



A VALUE ASSESSMENT OF THE MARKETMAKERS MONITORING AND RESULTS MEASUREMENT (MRM) SYSTEM

THE OVERVIEW



CONTEXT

MarketMakers, a project of the Swiss Government implemented by HELVETAS Swiss Intercooperation and Kolektiv d.o.o (Posao.ba) in Bosnia and Herzegovina (BiH), seeks to drive large-scale sustainable change and national outreach for youth employment over an eight-year period. 

Applying a market systems approach, MarketMakers is facilitating the creation of decent job opportunities for young women and men (15-29 year olds) in the tourism, food processing and ICT sectors by working through partnerships with a variety of market players.

What is a Monitoring and Results Measurement system?

Broadly, a Monitoring and Results Measurement (MRM) system “**provides vital information that programmes need to make good decisions in order to maximise impact over the life of the project.**”¹ The International Finance Corporation (IFC) adds to this by noting that MRM is a “**...deliberate and systemic approach**”, which allows an organisation to track project progress throughout the project cycle and “**incorporate lessons learned**” into operations to “**improve future goal setting and design.**”²

The Benefits of an MRM System

Good MRM systems form the heart of programme implementation – they provide insight into which interventions are succeeding in achieving their outcome and impact results. Similarly, MRM processes help to identify challenges in implementation, areas where the programme logic may breakdown and where faulty contextual assumptions may be influencing programme performance. This evidence is provided during implementation, thus affording programmes the opportunity to adapt their implementation or strategic vision as and when challenges are identified.

MRM systems facilitate on-going programme improvement to ultimately support improved impact-level results.



¹ “Monitoring and Results Measurement in Value Chain Development: 10 Lessons from Experience”, Alexandra Miehlsbradt and Conor Riggs, 2012

² http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IDG_Home/Result_Measurement_System/

MARKETMAKERS' MRM SYSTEM

The MarketMakers team identified their MRM system to have two critical functions, **(i) to inform decision making** and **(ii) to facilitate organisational learning**.

This expands on the more traditional understanding of MRM systems which emphasise the steering and accountability components. The alignment of MarketMakers' understanding of MRM to the more traditional understanding is illustrated in Figure 1.

The MarketMakers MRM system is currently aligned to the Donor Committee for Enterprise Development (DCED) Standard for Results Measurement. However, the MarketMakers MRM system is not yet fully DCED Standard compliant.



What is the DCED Standard for Results Measurement?

The DCED Standard aims to provide consistency among agencies, and facilitate the adoption of good practice in monitoring approaches. Often operating in complex market systems, private sector development programmes require the ability to respond in real-time to environments that can be in a state of flux. The DCED Standard identifies eight elements to guide efficient and effective programme monitoring for these environments.

A programme that is DCED Standard compliant provides a guarantee to funders that the programme has obtained a certain quality of results measurement.

? THE PROBLEM STATEMENT

MarketMakers, like many other programmes, has a small budget and limited available resources. They operate in complex, fast-moving sectors and need their MRM to support real-time decision making and learning.

Given resource constraints, MarketMakers would like to 'right-size' their MRM system - that is, invest in MRM activities that are high value for money.

To achieve this, MarketMakers commissioned a Value Assessment of its MRM system in order to understand the following points:

-  How and what the MRM system currently provides to the team (current value identification).
-  Current MRM system gaps and potential opportunities to add additional tasks
-  Value for money of the current and potential MRM tasks
-  If DCED Standard compliance would help to address MRM system gaps while ensuring high value for money is upheld.



FIGURE 1. Aligning the traditional MRM components to the functions of decision making and learning.

THE APPROACH

Importantly, this Value Assessment was taken from the perspective of the MarketMakers team, while understanding the related needs and expectations from its donors and its market partners. The team's approach began with a review of MarketMakers' MRM system. This was followed by data collection in Sarajevo and data analysis; which culminated in the Value Assessment.

