

Annex I:

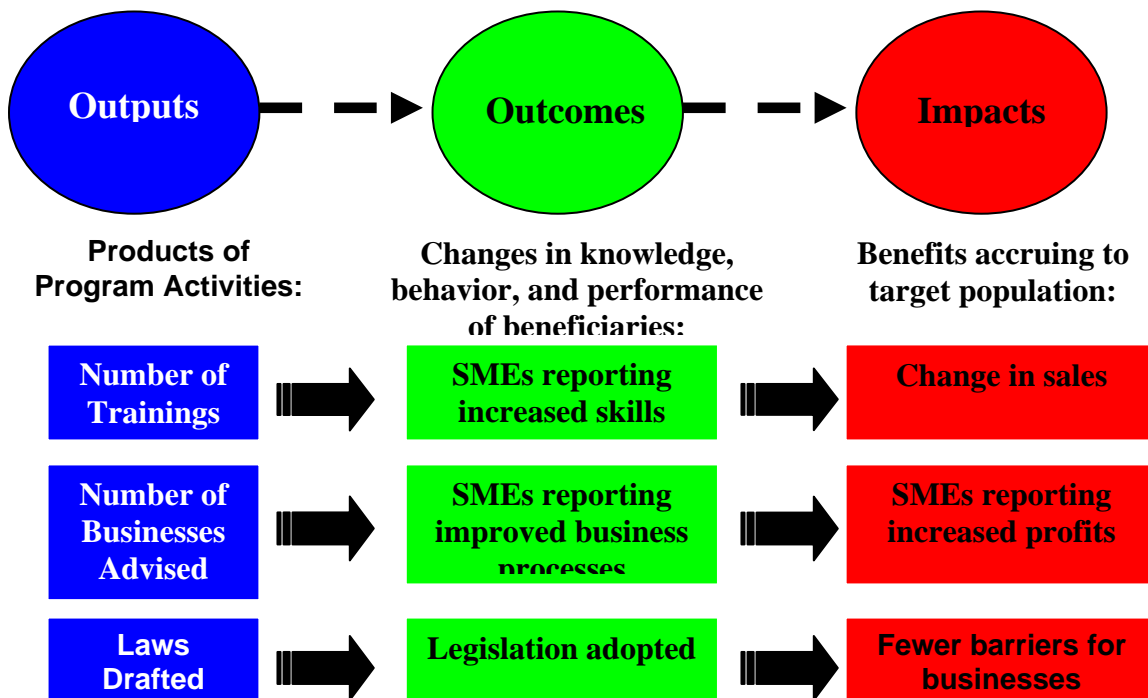
Methodology of SEED's Monitoring and Evaluation Team

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The Metrics and Evaluation process is continually evolving. Questions and methodology are changed to reflect the realities of the local market, the changing nature of SEED's work, the priorities of the IFC, and the knowledge needs of SEED's staff, management, and partners.

The Metrics and Evaluation team first becomes involved with a project at its conception, by helping the project manager to articulate the intended outputs, outcomes, and impact of the project and develop those statements into a logical framework. Outputs are the activities undertaken by SEED directly, such as trainings, reports, workshops, draft laws, etc. Outcomes are the intended results of these activities, such as improved knowledge, improved business processes, and passage of a law, etc. Impacts are the eventual goals of SEED's work such as improved profitability, increased employment, greater access to finance, etc. Figure 1 below illustrates this relationship. The outputs, outcomes, and impacts articulated in the logical framework at project conception become the goals against which the success of the project is measured.

Figure 1: Outputs, Outcomes, and Impact



Once the project is approved, project managers are required to give updates on the status of the project quarterly. These reports primarily consist of project activities (outputs) successfully completed, and a written explanation of the project's progress, and budget/spending updates. When each activity is completed, the clients are asked to fill out a Customer Satisfaction Survey (CS), which is delivered to the M&E Team. An activity is defined as a single independent intervention. For example, a training is

defined as one activity, even if it lasts for several days. A training followed by a consulting intervention is defined as two activities, even if the client is the same. For trainings, the CS is done at the end of the training. For consulting interventions, the CS form is left with the client when the intervention is complete. For interventions that last more than six months, such as work with a Business Membership Organization or a Business Enabling Environment project, a CS is done every six months.

