

## Synthesis of the ninth VCRD cycle: 'From a strategic action plan to result and impact monitoring'

This document synthesizes the online discussion held during the months of November and early December 2006 on the online platform [www.linkinglearners.net/valuechains](http://www.linkinglearners.net/valuechains). It is part of a series of syntheses that are available at [www.sdc-valuechains.ch](http://www.sdc-valuechains.ch). The discussion and the website are hosted by the Employment and Income Division of the Swiss Development Cooperation (SDC).

**Introduction:** Since December 2004, the online community of practice on value chains in rural development has discussed experiences and elaborated on new ideas of priority issues regarding interventions from donor agencies in value chain development. During the previous eight thematic discussion cycles, we focused on specific and relevant issues in VC development; this last debate cycle focuses on 'How to measure, assess and evaluate donor interventions in VC development?'

The outline of the synthesis is developed according to the 6 lead questions, enriched by different case description in boxes and ends with a discussion about *causality and attribution of changes*.

**Lead questions** to be considered when developing an assessment of donor interventions:

|               |  |
|---------------|--|
| <b>Why?</b>   | Who will use the information? How? When? What for?   |
| <b>What?</b>  | What are the main evaluation questions? What kind of impact, outcome or result do we want to assess? |
| <b>Where?</b> | Where can we access data? What sources of information do we include?                                 |
| <b>When?</b>  | Time frame and costs? Periodical, continuous or one-time evaluation?                                 |
| <b>Who?</b>   | Who will conduct and manage the assessment? Who will participate?                                    |
| <b>How?</b>   | What evaluation / assessment methods are appropriate?  |

## Why is it important to measure results and impact?

Result and impact measurement is a challenging and complicated issue but of extreme importance for following reasons (among others):

1. We wish to show that the VCD approach is effective as poverty reduction strategy to both donors (for finance) and the 'beneficiaries' (this works).
2. We wish to understand what works and what doesn't work (in order to learn and become better practitioners) and to define whether it can be up-scaled or replicated (by us or by others).
3. We need the results to justify the (donor) spending and mobilize more resources.

## What should be measured?

Building sustainable (thus competitive) value chains is often a complicated and long term process. Often the initial financial returns are not that high at the start as all partners have to make investments; but if the common venture is successful, the financial gains will come over time. Often it is easier to make quick and good results on ad-hoc arrangement (or even through malpractices as side marketing) but as we know these practices will most likely jeopardize mid-term success. Results<sup>1</sup> are to be measured at various levels and in different ways. Relevant issues regarding the result, outcome and impact measurement include:

### **Box: Soft-factors in the honey and chili production in Kenya**

*The willingness to invest in the (new) venture by the producers is an important success factor. It implies that they believe in the enterprise, even though the initial financial results are disappointing. To highlight it: though most of the chilli growers had negative results in the first year, they still believed in it and were expanding their area of production. The main cause of the negative result was the bad 'certified' seed delivered and the drought. Looking only to the 'hard data' would have given a negative assessment but taken into account the changes in other areas, the assessment was rather positive.*

<sup>1</sup> The online community did not deliberate over evaluation terminology regarding result, outcome and impact.

- Tangible results at the level of the value chain actors – producers, traders, etc.; like: productivity, profitability and income.
- Qualitative or soft data at the level of the value chain actors and VC supporters (i.e. BDS providers) like: changes in behaviour or change in mindsets and attitudes; the absorption rate of new technology / knowledge, or the willingness to invest in (new) ventures.  
At the level of the facilitator; their learning abilities and experiences, for example: flexibility to adjust to market changes, innovation capacity, rapport with the private sector, cost effectiveness.
- Sustainability indicators are to be measured by (among others):
  - the commitment by the primary actors (fair and transparent agreements are an indicator in this respect);
  - the business growth potential for all actors (trends must be supportive for future growth of the business)
  - the cohesion of the support of the secondary actors (a structured and coordinated support)

### **When is an assessment adequate?**

The time of the assessment matters a lot: ex-ante and / or during the implementation phase of a project and / or ex-post. The result, outcome and impact measurement should start from the very beginning (i.e. baselines). Nevertheless, baselines are often missing and when not, they have often not measured information needed during or after the project cycle, or the way it was measured can not be repeated (too expensive and / or time consuming). Often this reflects a missing analysis of what information is reliable, easy to collect and answer the key questions of our interest (ie. *Why & What*). Experiences show, that it is often more adequate to measure a few things correctly and use them, then measure many things incorrectly which will hardly deliver firm conclusions.