PHASE 1: Programme MRM Review, as shown in the diagram on the left, provided the team with a detailed understanding of the MarketMakers MRM system, and their existing level of DCED Standard compliance.

PHASE 2: Primary research with various stakeholders, including an Appreciate Inquiry session with the MarketMakers team. This session followed a positivist approach and provided Genesis with a better understanding of the current needs and expectations of the MarketMakers team; specifically, what they liked about their current MRM system ('when the MRM system helped them to be at their best'), what an ideal system would do for them, and how this ideal system would look in practice. Field work also included interviews with partners and donors with the view of assessing the donor and partner understanding of MarketMakers' MRM system and its purpose.

Given the information gathered in-country, **PHASE 3: Data Analysis** was conducted. Based on the team's experience and in-market interviews, seven priority tasks central to an MRM system were identified. Four additional MRM tasks were identified as tasks that would be required in order for MarketMakers to achieve DCED Standard compliance. These tasks were considered separately in a bid to develop an idea of what the additional value would be of investing in tasks that would lead to DCED compliance.

After considering the global literature available on cost and benefits to MRM systems, a Value Assessment tool was created in **PHASE 4: Value Assessment**. This assisted in providing a comparative value for money rating for each task. The final phase centred on answering the question - is it worthwhile for MarketMakers to become DCED Standard compliant?

Is it worthwhile for MarketMakers to become DCED Standard compliant?



FIGURE 2. Value assessment approach

LIMITATIONS

In conducting this assignment, it is important to place the project of enquiry, MarketMakers, in context, and recognised the specific nuances:

MarketMakers is a small project with tight resources, operating within a small project team and close management support. Furthermore, there is high touch donor involvement and engagement on a regular basis.

MarketMakers operates in fast-paced sectors (such as ICT), where decisions and learning must be real-time if they are to be relevant to industry players. Projects that operate in slower sectors, such as agriculture, may yield different priority MRM tasks and their related value for money.

Determining monetised costs associated to issues such as opportunity costs, or lack of flexibility can only be accurately quantified if there is extensive data available. The assessment was then not able to fully quantify the monetised benefits to elements such as 'improved decision making' or 'what if' type scenarios, but instead chose to apply an ordinal scale³. Future undertakings of similar Value Assessments should be refined based on data availability.



THE VALUE ASSESSMENT

MARKETMAKERS PRIORITY MRM TASKS

Based on interviews, the in-country Appreciative Inquiry session, literature review and drawing on existing knowledge of MRM systems, 7 priority MRM tasks central to an MRM system, were assessed for their value for money to MarketMakers. These were analysed qualitatively before being rated quantitatively.

MRM PRIORITY TASKS	KEY FINDINGS FOR MARKETMAKERS
 DATA COLLECTION	<ul style="list-style-type: none">• Data collection is a necessary cost as it is an essential input for any MRM system. Data collection is particularly beneficial as it facilitates evidence-based decision making once the data that is collected, is used.• The time costs for data collection are high and continuous, thus alignment to the partner data collection processes is recommended.
 INTERPRETING AND USING DATA	<ul style="list-style-type: none">• Data use, as an MRM task, makes a significant contribution to both learning and decision making in MarketMakers and is therefore highly beneficial to the project.• Costs to this activity vary substantially depending on the capacity of the team.

³ A scale on which data is shown in order of magnitude. An ordinal scale is used when there is no standard measurement for differences in data.

