# 5 THINGS EVERY PRACTITIONER SHOULD KNOW ABOUT M&E FOR VALUE CHAIN PROJECTS

*In this brief, the GROOVE Learning Network presents 5 things every practitioner should know about effective M&E for value chain interventions.*

## Why should I change my approach to M&E when implementing a value chain initiative?

The last 10 years has seen the rise of the Value Chain and the Making Markets Work for the Poor (M4P) approaches in international economic development. Recognizing that past economic development approaches – though useful – ultimately fell short when measured in terms of sustainability of impact, scalability and/or cost-effectiveness, the value chain and M4P approaches bring a new perspective on the role of development practitioners and how we should be pursuing that role. Specifically, practitioners, donors and governments have increasingly agreed that, in order for economic development to work, understanding the economic realities of the poor is not enough and development actors should, whenever feasible, not get involved directly as market actors, instead taking a facilitation approach.

On the first point, that understanding the realities of the poor is not enough, current thinking suggests that in order to get to the root of the problem, we need to have a much greater understanding of the local, national and global market systems that influence those economic realities. The idea is simple. The poor – and many others – are excluded from markets due to systemic failures, inequities or an inability to

- The value chain approach requires a rethink of traditional monitoring and evaluation (M&E). On one hand, managers and frontline staff require information with greater frequency in order to make decisions and adapt in a complex operating environment. On the other hand, the focus of the value chain approach on systemic change places unique demands on evaluators and evaluation designs.

- A number of traditional M&E standards do not change in the shift to a value chain approach. But, effective M&E for value chain programming does require improving feedback loops, deconstructing walls between M&E staff and frontline staff, an increased focus on measuring sustainability of impacts at multiple levels within a system and new methods for rigorously assessing impact.

compete at the same level as others. So, if we are to benefit those we aim to serve, the best investments we can make are to identify and address the drivers behind these failures, wherever they may be. One challenge this raises, however, is that markets are not static. Markets change every day – new actors enter, other actors leave, demand goes up, demand goes down, the harvest is good or it is bad. Keeping track of and being able to make sound decisions in this environment is not easy but it is vital to our ability to promote lasting change.

On the second point – that development actors should, whenever feasible, not get involved in markets directly – practice has shown that interventions in market systems are most sustainable and reach the greatest scale when they are pursued by value chain actors, not development actors. The idea that change needs to be driven and owned by those doing the changing is nothing new. And yet, development actors intervene directly in markets and take on market roles all the time. The reasons for this are many and some are no doubt justified. But, the bottom line remains that past efforts to do this in economic development have not yielded change at a scale that is comparable to the challenge we face. Both the value chain approach and the M4P logic argue that the most appropriate role for development actors is that of a market facilitator. In this capacity, development actors are called on to act as change agents that bring stakeholders together, remove barriers to action and help private and public sector actors to explore, develop and advance new ways of doing business. This dance is by no means easy and demands skilled practitioners who are capable of reading and reacting to signals in the market and among market actors all the time.

Combined, these two tenets of the value chain approach mean that development actors need to simultaneously be able to understand and process a greater volume of information and to do this more quickly than in the past. That basic reality is what has driven a host of efforts to review the role of monitoring and evaluation in value chain programming. Practitioners and donors alike have increasingly asked themselves how we can adapt our traditional systems for gathering, analyzing and applying information on our programs to have it be more meaningful in this new environment. This GROOVE Learning Network Brief lays out the top five lessons learned that every practitioner should know about M&E for value chain projects.

# WHAT ARE THE 5 THINGS I NEED TO KNOW?

## 1. Some Things are Different… But Many Basic Principles Remain the Same

While it is true that value chain projects demand that teams monitor some different data points – see Number 2 through 4 below – not everything changes with this new approach. Many principles of M&E remain untouched. For instance, as with any initiative, the systems we design to capture information on the performance and impacts of value chain projects need to gather data that is sufficiently accurate and timely to meet the interests of a wide-range of stakeholders, or clients, of the M&E system. As with other projects, these clients will still include project managers, frontline staff, supervisors, donors and project participants. What may change are the data they need, the accuracy that is acceptable and the frequency with which they need this information.

Aside from this, M&E systems for value chain projects continue to follow the 'garbage in, garbage out' rule. The system you put in place to track results or other performance information will only be as good as the data you collect. One approach to ensuring your M&E system, regardless of intervention approach, avoids this common pitfall is to engage the data collectors – often front line or 'field' staff – in the development of the data collection tools. Taking a user-centric approach to tool development can lead to more efficient and effective tools while also building ownership over the system among frontline staff. Once tools are developed, staff training, ongoing capacity building and adaptation remain key to ensuring a well-functioning M&E system.

None of this is new. In fact these are basic tenets of M&E regardless of intervention approach. Sadly, they are all too often overlooked or pushed aside in the battle between 'getting the project going,' and ensuring quality. Many of the tools and practices that have long been used in M&E for economic development interventions remain as relevant and important as ever. However, given the increased data demands of the facilitation approach, allowing urgency to trump effective M&E design can have significantly more costly consequences for these initiatives than more linear, predictable interventions.

