



ECONOMIC STRENGTHENING FOR VULNERABLE POPULATIONS

Promotion: Value Chains

KEY POINTS

- Value chain program monitoring & evaluation (VC M&E) based on causal modeling provides a picture of how the program’s activities and their effects relate to the ultimate objectives.
- VC M&E includes both internal and external users, from project managers and frontline workers, to donors and market actors.
- New developments in VC programs are allowing for more targeting of the very poor and vulnerable populations; good VC M&E can measure the effectiveness of this shift in focus.
- Active performance monitoring enables all of the staff to manage project resources more strategically.
- Approaches to M&E vary depending on the strategies undertaken, and the strategies will determine costs and necessary resources.

INTRODUCTION

Value chain (VC) programs require that monitoring and evaluation (M&E) information gathered be well connected to project implementation. An effective M&E system links project interventions, outputs, and outcomes to broader project impacts. It also engages a broad range of stakeholders from project staff to intermediaries and clients in extracting lessons from VC implementation and identifying gaps in practice or knowledge where new interventions and actors can be introduced to achieve goals.

RECOMMENDATIONS

Value chain program M&E through causal models and reporting systems can significantly improve and shorten feedback loops, bridging the divide between M&E staff and frontline staff. The main advantage behind causal modeling is that it provides a picture of how a VC project will achieve its objectives, illustrating in what way interventions, effects, and impacts relate to one another. Having project staff involved in the collection and analysis of data about all levels of interventions can greatly assist projects in the achievement of their strategic goals.

VC M&E should include **internal users**, project management and frontline staff, who will be gathering and utilizing the information in order to make decisions about the implementation of interventions. For this to happen, the project should be flexible and able to change course based on findings. The M&E system will only be effective for such decision making if managers and staff can monitor outputs and are willing and able to adjust the program, for example based on:

- How their particular targeted population is responding;
- Changes in the market system or project’s operating context; or
- Information that changes the initial assumptions about business and markets.

However, VC M&E also includes **external users** such as value chain actors, donors, policy makers, academics, and other key stakeholders. External clients will use monitoring data to track project results and hold implementers accountable for promised results, measure the return on their investments, assess the effectiveness of a development approach, and determine the achievement of development objectives. External users tend to require less frequent, but more formal and rigorous, often quantitative, information.

VC projects need to incorporate features that meet the needs of both internal and external users of the M&E system. Although this is a widely accepted concept, all too often M&E systems struggle with a lack of resources or capacity and therefore focus exclusively on the needs of external clients—donors in particular.

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For more information on LIFT II, please visit our website: www.theliftproject.org

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LIVELIHOOD STRATEGIES & ILLUSTRATIVE INTERVENTIONS



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DECISION-MAKING USES FOR MONITORING & EVALUATION

The strategic use of M&E is absolutely essential for the effective management of VC programs, which are time sensitive, often decentralized, and offer a wide array of services and interventions. Active performance monitoring enables all of the staff to manage project resources more strategically. Internal and external users should carefully ensure that M&E systems include:

- A strong causal model that illustrates the project’s complete theory of change, including the relationships between different interventions, their effects, and their impacts;
- Defined indicators of change verified against the causal pathways and model;
- Protocols to measure changes in indicators and integrate M&E into project management; and
- Measurements to capture wider changes in the market systems and clearly assign attribution.