MRM PRIORITY TASKS	KEY FINDINGS FOR MARKETMAKERS
 REAL-TIME DATA APPLICATION FOR EVIDENCE-BASED DECISION MAKING	<ul style="list-style-type: none"> • In isolation, this task is not a high value task. However, when considered as an input into the team’s adaptive management style, and as the structure to MarketMakers’ data collection process, this task becomes considerably more beneficial. • While the cost of collecting data can be high, the cost of applying the results of data collection for real-time decision-making, is low.
 INFORMAL MONITORING AND FEEDBACK	<ul style="list-style-type: none"> • Informal monitoring and feedback through observation sheets, continuous engagement with market partners and an informal ‘water cooler’ culture of exchange, has been identified as highly beneficial to effective decision making and learning within the project. • Past project experience as well as the global literature confirms the value addition of informal feedback and monitoring tasks. The associated cost of this task is, in addition, low.
 ADAPTIVE PROJECT MANAGEMENT	<ul style="list-style-type: none"> • It is important that an MRM system does not dilute effective project management through the establishment of a system that is parallel, rather than integrated, to current project management processes. • The additional costs associated to this style of management, are low.
 MRM SKILLS DEVELOPMENT	<ul style="list-style-type: none"> • High initial cost for limited value obtained - longer-term value can be seen as future projects hire personnel with MRM system experience, and knowledge is transferred, but this value is not fully recouped by the original cost-bearers.
 RESULTS CHAINS	<ul style="list-style-type: none"> • Results chains can have a high initial cost (in terms of training, external support, time spent and system design); however, marginal cost decreases as new results chains are developed. • The project team sees the value that mapping out project logic has on effective decision making; critically noting that “information comes from the logic not from the numbers”.

TABLE 1. Key findings for each MRM priority task

The Value Assessment considered four criteria of effective decision making and four criteria of improved learning as benefits, while six costs were assessed.

In the quantitative Value Assessment, the value of the MRM tasks outlined above, is rated ⁴ as it relates to the contribution and achievement of a successful MRM system from the perspective of MarketMakers. The Value Assessment considered four criteria of effective decision making and four criteria of improved learning as benefits, while six costs were assessed – as shown in the table on the next page.

⁴ Rating are given according to the various categories considered. For *effective decision making*, four elements were considered. The MRM task was assigned one point per element of *effective decision making* that it met. Similarly, one point was assigned for each of the four elements of *improved learning*. Costs, on the other hand, were assigned ‘0’ if there was no associated cost, ‘1’ if the cost was low, and ‘2’ if the cost was high.

 **Effective Decision Making**
 Effective decision making to support the MarketMakers programme success (including internal, partner and funder decision making specifically, as it pertains to improving MarketMakers’ effectiveness) is defined as the total value to decision making. The four criteria of effective decision making have been adapted from Peter Drucker’s principles for the ‘effective decision’: ⁵.

 **Improved Learning**
 Improved learning for the MarketMakers programme in reference to internal and external audiences is defined as the total value to learning for MarketMakers. The four criteria of improved learning are adapted from Linda Argote’s perspective on ‘organisational learning’ ⁶.

 **Costs**
 While the value of doing a certain MRM task may be high for the MarketMakers’ team it is important to consider the costs associated.



BENEFITS		COSTS
EFFECTIVE DECISION MAKING	IMPROVED LEARNING	COST ASSOCIATED
<ol style="list-style-type: none"> 1. Classify and define the problem 2. Hypothesise potential solutions 3. Action 4. Testing validity and effectiveness 	<ol style="list-style-type: none"> 1. Creating knowledge 2. Retaining knowledge 3. Internally transferring knowledge 4. Externally transferring knowledge 	<ol style="list-style-type: none"> 1. Time spent 2. System design 3. External training 4. Internal training 5. External human resources 6. Additional investment cost

In the cost ratings for each task, we have created six criteria for assessment, each of which can score

0 = No Cost,
 1 = Low Cost,
 2 = High Cost.