On the one hand, results in the early stage of the project are always very debatable but often needed for particular learning purposes (and mobilisation of funds). Ideally, results are to be measured after a few years (agricultural cycles) but then so many factors may have contributed to the results, that to differentiate the project contribution becomes difficult.

On the other hand, it is clearly not satisfactory to have to wait three years after the end of a project before judging whether its approach was sustainable or not. What is essential during the operation of a project is to assess whether it is taking the ‘wider view’ of the sustainability issue, has appropriate approaches as well as having identified (and used) milestone sustainability indicators. Some soft indicators might not show huge improvements within the project timeframe, but later lead to great financial improvements.

In order to learn, we need ‘mile stones’ where we analyse and reflect (and learn and adjust) and when we want proof, we need continuous measuring of routine information.

### **Where do we measure and get the data from?**

Reliability, objectivity and easy to collect are three main factors when deciding where to collect data. Triangulation of data and information might be necessary in order to develop concrete evidence that is easily understood (by donors and the taxpayer).

It might be necessary to collect detailed information at lowest level, and then measure at other levels (higher up in the chain; easier to access) and ‘extrapolate’ figures. For understanding soft-data and for improved learning different sources of information are necessary (for example: peer reviews, self-evaluations etc.).

### **Who conducts and manages the assessment? Who participates?**

The reasons (why) for an assessment deliver also indication on the actors that should be involved. The proof – learn polarity as such does not exist intrinsically. Accountability and learning objectives are not oppositional by definition; they just need to be addressed adequately. In most cases it is advisable that different people are involved: from within the chain (an efficient and effective way to collect routine information) and by supportive actors (such as NGOs, consultants for in depth measuring of e.g. poverty at household levels).

In projects, we can distinguish between significant impacts, which we can achieve when working with ‘innovators’<sup>2</sup>, who hopefully become change agents supporting trickling down effects and / or motivating neighbours to copy their success stories; and broad impact, meaning that we aspire to facilitating change within a broader population. Here we talk about ‘early adopters’, who need some more time to change their mindsets and attitudes and when it comes to the ‘early majority’ it takes even longer etc. Therefore, it is suggested not only to look into quantitative indicators (willing to pay; share of service costs contributed by the target group etc.) but also into qualitative impact indicators (e.g. change of attitudes) in order to capture a broader view of the target group.

### How to measure change of attitudes?

*Outcome Mapping. A tool for mapping behaviour change*<sup>3</sup>

Outcome Mapping (OM) focuses on one particular category of results – changes in the behaviour of people, groups, and organisations with whom a program works directly. These changes are called "outcomes." Through the OM method, development programmes can claim contributions to the achievement of outcomes rather than claiming the achievement (attribution) of development impacts. OM helps to analyse complex changes, especially those relating to behaviour and knowledge. The underlying principles are that (1) changes are complex and do not move in a linear way, (2) development is done by and for people and finally (3) although a programme can influence the achievement of outcomes, it cannot control them because ultimate responsibility rests with the people affected. So, especially for the ‘soft data’ as an absorption rate of knowledge and the changes in the practice of a VC actor, the commitment and ‘relationships and cooperation’ can be measured with OM. The method does not just define a single indicator, but progress markers of expected behavioural changes of each key VC actor, this helps us to assess if the VC is developing the way we planned it (i.e. are the VC actors developing their capacities and skills as foreseen) and are our support activities efficient and effective.

#### **Box: Katalyst, Bangladesh**

*KATALYST works from the notion that to engage the private sector in development one must speak their language and behave in a similar entrepreneurial fashion. This logic permeates the organization. KATALYST focuses on a few key constraints in a sector, because around these key issues most entrepreneurial energy for change can be tapped. Analysis is always paired with a search for business opportunities and private sector partners to work with. Based on analysis KATALYST is able to make a value offer to a prospective partner: a deal to work together on a cost-sharing basis with the aim to introduce innovation: a new business model, a new business practice that adds value and addresses the key issues identified earlier. The outcome should be a win-win situation for business and development. Development gains by having SMEs and farmers being integrated in more productive systems. Private sector gains will provide the incentive for continuous change and improvement.*

### Causality and attribution of impacts

Value Chains tend to be very dynamic – there are numerous actors and factors contributing to change – how to find out, what has worked from the development project side? Or was the change in income, behaviour etc. merely due to other factors?

