an example. This seemed somewhat unfortunate, when systemic change was a critical aspect of MSD programmes. The discussion noted:

- assessing systemic change is a recommended component and not compulsory component of the Standard;
- given the Standard is for all private sector development programmes, one approach was for donors to set expectations that systemic change is assessed for MSD programmes; and
- a suggestion that the Secretariat (and BEAM Exchange) consider formulating additional guidance on measuring systemic change.

Iris Hauswirth asked about the use of big data for results measurement, noting that there is very little harmonised data on private sector development. There was a question about whether data from the likes of Amazon and Alibaba would be leveraged to feed into results measurement of PSD programmes. Some members felt there were numerous challenges to using big data, including data that is commercial in confidence, understanding what data were available and just how it would be used/how useful it would be.

Steve Hartrich expressed ILO's continued interest in rightsizing the Standard noting that many of ILO's programmes were DCED Standard-inspired. However, they could not fully implement the Standard, since there was only one MRM resource person available, so they would not go for audit.

1.9 Next steps

Donna will:

- circulate the TORs to those that did not receive them before the meeting,
- add new members to the RMWG distribution list;
- share the draft minutes for members' review and feedback.

Members were asked to provide feedback on the PSD Harmonised Indicators draft report and TORs by 15 June 2018.

Annex 1: Agenda

Time	Agenda item	Contributors
8.30 a.m.	Welcome	
8.40 a.m.	Member updates on key agency PSD results measurement initiatives	Interested members
9.10 a.m.	PSD Harmonised Indicators	
	<ul style="list-style-type: none"> Feedback on Phase 2 draft guidelines for measuring indicators 	Eunike Spierings , consultant (remote)
10.00	<i>Coffee (30 minutes)</i>	
10.30 AM	<ul style="list-style-type: none"> Measuring leverage – how is it done and what are the challenges 	Matthijs de Bruin , Steward Redqueen (remote)
11.15 AM	DFIs' ex-ante development impact assessment approaches – update from IFC	Alan Lukoma, IFC
11.45	Ex-ante financial and economic analysis for results measurement in MSD	
	<ul style="list-style-type: none"> Overview of SDCs approach 	Peter Beez, SDC
	<ul style="list-style-type: none"> Feedback on draft TOR for assignment 	
12.30	<i>Lunch</i>	
1.30 pm	RM and impact investing	
	<ul style="list-style-type: none"> Conversation: Impact investing impact measurement and management (IMM) – <ul style="list-style-type: none"> The role the SDGs are playing in IMM and how different actors are using them; IMM initiatives – key developments and how does a group like the DCED contribute. 	Karim Harji , Oxford Impact Management Programme (in person)
2.30 PM	Bringing RM closer to the private sector players/corporates	
	<ul style="list-style-type: none"> Discussion – opportunities and challenges for the DCED to influence corporate's impact measurement and management 	
	<ul style="list-style-type: none"> Feedback on draft TOR 	
3.15 pm	<i>Coffee</i>	
3.45 pm	MSD programmes, adaptive management and results measurement	
	<ul style="list-style-type: none"> Discussion: how do donors hold implementers to account for adaptive management? How do donors do this in a way that incentivises adaptive management? Is there interest in a joint RMWG-MSD WG activity in the future on adaptive management? 	Joint discussion with members of the MSD WG
5 pm	Next steps / close	