Value of the 7 Priority MRM Tasks

In summary, and as illustrated in Figure 3, of the seven priority MRM tasks, the following value for money assessment (from the MarketMakers’ perspective) can be made:

	HIGH VALUE FOR MONEY:	data use, informal monitoring and feedback, adaptive project management
	LOW VALUE FOR MONEY:	data collection, results chains*, MRM skills development*, application of real-time data
	NO VALUE FOR MONEY:	reporting

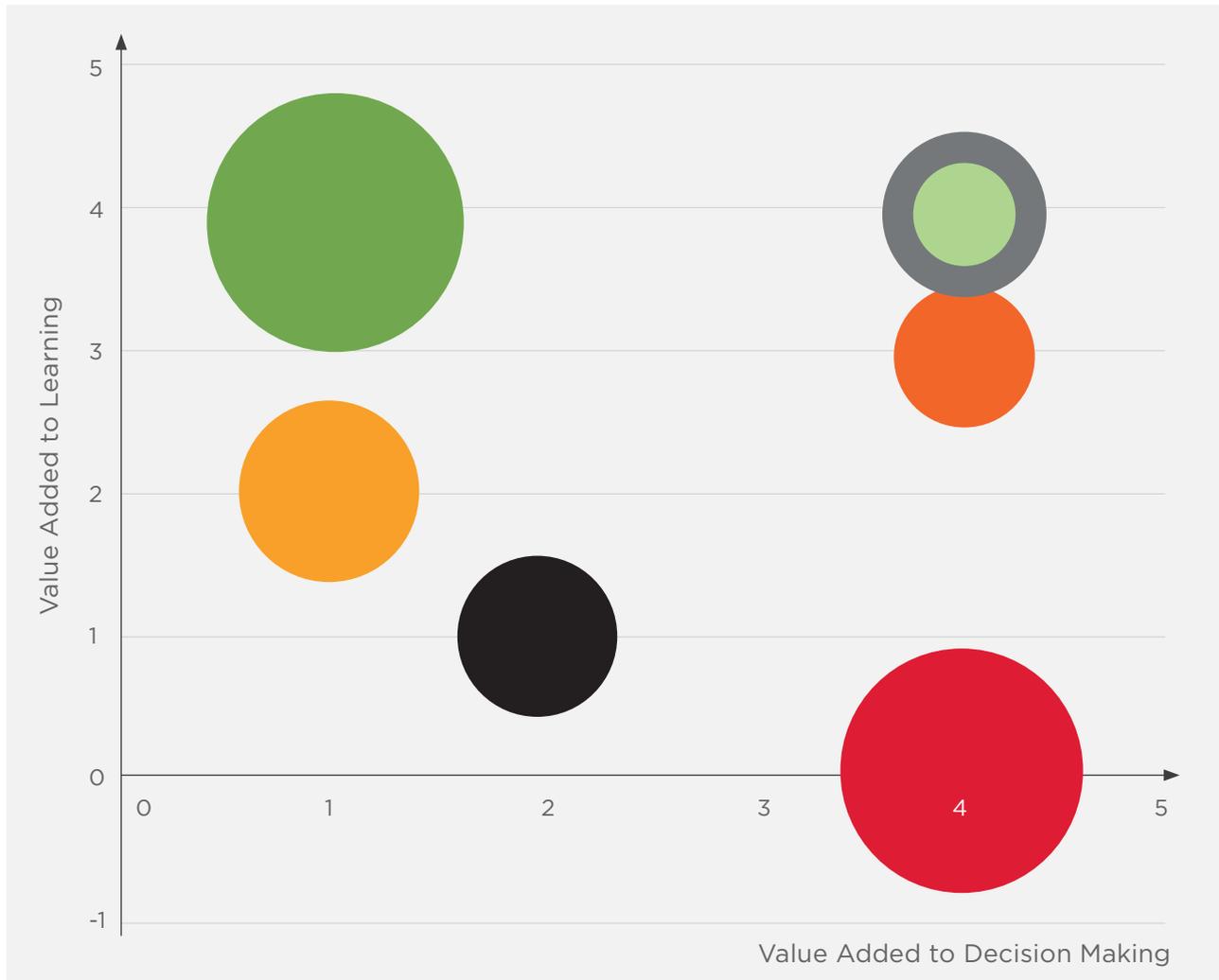
*Tasks denoted * are currently low value for money, but have the potential to increase to high value for money in future.*

It is also important to note that some of these tasks are related – for example, data collection is a low value for money task until it is used effectively (data use).