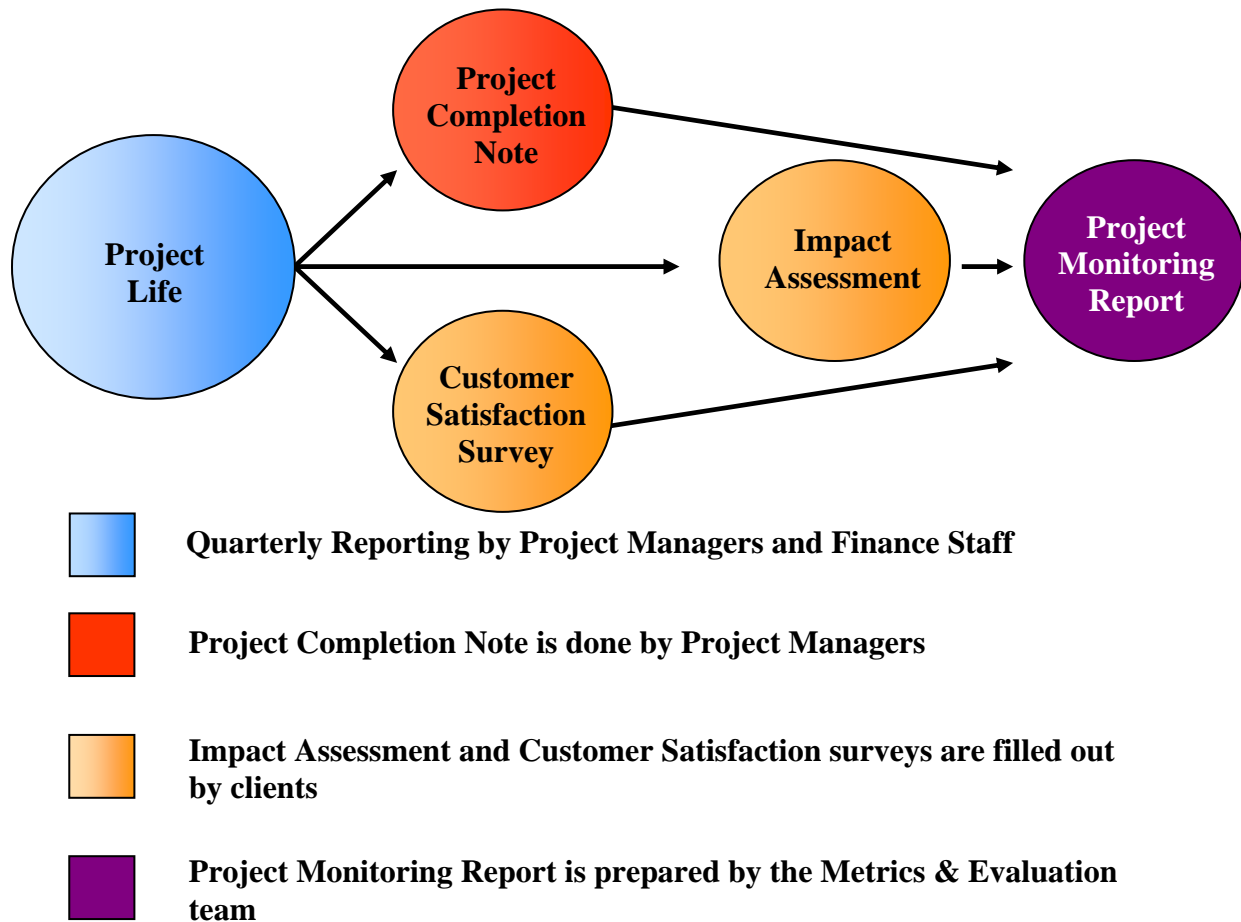
At project completion, each project manager is responsible for filling out a Project Completion Note (PCN). The PCN highlights the expected outcomes of the intervention, which are then targeted for impact assessment. The PCN also collects lessons learned, potential for follow-up, and any other information the project manager thinks is relevant to evaluating the project. The project manager's part in the M&E process ends with the PCN.

Approximately three months after a training intervention and six months after a consulting intervention is completed, impact assessment forms are sent to the client. Oftentimes this is coupled with a follow-up interview conducted by a member of the M&E Team. In fiscal year 2005, SEED began conducting focus groups with clients to understand the qualitative aspects of SEED's interventions in more depth. These results are compiled, along with information from the PCN and the CS, to become part of the Project Monitoring Report (PMR). This document gathers most of the pertinent information about a project into one place for easy examination.

