DONOR COMMITTEE FOR ENTERPRISE DEVELOPMENT

TECHNICAL REPORT

Methodological Guidance for 5 Private Sector Development Indicators

RESULTS MEASUREMENT WORKING GROUP

1. Change in income

2. Change in amount of investment generated

3. Number of full-time (equivalent) jobs supported and female jobs supported as percentage of total

4. Number of individuals or firms gaining access to a value chain

5. Number of individuals or firms that obtain financial services

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Methodological guidance for 5 Private Sector Development indicators

Results Measurement Working Group

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Icons made by Eucalyp, Mynamepong, Good Ware, Kiranshastry and Freepik

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List of acronyms

AfDB	African Development Bank
AIP-Prisma	Australia-Indonesia Partnership Prisma
ALCP	Alliance Caucasus Programme
CDC Group	Commonwealth Development Corporation
CGAP	Consultative Group to Assist the Poor
COSA	Committee on Sustainability Assessment indicators
CFI	Commercial Financial Institution
DCED	Donor Committee for Enterprise Development
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECDPM	European Centre for Development Policy Management
FMO	Netherlands Development Finance Company
FTE	Full-time equivalent
GAFSP	Global Agriculture and Food Security Program
GEMS	Growth and Employment in States
GIZ	German Development Cooperation
HIPSO	Harmonised Indicators for Private Sector Operations
IDH	Sustainable Trade Initiative
IFC	International Finance Corporation
IFI	International Finance Institution
ILO	International Labour Organisation
IMF	International Monetary Fund
IRIS	Impact Reporting Investment Standards
KfW/DEG	German investment and development corporation
M&E	Monitoring and Evaluation
M4P	Making Markets Work for the Poor Approach
MDB	Multilateral Development Bank
MFA	Ministry of Foreign Affairs

MNC	Multinational corporation
MSME	Micro, Small and Medium Enterprises
NAIC	Net Attributable Income Change
ODI	Overseas Development Institute
OECD/DAC	Organisation for Economic Co-operation and Development Assistance Committee
PCV	Pacific Community Ventures
PEPE	Private Enterprise Programme Ethiopia
PS	Private sector
PSD	Private sector development
RMWG	Results Measurement Working Group
RVO	Netherlands Enterprise Agency
SAM	Social Accounting Matrix
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
TMEA	TradeMark East Africa
UN	United Nations
UNCDF	United Nation's Capital Development Fund

1. Introduction

In 2008, the Donor Committee for Enterprise Development Results Measurement Working Group (DCED RMWG) developed the DCED Standard for Results Measurement, now in use by practitioners in about 150 programmes around the world. The Standard is a framework for good practice in monitoring of donor-funded private sector development (PSD) initiatives, particularly for adaptive management in market systems development. It suggests three common impact indicators, but focuses largely on how results are measured, rather than what is measured.

More recently, in 2016, the RMWG concentrated on a range of indicators that could be defined more precisely and harmonised, to allow for aggregation. It identified 25 commonly used indicators in private sector development programmes and agreed on common definitions of these indicators. In 2018, the RMWG agreed to further this work by developing guidance to highlight common good practice methodologies to measure five of the 25 indicators as prioritised by the RMWG.

The Guidance Notes provide information on how to measure:

1. Change in income
2. Change in amount of investment generated
3. Number of full-time (equivalent) jobs supported and female jobs supported as percentage of total
4. Number of individuals or firms gaining access to a value chain
5. Number of individuals or firms that obtain financial services

The guidance is aimed at donors, funders and programme managers who want to gain a broad understanding of how to measure each indicator. The notes aim to provide information on good practice approaches to measuring these indicators highlighting: 1) specific data that may need to be collected to measure each indicator; 2) possible disaggregation of data to understand more about the change being measured; 3) how to delineate the measurement (i.e. whether and how to include indirect beneficiaries); 4) possible data collection methods and sources; 5) how data quality can be assured; 6) the most suitable timing of measurement; and 7) challenges that may be experienced measuring the indicator. Where feasible, additional resources have been indicated.

The Guidance Notes are not a detailed how-to guide that provides step by step tasks required to measure each indicator. This is because the exact approach needs to be tailored to the context of by whom, why, for what and where, the indicator may be used. The Guidance Notes can help users to design and implement a tailor-made approach to measure these indicators that fits their context, with awareness of the pros and cons of certain choices. Also, whether the indicators are used at an

outcome or impact level depends on the type and focus of the intervention. This is therefore not predefined in this guidance.