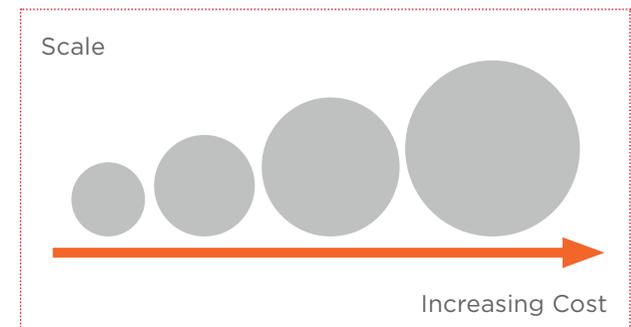
⁵ Peter F. Drucker, The Effective Decision, Harvard Business Review, January 1967 Issue

⁶ Linda Argote, Organisational Learning: Creating, Retaining and Transferring Knowledge, 1999

For example, in the diagram below the MRM task - Results chains -is reflected by the pink circle. The task has been rated according to its value addition to learning - a score of 0; and its value addition to decision-making - a score of 4. These scores reflect that MarketMakers uses results chains to define the problem, hypothesis solutions, and reflect upon the results chain when taking action and testing effectiveness of interventions. Currently results chains are not used to facilitate internal or external knowledge transfer. They are used to induce strategic action more than to create and retain knowledge. According to the cost rating (which is reflected by the size of the circle), creating results chains is costlier than some of the other MRM tasks. In particular, MarketMakers has had to invest in external support to train team members on the concept; the task also takes up a lot of time as there are many opinions and numerous iterations.



- Adaptive Project Management
- Interpreting and Using Data
- MRM Skills Development
- Data Collection
- Informal Monitoring and Feedback
- Application of Real-Time Data
- Results Chains



Circle sizes reflect comparative cost ratings

FIGURE 3. Value addition and cost of current MRM activities. Source: Genesis Analytics



THE VALUE ADDITION OF NEW MRM ACTIVITIES

The same value for money assessment method was used to assess the four MRM tasks that MarketMakers would need to focus on in order to become DCED Standard compliant.

These tasks are those that the team is not currently fulfilling to the required extent for DCED Standard compliance. The potential⁷ benefits of these tasks are:

-  **ATTRIBUTING IMPACT:** The DCED Standard requires proof to support an attribution of impact story that will convince a reasonable, yet sceptical observer; this helps to ensure fair and accurate representation of programme achievements.
-  **REPORTING:** DCED-alignment improves credibility and standardisation of quarterly and annual reports.
-  **MEASUREMENT OF SYSTEMIC INDICATORS:** A market system development programme needs its MRM system to fully integrate systemic thinking into each activity so that market changes are adequately monitored.
-  **COMPLIANCE AUDIT:** DCED compliance can be guaranteed through a DCED Standard compliance audit where an external DCED-affiliate checks a programme against the 20 'must' control points and their compliance criteria.

The Value Assessment of these four tasks, as summarised in Figure 4, shows that for MarketMakers:

Attributing impact is beneficial for effective decision making in that it tests validity and effectiveness; and for improved learning, in that it creates knowledge.

The value for money of attributing impact is low.

Attributing impact is beneficial for effective decision making in that it tests validity and effectiveness; and for improved learning, in that it creates knowledge. Overall, the benefits are minimal and the associated costs are high – particularly in terms of time, training requirements, and external human resource requirements. In addition, there does not appear to be a push from the donor to attribute impact. Rather, contribution seems to be sufficient.

The value for money of reporting is low.

MarketMakers is compliant to the DCED Standard on reporting, but there no value addition for decision-making, and low-medium value for learning. Reporting can increase a project's credibility in the development space, but credibility with a donor is often based on much more. In the case of MarketMakers, the organisation's relationship with its donor is strong.

