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## ABOUT THE AUTHORS

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# IFC SmartLessons

*real experiences, real development*

## Capturing Results a Better Way: Eight Lessons in Productive Data Collection

*Although many development partners have been discussing impact and evaluation for the last 30 years of international development, there still seems to be disagreement on indicators, impact, and how to collect the data, and discussions are ongoing. Evaluations and impact assessments are crucial for IFC advisory services projects. They help identify issues in implementing strategies that ultimately stand in the way of realizing the project's goals and provide vital lessons for the success of future endeavors. Based on our experiences at the IFC South Asia Enterprise Development Facility (SEDF), we want to share some lessons on how to collect monitoring and evaluation (M&E) data in the most effective way and what data to look for.*

### Background

During the first cycle of the project, our M&E team, as a pilot, adopted a results-based performance measurement tool (hereafter referred to as the "tool") to assess the effectiveness of our interventions. The tool was based on a planning matrix derived from causal chains (Figure 1) to make intended impacts within the framework of IFC development objectives and strategies.

We wanted this tool to help us assess the impacts of interventions and guide us in improving our future efforts. However, due to various challenges, not all staff members were able to use the tool to its full potential, and thus our M&E results fell short of their high aspirations. Although everyone wanted a "good" and useful system, few of them welcomed the work involved in updating files unless there was some kind of urgency. Often their input came too late in the process to be useful.

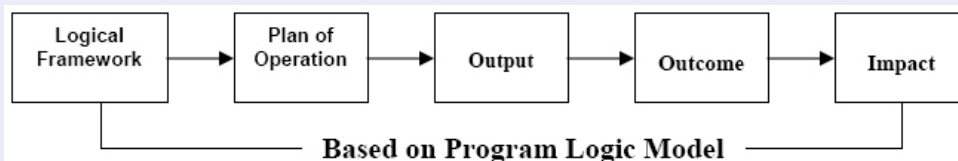
Anecdotal feedback and actual application of the piloted performance measurement tool revealed several other issues; addressing them taught us some valuable lessons:

### Lessons Learned

**1) Develop the relationship with the client or the information provider before requesting any data.**

A major hurdle was the enterprises' reluctance to share data, such as the status of their business performance. In countries like Bangladesh, information is spread by word of mouth, according to oral tradition. This means that the transmission of knowledge, information, data, etc., occurs not via books and Web pages, but through people interacting with one another in informal settings. Owners of small and medium enterprises (SMEs) prefer to get to know the people they are dealing with *before* they give out business or finance-related data. Local businessmen feel

Figure 1. M&E Causal Chain



comfortable providing information in a subjective manner by talking to peers and colleagues, rather than by doing lonely research on facts and evidence. In other words: first, the relationship; then, the data-sharing. In the future, we plan to employ the oral tradition approach to build up rapport and *strong* networks with associations and business chambers.

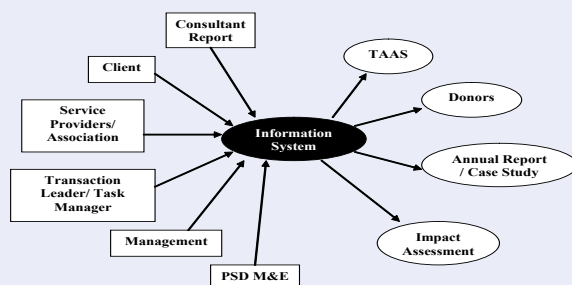


IFC staff engaged directly with farmers in the field to assess their needs.

## 2) Secure stakeholder consultation and buy-in at the outset.

Previously M&E was perceived as a data collection unit that worked on numbers in an isolated way. Now we have come to know that stakeholders must be part of the process to ensure the tool's success. Stakeholders include task managers and transaction leaders, clients, service providers/associations, management, development agencies, and donors (Figure 2). It is important to get feedback from the stakeholders regarding the project's interventions and the expected impact they will have. Every stakeholder needs to understand how the data affect and illuminate their project's success, and hence take ownership over this dimension of the project. Teamwork and group brainstorming generate the kind of innovative approach that is necessary.

Figure 2. Stakeholder Consultation



We found that involving donors is a useful strategy. Because donor staff members keep changing, we also realized that it is important for them to understand the past, the present, and the future outcome of plans.



To ensure success, stakeholders must be part of the process.

## 3) Include a clause in the Memorandum of Understanding (MOU) that ensures data sharing related to the project from every stakeholder involved.

Previously, we collected data from multiple sources using various methods but were often left with numerous blanks or conflicting information. It is not that clients did not want to cooperate; they just lacked the foresight to provide the necessary data in the language we wanted. By coaching the clients on how data can be collected and how the clients themselves could leverage the information, we started collecting required data right at the outset through the MOU, and we were able to see significant improvements in data compliance.

Because we kept the data to ourselves, the clients didn't see much value in their contributing. We learned that we should also share company data and our diagnosis with the clients so that they could see the value of the information.