Although, most would appreciate getting exact data on impact, one has to be realistic about the limits of econometric and statistical methods. The ability of most programs to reduce poverty in a particular area is likely to be limited given the scale of the problem and the relative magnitude of the intervention (i.e. the effect size of programs is likely to be small). This means that it will be difficult to identify an impact even if it exists. Large datasets – which are likely to be costly to compile – will be needed to estimate poverty impacts. Moreover, to get valid data would imply that the net effect of an intervention is isolated from all other extraneous or confounding factors that influence defined impact. However, we have learned that many (confounding) factors are at play in effecting the changes observed at a highly-aggregated level. Consequently, these changes cannot be reliably and proportionately traced back to any one intervention or

<sup>2</sup> The innovation pyramid distinguishes between ‘innovators’ (the first 2.5 % of adopters of a given population); ‘early adopters’ (the next 13.5 %); ‘early majority’ (34 %); ‘late majority’ (34 %); and the ‘laggards’ (the last 16 % of adopters).

<sup>3</sup> Outcome Mapping has been developed by IDRC, Canada. A manual on Outcome Mapping is available on [www.idrc.ca](http://www.idrc.ca) and [www.outcomemapping.ca](http://www.outcomemapping.ca) (Sarah Earl, Fred Carden & Terry Smutyllo: Outcome Mapping, Building learning and reflection into development programs).

program. Instead of trying to circumvent the methodological problem of attribution at a higher level of impact assessment with onerous statistical methods with doubtful outcome, one should rather turn to identify plausible explanation for what one can observe at field level.

**Impacts of a project are often unforeseen.** Therefore the crucial question is not only whether planned results have been achieved, but what results have been achieved, and whether these results effect the desired changes in the live of people, a region or a country. A GTZ working group concluded: "...it usually is not possible to determine a scientifically sound, discontinuity-free, cause-and-effect relationship between an isolated development measure or strategy and the changes observed on the ground. (...) the reasonable compromise is to establish plausible links between the development efforts and the observed changes".

**Causality? If beneficiaries don't pay, it failed.** Either beneficiaries of VCD projects pay for sustained services, or the project failed. Complicated causalities are not really important – a service built up by a donor-intervention must be commercially sustainable if it aims for adding values.

The willingness to pay for services is the best indicator to know if the service is worth to be delivered. However, **VCD is not only about service delivery.** An important role in VCD is to form so-called 'winning collations', basically private-private and private-public partnerships that address the issues that hinder the development of a Value Chain in a coherent and coordinated manner. These partnerships ideally have a 'champion' among them who guides and leads the other. In reality, quite a bit of facilitation and support is needed by an 'outsider' to make it happen.

If we consider that value chains consist of a series of markets (exchanges) and of linkages with other markets, than the range of possible interventions are wider than stimulating / improving / creating fee-based services. There are other forces that impede markets (value chains) to work better. A market failure can be the result of monopolistic powers, externalities, lack of information etc. To tackle these failures we can also look for network based (associations, informal groups) or hierarchy based (within the value chain, embedded or outside the value chain, the government) solutions instead of only market based (the fee for service model) interventions.

Another way of looking at it is to formulate intermediate indicators of the change you want to bring about with the intervention. **Change is a process.** Sometimes short, sometimes long. A process suggests that there are causalities between events. Every causal link has an intermediate indicator, which finally will lead to the change we formulated as an objective of the intervention. By also focusing on these intermediate outcomes (next to only the final outcome) you make it more plausible that your intervention contributed to the reality you try to capture.

**Box: Developing standards in *Jatropha* herbal soap VC**

*A very big impediment to the development of the value chain was the absence of national standards for herbal soap. Hence, for many years the Tanzania Bureau of Standards (TBS) has been engaged and supported in the development of such standards. These developments were spearheaded by a private company but with the assistance of a project. The company was not viable yet and hence, could not have financed its interventions in this respect. After a process of 3 years the new standards are about to be gazetted; if and when this process had started without the external support is uncertain. The processes of establishing standards must not be commercially viable in the future.*

**Assessing VCD: "don't show me your failures, show me your successes (and challenges); VCD is not for 'losers' but for 'winners'"**

February, 2007 – Daniel Roduner, Agridea