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⁷ As identified by DCED Standard documentation, DCED Standard case studies and project experience.

Thus, there is a middle-ground whereby focusing on proxy systemic indicators can yield cost efficient data collection and result in a high value for money.

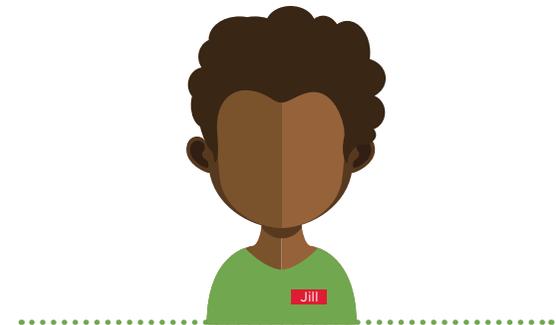
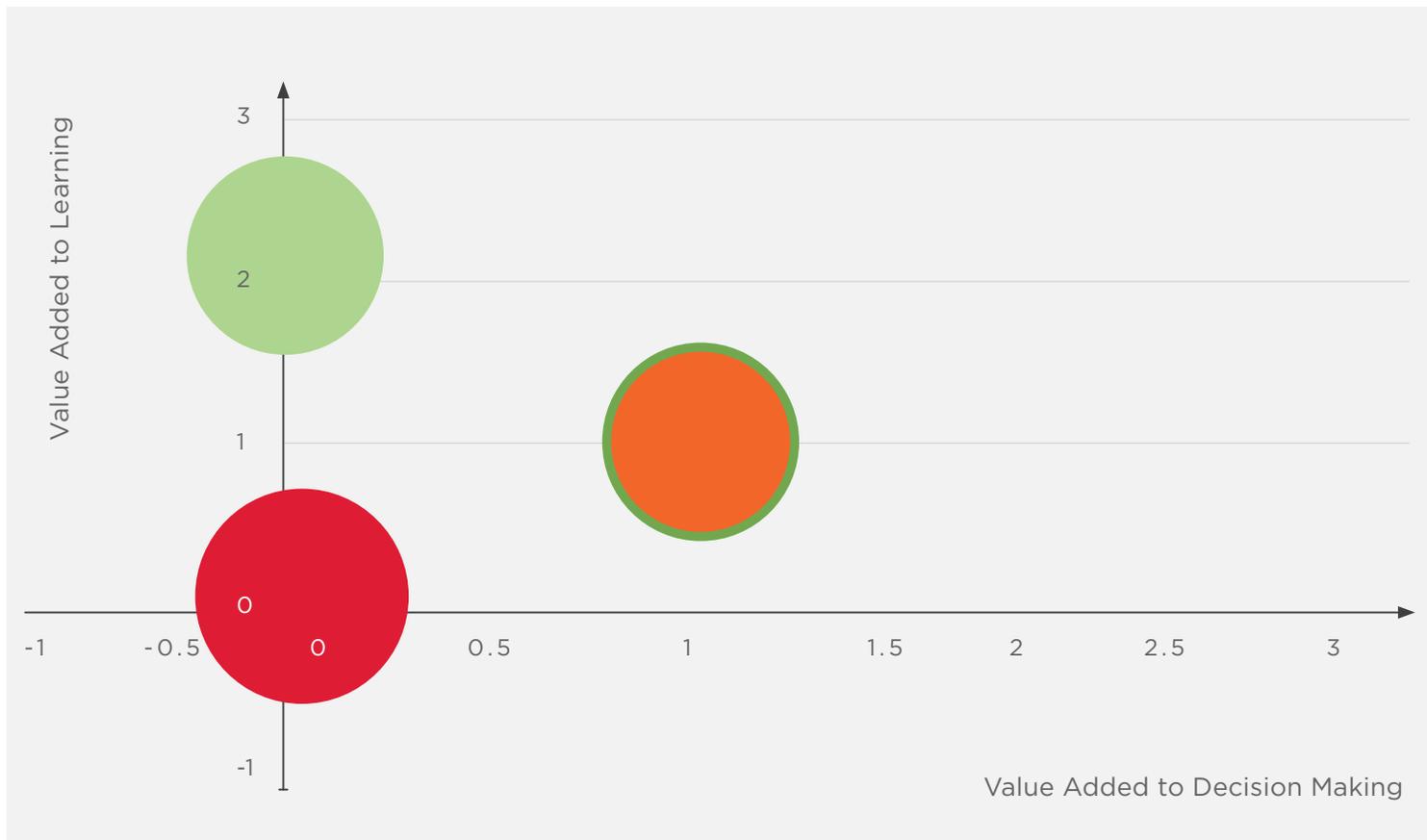
The value for money of measuring systemic indicators is low.