## 4) Add an independent quality control unit.

Even with more consistent data sharing, we encountered problems with sustaining data quality in terms of consistency and comparability. We learned that an independent quality control unit would be a useful addition (Figure 3) so as to provide a neutral view on data validation and process compliance.

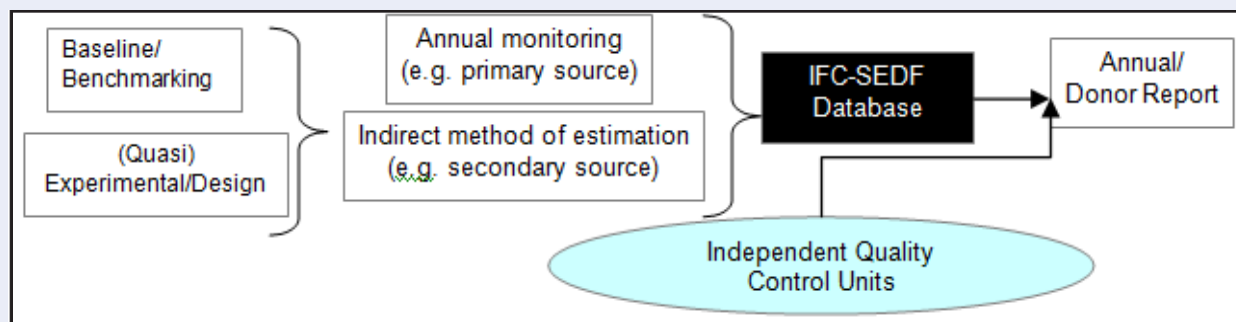
## 5) Educate users about the value of constant feedback.

It took time to educate users on M&E. Many of them simply did not see beyond data collection. As a result, the tool missed out on receiving constant feedback, which would

have given diverse users' perspectives. Ultimately, we leveraged corporate-wide demand and an M&E network to educate users on the importance of M&E by circulating information from organized M&E discussions among colleagues who were not originally a part of the process. That said, it is still a most difficult process.

the outcome and impact level *only* on the primary beneficiaries. We then learned that it is critical to focus on the changes in the business practices of those affected by our interventions directly and indirectly, because that provides greater insight into the strengths and weaknesses of our interventions.

Figure 3. M&E Framework



#### 6) Customize tools for collecting baseline and monitoring data.

We have multiple demands for our information. We need to adhere to the indicators and guidelines provided by the Results Measurement Unit of headquarters to summarize the global data from the field (more generic/standard in nature); provide sectoral benchmarks to create an industry-specific baseline so that we can do some comparisons after the interventions; give information and feedback to the task managers; and use the data as our own tool for “value-added marketing” of our advisory services through sharing industry-level information with the clients so that they are aware of the changes taking place within an industry.

Initially, we followed the generic indicators suggested by the Results Measurement Unit. But we soon learned that it is crucial to design exclusive, user-friendly templates to address the specific issues of each relevant sector. For example, if we are working on the garment sector, it is important to look at the export volume, labor margin, and unit price of the garments to see how growth has been achieved. On the other hand, it is important to benchmark the cost of raw materials and inputs like electricity and gas for the light engineering sector, the focus of which is on reducing costs of inputs to other industries that use light engineering products as their raw materials.

The biggest lesson we learned is that it is really important for the results measurement team based in the field to understand the causal relationship between interventions and certain results so that they can tailor the indicators accordingly. The M&E team should be involved at the project design stage. Doing so increases the workload, but then there is no shortcut.

#### 7) Go beyond measuring the impact on primary beneficiaries.

Previously, we tracked the effects of our interventions at

For example, most of the access-to-finance work involved building partner financial institutions' competency in lending to SMEs by introducing new SME-friendly products and training. We helped these institutions build and maintain a good tracking system that would look at changes in their SME loan portfolio, nonperforming loans, the number of borrowers and outreach, and the growth of new products. However, when the external evaluators saw that the banks were doing well with our assistance, their first question was, “So what?” They wanted to see precisely how the SMEs benefited by taking a loan from the bank and how they improved their business performance. The same concerns were raised in all the business lines. The biggest lesson we learned is that, in designing interventions, we really need to be specific about what kind of changes we want to see in the ultimate beneficiaries and how we can attribute our interventions.



The ready-made garments industry requires customized tools for collecting data.

#### 8) Follow through in the short and medium term.

We also need to look beyond short-term M&E. For example,

after facilitating the organization of an electrical fair to promote local products, at year's end we measured the participants' sales and job growth. It was only later that we realized that we should have continued our M&E efforts and tracked how many future contracts or businesses the participants secured as a result of participating in the fair.

## **Conclusion**

Our experience from the pilot demonstrates that a revised Management Information System (MIS)-based performance measurement tool that addresses the aforementioned bottlenecks is the best way to ensure that the desired goals of the project are achieved. We also plan to use our comprehensive M&E data base for all kinds of reporting, such as semiannual IFC reporting, corporate Advisory Services project management templates, semiannual donor reporting, management reporting, press releases, and case studies.

### **DISCLAIMER**

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