## 2. Build M&E Systems that Support Facilitation

This sounds simple enough but what, exactly, does it mean? Understanding that the value chain approach requires teams to process more information more quickly, here are some things to keep in mind.

For managers and implementers to be effective facilitators, they need shorter, faster feedback loops. This is critical to a project team's ability to understand when and how to intervene and which decisions make sense. So, you need to develop and support systems that ensure implementers have the information they need on a very regular basis to make decisions. Some of this will come from traditional monitoring practices – quarterly reports, etc. – but much

of it will also come through more qualitative channels like routine management meetings. Increasingly, mobile phones and tablet computers are presenting new ways of ensuring data is collected, analyzed and put to use almost instantaneously. Technology cannot solve all – or even most – of the challenges associated with shortening feedback loops but it does set a useful bar to strive for.

Related to this, value chain projects, like all projects, are based on a series of well thought out assumptions. But, given the dynamism of the environments in which value chain projects operate – complex, continually changing markets – and the flexibility required of the implementing team, value chain projects typically start off knowing much less of what they need to know than some traditional projects. By way of example, traditional monitoring systems may be fine when tracking the performance of a largely-linear intervention, like building roads. By contrast, if a value chain project is focused on creating linkages between input suppliers and rural sales agents to improve smallholder access to quality inputs, there is a very unclear and potentially non-linear pathway between the interventions pursued and the end objective. As the project team learns how to operate effectively in pursuit of the objective, circumstances will change. Intervention plans will change, pilots will be initiated and others will be phased out. In order to support facilitation, the M&E system will need to change, evolve and adapt in line with the project learning curve.

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Of course, this does not mean that projects can forget about continuity and decide to constantly change their indicators. At the impact level, the indicators will never change and in most instances, the outcome level indicators will also remain static. What is likely to change are indicators around short-term results and what the project sees as the key information to track about whether activities are having their desired effect on the knowledge, attitudes and practices of key stakeholders.

### 3. Tear Down the Walls between Frontline Staff and M&E Staff

A recent discussion on M&E for value chain programming illustrated very clearly why this is important. "Frontline staff members know exactly what to measure, M&E staff know how to measure things."

While it is not always true that frontline staff know exactly what to measure, they typically do have a better vantage point than just about anyone else to understand what is and is not working. Perpetuating the idea that the M&E team gathers and analyzes the data while the frontline staff implements the project injects inefficiency into the M&E system, which lengthens feedback loops (see number 2 above). It also creates an unnecessary division between the two groups.

Aside from improving the ability of M&E staff to align the measurement system with ongoing project priorities, the walls between M&E staff and frontline staff need to be broken down for other reasons as well. A continual thread in value chain literature and practice is that in order to be effective, teams need to establish a learning culture. Achieving this, however, requires trust across team members. It means a willingness to share things that did not work, a continual questioning of our approaches and the celebration not only of the successes but also of those that share and engage.

Traditional M&E systems are often viewed by frontline staff as an extractive exercise. M&E staff demands data that will be processed for use in reporting while little of value is channeled back to those responsible for collecting or enabling the collection of the data. This model inhibits the emergence of trust across all team members. So, if for no other reason than this, teams need to work hard to ensure the M&E team and the front line teams are not operating as two separate units but rather as elements of a common effort – the successes are joint successes, the failures are joint failures and the lessons are joint lessons.

## 4. Combat Collapse by Measuring the Sustainability – Not Only the Incidence – of Change

In the introduction to this brief, we noted that one of the distinguishing factors separating the value chain approach from traditional approaches is the need to understand and respond to often changing realities that drive economic exclusion and poverty. This creates a unique challenge for value chain projects: how do we know when we have succeeded? How can we measure not only if we have benefitted a certain number of people but that those benefits will continue not only for those we engaged directly but for others like them long after we leave? How do we know that the trade deals we help to put in place – a large processor sourcing five metric tons of maize from our target beneficiaries, for instance – are reflective of an increasingly strong relationship between our beneficiaries and that processor and not just a one-off transaction? How can we assess whether the smallholders we engage under an agricultural value chain project have the ability to respond when market dynamics shift, an environmental crisis looms or new opportunities emerge? Practitioners and donors know that development actors are often able to stretch market systems to new limits while they are engaged but, the minute projects end, the apparent gains disappear and market actors revert to old practices.

There is no simple answer here. But one response that can help is to focus the M&E system not only on the incidence of change – how many transactions take place between market actors – but also on the quality and depth of change. In the face of this challenge, project managers are increasingly looking to tools that help them to understand progress in qualitative terms. Why do value chain actors do what they do? If their behavior changes, what are their motivations and how long will they last? Ultimately, the answers to these questions will tell us as much about the final impact of a project as the number of trainings we complete, the number of people we engage or the income increase households realize in any particular year during our intervention.

Many promising practices are emerging to help teams answer these questions, including increasingly popular knowledge, attitudes and practices surveys. As the title suggests, these surveys assess what a range of value chain actors and supporters know, what they feel and what

they do. The goal is often to understand intangible factors like trust, confidence and intent that ultimately determine the behaviors of market actors. Of course, beyond understanding the sustainability of changes in the behaviors of market actors, there is a growing consensus that all development interventions must contribute to sustainability not only of economic change but also environmental stability and social cohesion. This is no less true for value chain initiatives and here again, there is no uniform consensus but promising practice does exist.