The PMR provides a powerful management tool by which SEED can evaluate the quality of its deliverables, its overall impact on SMEs, and assess SME sector needs and demands. In addition, management is able to examine everything from individual consultants, program officers, and trainers up through entire product lines based on customer feedback and impact. This information enables managers to address specific client issues with individuals, make informed decisions when hiring consultants, as well as make broad decisions about future programming.

The components of this process are outlined in Figure 2 below.

Figure 2: Impact Assessment Methodology



The impact assessment process has been further tailored to fit other projects for which the above methodology would be either inappropriate or inadequate. For projects lasting longer than six months, such as work with business membership organizations, government ministries, or linkages clients, customer satisfaction surveys and impact data are collected every six months for the life of the project. For Business Enabling Environment (BEE) projects, which most often operate on a longer timeline and have less concrete target clients, the impact assessment process is designed for the individual project by the M&E Team and is updated every twelve months.

Evolving Process

In fiscal year 2005, SEED introduced several changes to its Monitoring and Evaluation process. These changes were seen as ways to squeeze additional information out of the M&E process, but also as pilots for an improved M&E system to be used in SEED's successor organization, PEP-SE.

The first change was the introduction of an M&E process specifically targeting Business Membership Organizations (BMOs). SEED's work with BMO's was complicated

because it involved aspects of capacity building (traditionally evaluated using the Business Development Services process), trainings, consulting, and often business enabling environment work. BMOs were both the recipient of services, and the conduit through which services were offered on a retail level. In FY05 SEED's M&E Team introduced a specific process that encompassed all of these aspects and could be coherently aggregated on a regular basis to give a sense of the progress of work with an individual BMO as a whole.

SEED also introduced a specific M&E process for each of the different participant groups in the Alternative Dispute Resolution (ADR) programme. Each set of participants in the ADR programme (training recipients, judges, mediators, and clients) had specific needs and lessons to impart that were not captured using SEED's traditional M&E process.

In consultation with project staff, management, and participants, the M&E Team developed a specialized process for ADR that focused on the needs and experiences of each group. For training recipients, this involved only a slight tailoring of SEED's normal process for evaluating training. For judges and mediators, this involved a lengthy and specific set of questions that will be administered regularly as long as the clients are involved in the programme. As ADR is rolled out throughout the region, this process should enable analysis of individual mediation centers and provide timely information about potential problems to project staff. A new questionnaire was developed for mediation participants, that should enable SEED staff and management to quickly rate mediators, aggregate program results, and identify perceived problems in the process.

Finally, in fiscal year 2005 SEED began the introduction of focus groups for specific sets of clients. The results of these focus groups will be incorporated with the more quantitative results of SEED's M&E system to provide a richer source of information to staff, management, and external parties.

Fiscal Year 2005 Responses

Fiscal year 2005 saw the largest pool of client responses yet. The chart below breaks out the client response rate by product type and year.