The five indicators covered in these Guidance Notes are quantitative in nature. Measuring these quantitative indicators can increase knowledge about certain aspects of changes. They are most likely to feature as a part of PSD programme's broader result measurement framework. Both quantitative and qualitative information should be collected by programmes to increase knowledge and learning about the changes that occur – not only the 'what', 'how much' and 'for whom' but also the reasons why changes are happening or not, so as to contribute to learning.

1.1 Structure of this paper

Section 2 introduces the structure of the Guidance Notes. Section 3 presents the actual Guidance Notes for each indicator. Furthermore, it features case-study boxes to demonstrate specific elements of measurement in practice. This section also presents the linkages of the indicators with the SDGs and SDG indicators. Section 4 suggests some final considerations for next steps.

A number of annexes contain additional information:

- Annex 1 presents the list of harmonised PSD indicators developed by the RMWG in 2016.
- Annex 2 further explains the background of this RMWG initiative, as well as how it relates to the DCED Standard for Results Measurement.
- Annex 3 elaborates on this study's approach and methodology.
- Annex 4 provides a glossary of key concepts and methods used throughout the report.
- Annex 5 highlights how each of the indicators link to specific SDG goals, indicators and/or targets.

2. Approach and structure of the guidance

2.1 Multiple and flexible approaches for measurement

PSD involves a broad range of actors funding and implementing a wide array of interventions or investments in different contexts. To inform the Guidance Notes, the interviews have been conducted with monitoring experts of donor organisations, their implementing partners and development finance institutions, as well as experts from the private sector, including commercial financial institutions. The interviews confirmed that the type of actor and type of intervention or investment affect the measurement approaches used.

Varying M&E approaches of PSD actors

Three broad groups of actors engaged in PSD-related interventions or investments can be distinguished: donor organisations, development finance institutions, and private sector actors, including commercial financial institutions. The type of organisation funding and implementing the intervention or investment affects how measurement of development outcomes and impact is valued and what investments are made in proportional monitoring and evaluation capacity in terms of budget and staff available.

Donor organisations (development programmes) and their implementing partners. Donor organisations may contract partners, such as consulting companies or non-governmental organisations, to implement, monitor and evaluate development programmes. Development Finance Institutions and Multilateral Development Banks may also be recipients of donor-funding with responsibility for implementing programmes. These organisations act as intermediaries between the donor organisation and the clients or beneficiaries such as businesses or smallholder producers that the programmes work with. Often, implementing partners have the primary responsibility for collecting and analysing progress and results. The scale of the interventions or investments is generally smaller (in terms of amount of money invested) compared to the other two groups.

For donor organisations and their implementing partners, improving the economic and social well-being of poor people in developing countries is their core mandate. Measuring their impact for development is therefore key. As a result, they are likely to invest considerable financial and human resources in monitoring and evaluating. They have historically dedicated substantially more financial and human capacity to monitoring than Development Finance Institutions and the private sector.

Development Finance Institutions (DFIs) have large portfolios of investments. They collect data directly from the businesses they invest in based on agreements to provide the data for an agreed time period. DFIs also carry out supervision during the project's implementation. Most DFIs focus on a limited number of specific development impacts, notably employment and financial access. Many DFIs apply economic models to calculate their development impact. Their large portfolios make detailed real time monitoring complicated and costly. Due to the more distant relation with their clients, these institutions sometimes also face limitations in accessing the information needed to assess results. For instance, when a credit line is extended from a DFI to a local commercial bank, the operations of the local bank are in the realm of its private portfolio, and the bank may or may not make its portfolio operations publicly available (OECD/DAC 2018a). DFIs work with the HIPSO initiative (harmonised indicators for private sector operations), and the IRIS Metrics (a catalogue of indicators to measure the social, environmental and financial performance of an investment).

DFIs have traditionally spent fewer resources on monitoring and evaluation. However, DFIs are increasingly spending more as development impact is now more pronounced and at the core of

many DFIs' mandates. DFIs need to strike a balance between development impact and generating financial returns, as loans need to be repaid. This applies less to donor organisations working historically primarily with grants. While DFIs have indeed invested less in monitoring compared to donor organisations and their implementing partners, a trend is noted towards more advanced impact measurement. DFIs are increasingly being asked to measure their development impact and increase their investment in developing countries. Various DFIs, like for example KfW/DEG, IFU and the CDC group are introducing new measurement and monitoring frameworks and increasing their capacity in monitoring.