Within the GROOVE Network alone, Conservation International is developing tools that enable managers to assess the environmental sustainability of their interventions at a systemic and a household level; CARE and MEDA have done substantial work to understand the social sustainability of interventions, particularly as this relates to advances in women's empowerment; CHF is applying Outcome Mapping within their value chain initiatives; and Practical Action is exploring measures of resilience and adaptive capacity at the individual and market systems levels.

The takeaways on this point therefore are that a) value chain initiative M&E systems that are not monitoring sustainability are incomplete and b) although there are not yet simple answers on how to achieve this, it can be done and an increasing range of tools are available to support teams grappling with this challenge.

## 5. Impact Measurement – Time to Get Creative

Recent trends in development have placed an increasing – and incredibly appropriate –

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demand on organizations to demonstrate the value of their interventions through well designed, rigorous impact assessments. The trend reflects shifts and commitments including the Paris Declaration, the increasing availability of simple, cost effective tools that allow teams to gather and analyze complex datasets and a growing expectation among all people, driven largely by the transparency enabled by the internet and mobile phones that such data can and should be readily available. One of the most visible illustrations of this trend is the rise in development discourse of randomized control trials. Considered by many to represent the 'gold standard' in impact measurement, evaluation RCTs, as they are called, use a series of methods including randomizing the roll out of interventions in order to create experimental implementation environments. Research methods then allow evaluators to isolate 'project impacts' from broader trends and attribute specific impacts to a particular approach or intervention. While highly valuable in many instances, RCTs as an evaluation methodology raise a number challenges for value chain initiatives.

Given our intent to impact systems and change behaviors that affect people well beyond our 'direct beneficiaries,' value chain projects view spillover – often termed crowding in or copying – to be illustrations of success. From an RCT perspective, however, project impacts on non-intended beneficiaries can often contaminate control groups, undermining the efficacy

of the study. Beyond this, RCTs often require strict adherence to a pre-defined intervention strategy with limited adaptation over time. The dynamic nature of market systems and need for implementers to actively facilitate change, adapting strategy continually in response to market behavior make it very difficult to couple value chain projects with an RCT approach. Yet, the responsibility to generate authoritative information on project impact is no less sincere for value chain projects than it is for projects that lend themselves to an RCT. How to respond?

Teams need to devise creative approaches to measuring impacts when applying a value chain approach. Mimicking some of the comments above, focusing on measuring the changes in attitudes and behaviors of market actors at all levels is one important dimension of achieving this. Similarly, developing M&E systems that deliberately capture copying and spillover in the evaluation can contribute to effective impact measurement of value chain initiatives. A number of projects are adopting qualitative tools such as the most significant change methodology to gather insights from project participants on what works, what doesn't and why. And, researchers are developing new quasi-experimental models that allow teams to make reasonable comparisons between project impacts and what would have happened in the absence of the intervention. The International Food Policy and Research Institute, for instance, conducted a 4.5 year impact evaluation of CARE's Strengthening the Dairy Value Chain Project in Bangladesh using a treatment group represented by direct participants in the project and two sets of control groups – one group represented by community members in villages in which CARE intervened that were not participating in the project and a second control group in communities similar to but not intervened in by CARE. The resulting analysis allowed CARE and IFPRI to analyze project results among direct participants and spillover effects on community members while relying on the second control group to make reasonable assessments of what would have happened had CARE not intervened.

The field is evolving but, as with other dimensions of M&E for value chain projects, a number of practices are emerging that allow teams to plan for and effectively measure the impact of their projects without compromising the value chain approach and its emphasis on market facilitation, adaptation and dynamic implementation.

## Where can I find tools on this?

**CARE Market Engagement Capacity Corner:**
http://edu.care.org/Pages/CapacityCorner.aspx
At the Capacity Corner you'll find a variety of materials to help you strengthen value chain development programming, including an 11-module course on monitoring and evaluation for value chain projects that covers the use of staff observations and experiential knowledge.

**The PMSD Roadmap:** http://www.slideshare.net/pmsd-map
Participatory Market System Development is Practical Action's approach to value chain development. The Roadmap offers in-depth guidance, training resources and case studies to help you take an iterative improvement approach in your value chain projects. It includes a section on orienting monitoring and evaluation to achieve this (to be published shortly).

**The Donor Committee for Enterprise Development (DCED)'s Standard for Measuring Results in Private Sector Development:**
http://www.enterprise-development.org/page/measuring-and-reporting-results
The DCED Standard offers a framework of criteria to meet for good practices in value chain development monitoring and evaluation.

**USAID's Microlinks Value Chain Wiki:**
http://microlinks.kdid.org/good-practice-center/value-chain-wiki
The Microenterprise Learning, Information and Knowledge-Sharing (Microlinks) website includes, as part of its Good Practice Center, the Value Chain Wiki. The Wiki contains detailed guidance and a large library of resources to support value chain development programming, including a section on monitoring and evaluation.