RESOURCES

For more information about monitoring and evaluation of value chain programs, please see these resources:

- *Donor Committee on Enterprise Development (DCED) Results Assessment Standards:* These standards include common indicators and guidance for results assessment applicable to customized M&E systems.
- *Leveraging Economic Opportunities (LEO). Report No. 3. Evaluating Systems and Systemic Change for Inclusive Market Development.* June 2014.
- *The Value Initiative. Monitoring and Results Measurement in Value Chain Development: 10 Lessons from Experience.* May 2012.
- *CARE International. Guide to Monitoring and Evaluation System Design for Value Chain Projects.* January 2012.
- *Monitoring and Measuring Change in Market Systems - Rethinking the Current Paradigm.* <http://www.seepnetwork.org/monitoring-and-measuring-change-in-market-systems---rethinking-the-current-paradigm-resources-937.php>

EVALUATING PRO-POOR FOCUS OF VC PROGRAMS

VCs have been an integral part of development for more than a decade; traditional VC approaches have focused on increasing economic growth, agricultural output, employment, exports, etc. New developments relevant to serving very poor and vulnerable communities are improving impact by taking into account:

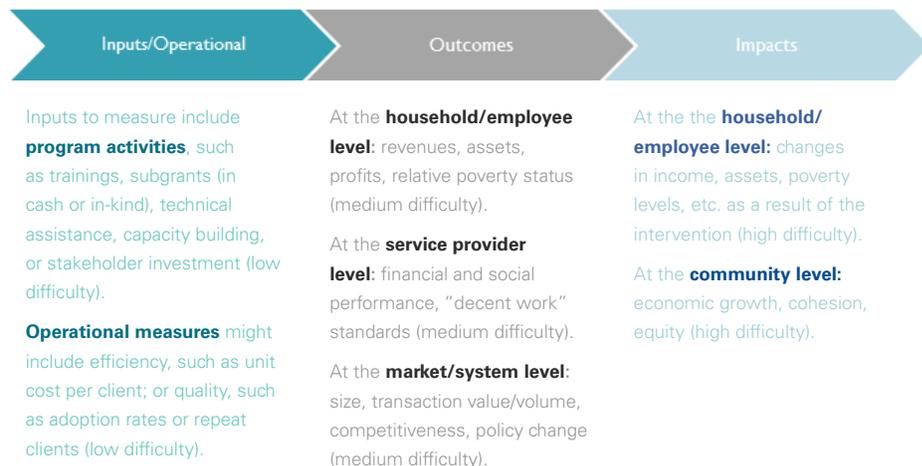
- Inclusion, by targeting more marginalized populations and focusing on growth with equity.
- Balancing top-down analysis and participation.
- Shifting from standardized supply-driven services to tailor-made demand-driven support.
- Shifting from a focus on a few services, to providing a full “package” of enterprise support.

COMMON MISSTEPS IN VC PROGRAM M&E

ISSUES	POSSIBLE SOLUTIONS
Program fails to recognize the different information needs of internal and external clients.	Upfront client mapping can identify key clients and their corresponding information needs and will enhance client understanding, priorities, data sources, knowledge, and use, thereby shaping the M&E system.
VC program forces staff to adopt a particular causal model.	Jointly review the causal model with staff reaching agreement on how project activities are expected to lead to outcomes and impacts, for more effective collection and analysis of M&E data.
M&E design and initiatives do not match program design to existing M&E capacity and resources.	At the onset of the project, assess the resources (which might include skills, time, travel, or equipment) needed for M&E activities and the resources that are available in the program.
Failure to identify appropriate data points and sources	At the onset, clearly define the most reliable sources of data(e.g current research, local, regional, national sources etc), as well as the best timing for collecting particular sets of information/data.

INDICATOR RECOMMENDATIONS

As M&E resources focus more on outcome and impacts, and especially on tracing impacts through poverty reduction, the more difficult and expensive they may become. Approaches to M&E vary depending on the strategies undertaken. Below is a list of some basic indicators that might be a part of any M&E plan, along with the relative level of difficulty of collecting each:



This publication is part of a practitioner oriented technical note series featuring economic strengthening interventions. It provides an overview of monitoring & evaluation of value chain programs savings groups for promotion of livelihoods in the household vulnerability continuum of provision-protection-promotion. Additional value chain development briefs address overarching program elements and implementation. LIFT II matches beneficiaries with appropriate household economic strengthening (HES) activities based on three categories of vulnerability.