Private sector, including commercial financial institutions (CFIs) encompass a range of actors which assess their performance in different ways. Most businesses' internal audit and monitoring systems are geared towards the tracking of financial performance and risk management, and rarely track development effectiveness and outcomes (OECD/DAC 2018a). However, there is a modest increase in private sector actors reporting on their social and environmental impact, which is in line with the Agenda 2030 that identifies the private sector as a key partner to achieve the SDGs. In addition, if private sector actors work with donor organisations or DFIs, this may be the reason to engage (more) in monitoring their development impact. The measurement of development impact is generally outsourced to consultants, and in the case of large multinationals, given the size of operations, the use of economic models to measure development impact is preferred.

Varying PSD interventions and investments influencing the measurement approach

The wide range of types of PSD-related interventions or investments may also influence the measurement approaches used. Choices for measurement approaches can be shaped by the target beneficiaries, the scale, the geographical scope, etc. For example, interventions focusing on informal sectors are often measuring income change at individual level, while interventions in more formal settings can more easily measure income change at company level. To take another example, in conflict or post-conflict situations, it can be challenging and costly to collect data, making approaches that require relatively little data more suitable.

In addition, PSD actors can make choices as regards the extent to which they seek to prove their contribution to changes; i.e. demonstrating a plausible link between a change and the intervention or investment, but without fully isolating the effect of the intervention(s) from other factors. Or whether they seek to attribute results; i.e. demonstrating that a change is caused by the intervention or investment. The latter is more complex, requires more labour and time-consuming approaches, and raises practical issues: actors may have different perspectives on the influence of their respective inputs (DCED, 2017c).[1]

[1] See Annex 4. DCED published the following guidance on assessing attribution: DCED 2018, on estimating attributable changes; DCED 2015c, on measuring attribution; and DCED 2014a, on demonstrating additionality.

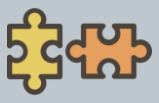
Given the factors described above, the Guidance Notes are not prescriptive, but rather present options which allow the user/reader to take the characteristics of PSD actors and interventions or investments into account. Therefore, for some indicators, two or three main types of measurement approaches are described. The Guidance Notes also present options within an approach, to promote harmonisation, but leave room for flexibility to make specific choices. Overall, the aim of the Guidance Notes is to suggest methods for which data are relatively easy and simple to collect. While some approaches are more easily implemented in regular project monitoring, other approaches do require more financial and human resource effort.

2.2 Structure of the Guidance Notes

The next chapter is structured along the five key indicators. Each indicator section starts with the definition of the indicator and the most relevant related SDG indicators (More details on linked SDG indicators and targets are included in Annex 5). Subsequently, one or several measurement approaches are presented, including an explanation of the main distinguishing elements.

Each measurement approach has a separate Guidance Note. All Guidance Notes are structured in the same way, to indicate the differences and explain specific dimensions of each approach. The following dimensions describe each approach and highlight the main issues for consideration:

 Description	Short description; introducing the key elements of the approach.
 Definition	Technical definition of key concepts used in the approach.
 Disaggregation	Disaggregation (gender, age groups, etc.) which is applicable, as well as key issues for consideration when applying this disaggregation.

 Unit of measurement	Unit of measurement.
 Coverage	Coverage, for example whether the approach measures specific aspects of the indicator, how to delineate the measurement, whether and how to include indirect beneficiaries.
 Data source	The source of the data, for example regular self-reporting or survey approaches, and whether a sample approach may be suitable.
 Data quality	How data quality can be assured, for example via internal procedures or external quality control, and the use of benchmarks.
 Timing	Timing of measurement that is most suitable, for example a baseline and end line measurement.
 Challenges	Key measurement challenges that should be considered, including effort and cost to measure, availability of data, attribution and aggregation issues.