Measuring systemic indicators can be expensive as these are often wide reaching, and extensive resources are required if measurement is to be rigorous. Value to this task is small, but certainly beneficial to both decision making and learning for MarketMakers. Thus, there is a middle-ground whereby focusing on proxy systemic indicators can yield cost efficient data collection and result in a high value for money.

The value for money of a compliance audit is low.

The MarketMakers / SDC relationship is strong and trusted, thus there is no obvious added benefit to be expected should MarketMakers complete a DCED compliance audit apart from possible post-project recognition for the donor. The DCED Standard 'mock' pre-audit, however, was seen by the team to be useful in informing improvements in MRM systems to better support decision making and learning. The costs and efforts associated with a compliance audit are often high, and additional investment would be required, as would time and effort from the project team.

The DCED Standard 'mock' pre-audit, was seen by the team to be useful in informing improvements in MRM systems to better support decision making and learning.



- Attributing Impact
- Measurement of Systemic Indicators
- Reporting
- Compliance Audit



Circle sizes reflect comparative cost ratings

FIGURE 4. Value addition and cost of new MRM activities. Source: Genesis Analytics



THE LESSONS LEARNT



Our value assessment has found that if the MarketMakers' MRM system was considered in the initial scoping and design phase, it would have improved their decision making processes. When an MRM system is introduced half-way through programme implementation, it can become a second system to inform decision making. In this case, parallel decision making systems are in existence which diminishes the decision making role of MRM and introduces inefficiencies. **However, from the MarketMakers example we also found that introducing MRM systems late can also allow for valuable alternative decision making processes, such as informal feedback and adaptive management.**



Given previous programme experience, as well as the learnings from MarketMakers, we find that team members tend to focus on the effort and burdens of MRM or M&E activities, and dismiss in entirety the positive aspects of these processes. **Effective MRM systems operate within a project culture that supports evidence-based decision making and learning, and where the usefulness of MRM activities is echoed from strategy team to implementing partners.**



In smaller projects, such as MarketMakers, informal monitoring and feedback loops can assist to provide a cost effective means to ensure evidence based decision-making and learning where extensive MRM processes may not be possible. Examples of innovative informal methods include - the use of informal observation logs, leveraging and aligning to market players, and adaptive project management.



Sometimes programmes become too focused on driving full compliance to the DCED Standard, rather than appreciating the DCED Standard's good practices, and the purpose thereof. **For example, the use of results chains as a tool to depict project logic is a very useful theoretical concept.** This value can however get lost when the focus shifts too heavily from overall logic (the intention of the DCED Standard) to small details. The MarketMakers team, for example, spent significant time and energy on the detail and wording of the results chain instead of the project logic. As an additional example, a number of MSD⁸ programmes that we have worked on have spent significant resources on the statistical rigour in proving attribution instead of considering the usefulness of a contribution narrative.



The use of information for decision making and learning should be prioritised before considering the type of MRM system used. Different parts of the MarketMakers MRM system are used for decision making and it is essential that their MRM systems seeks to support effective decision making and learning rather than being concerned with replication or compliance as a priority.

⁸ Market system development approach.

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