Figure 3: Client Response Rate FY03-FY05

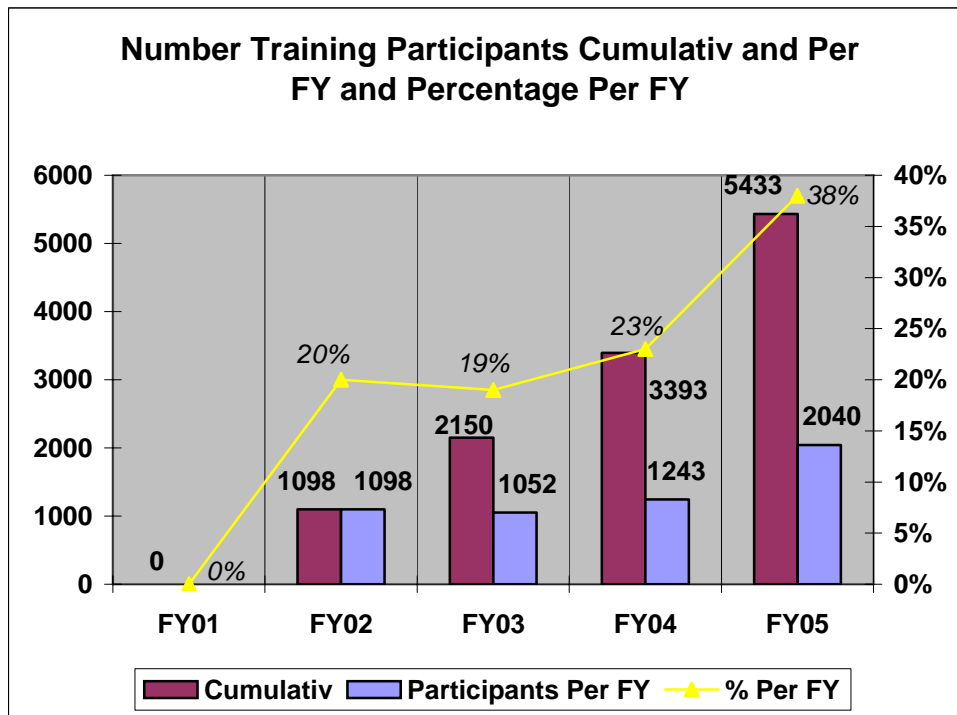
	FY03		FY04		FY05	
	Customer Satisfaction	Impact Assessment	Customer Satisfaction	Impact Assessment	Customer Satisfaction	Impact Assessment
Retail Consulting	40	10	58	23	84	73
Retail training	273	148	1366	431	2814	1327
Wholesale Training BDS	193	145	605	157	1165	228
Wholesale Training FI	85	17	122	24	308	260
BMO					42	33
ADR – Trg					51	75

ADR – Judges						9
ADR – Mediators						6
ADR - Clients					13	99
BEE				8		8
Total inputs	591	320	2151	643	4477	2118
Response rate	FY03	35%	FY04	54%	FY05	67%

In general, the Metrics and Evaluation Team is satisfied that this level of response is sufficient to be indicative of client feelings and offer some insight into the effectiveness of SEED’s programming.

Figure 4: Aggregate Client responses by year

(Can Braco do a chart similar to this one with inputs into PTMRS rather than clients? I think that would be informative and interesting. The % would be the response rate.)



Limitations of This Methodology

1) Selection Bias- Of course there are limitations to a methodology which relies on client responses. First, there is an inherent bias towards those with strong feelings about SEED's work. Those who feel SEED has nothing further to offer them, are unhappy with SEED's work, or are neutral are less likely to respond. The M&E Team has worked to mitigate this risk by actively pursuing all clients, by stressing the anonymity of individual responses, and the neutrality of the questioner.

2) Client Information- Second, client understanding of the questions or ability to answer limits some responses. For example, reviews of consultants relative to SEED staff assumes that clients know which is which. Clients may not fully understand some of the terminology, particularly in translation. Clients may also not have information such as the size of a bank's SME portfolio or the profitability of a company at a given moment. The M&E Team has worked to mitigate this by going through the questions with clients and by removing or altering terminology which has proven confusing in the past.

3) Client Willingness to Disclose- Third, results are limited by the willingness of clients to disclose information to the questioner. In the region, fears that information about employment and profitability will be reported to tax authorities make specific numerical answers difficult to obtain. The M&E Team has worked to address this fear by making questions more general and by assuring clients that their answers will remain anonymous. Nonetheless this continues to be an issue.

4) Assessment Timing- Any assessment that seeks to assess impact is limited by time. The impact of a changed business process, increased learning, or an improved administrative process takes time to develop, even under the best of circumstances. However, a client's willingness to attribute changes in businesses processes or even acknowledge learning reduces as the time between the intervention and the assessment lengthens. This tension forces assessors to choose between response rate and understanding the actual impact of SEED's work in the long-term. The M&E Team has worked to mitigate this by varying the timing of assessments depending on intervention type, and by combining timely client interviews with longer-term methods such as focus groups and third-party evaluations.

5) Attribution- SEED's work does not exist in a vacuum. A wide variety of factors influence the performance of businesses, governments, civil society organizations, and financial institutions. SEED's intervention will only ever be, at best, one among a variety of factors. SEED seeks to address the issue of attribution by asking clients for their opinions about whether SEED's work has contributed to changes in their operations, and by seeking several measures of intermediate outcomes which might reasonably be associated with the desired impact. However it is clear that the attribution of impact to SEED's interventions, as with most technical assistance work, will always be somewhat unclear.