3. Guidance Notes

3.1 Change in income

Definition:
Sustainable change in net earnings or net income of direct and indirect beneficiaries between two points in time and as a result of the project intervention.[2]

SDG indicator links:
2.3.1 Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size [proxy]
2.3.2 Average income of small-scale food producers, by sex and indigenous status
8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities
10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 percent of the population and the total population

The following Guidance Notes distinguish between three approaches. The approaches differ according to whose income is changing[3]:

- change in income at firm level
- change in income at the level of individual employees and self-employed individuals
- change in income of individual smallholders or their households

The Guidance Notes are supported by four examples illustrating how change in income has been measured in practice:

- Box 1 is an example of the approaches to measure net attributional income change (NAIC) at firm level (Approach 1) and at individual level (Approach 2).
- Box 2 highlights ILO's approach to measuring productive employment, which it proposes to establish when the change in income makes a material difference to target groups.

[2] This definition has been slightly modified in comparison with the Phase 1 definition to bring it closer to the definition of one of the common impact indicators in the DCED Standard.
[3] The Phase 1 report suggests to disaggregate income in terms of rural/urban firms/individuals. As no examples were found of this disaggregation, this is not included in the Guidance Notes.

	**Approach 1: Measure change in net income at firm level**
 Description	Tracks the overall change in net income or revenue of a firm.
 Definition	For a firm, net income is defined as gross sales minus cost of sales, including cost of goods sold (DCED 2016a).
 Disaggregation	By firm type: relevant disaggregation depends on the PSD actor's' portfolio, e.g. by firm size, by sector, by geographical area. By gender: Disaggregation of the differences in income level and/or income change between male- and female-owned firms in comparison with the baseline. Calculations and reporting on female ownership should use regional or local laws or norms when they exist. Where laws or norms do not exist, female-owned firms could be defined as firms with a minimum of 51 percent female ownership, or a majority of women in their boards. In case shares are publicly traded or owned by institutions these cannot contribute to the number of female owned shares (adapted from IRIS ID OI2840). *Issues for consideration:* While disaggregating by gender can help understand gender issues related to interventions or investments, the data should be interpreted with care, as different explanatory factors may be at play.
 Unit of measurement	Firm revenue in the reporting currency.
 Coverage	Direct clients or beneficiaries involved in the intervention or investment. The coverage of the measurement may be extended to indirect beneficiaries. For example if a PSD actor works directly with firms, suppliers to these firms may benefit indirectly. Therefore, change in income could be measured for the firms and their suppliers. It is however important to determine that the intervention or investment has

	contributed to the indirect change in income of the suppliers, rather than alternative factors. Assumptions on the link between the intervention or investment and the indirect beneficiaries should be robust and well-documented. See also the key measurement challenges.
 Data source	Firms directly benefiting: the firms' accounting systems, in particular the income / revenue statements as included in the firm's annual financial report or as shared directly by the firm with the PSD actor. Firms indirectly benefiting: as above. If indirect beneficiaries are individuals, then Approach 2 below (that focuses on measure change in income at the level of individual employees and self-employed individuals) provides suggestions for data sources.
 Data quality	To determine change in income, baseline data are essential. Income statements may be verified by the PSD actor implementing the intervention or investment or by external auditors. The verification process may include checking financial statements and data for outliers and logical inconsistencies, with other information gathered from the firm, e.g. data related to sales, operational costs.
 Timing	Annually. In case of limited resources, PSD actors can also choose to collect data at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Attributing the change in income to a specific intervention or investment is a challenge, even more so for indirect beneficiaries. A well-documented plausible link between the result and the intervention or investment is required. Approaches to assess the link between the intervention or investment and the change in income may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) assess evidence for alternative explanations.

For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data on firms not involved in the intervention or investment, also before and after the intervention or investment, the differences in change in income among different groups of firms can be compared. For indirect beneficiaries, defining a similar group which is not targeted by the intervention or investment is even more complicated, but the same approach could be used.

Firms may not be willing to share income data for commercial reasons and due to tax obligations.

Depending on the diversity of the firms and their direct (or indirect) clients or beneficiaries it may be difficult to aggregate data on change in income. Differences in firms' characteristics (e.g. size, region and sector) may make an aggregation of data across firms meaningless.

This approach may also be applicable to informal businesses, if they have an overview of their annual income / revenue. Though in most cases, Approach 2 (measuring income of individual employees and self-employed individuals) and Approach 3 (measuring income of individual smallholders or their households) are expected to be more relevant to measure change in income of informal businesses.

Approach 2: Measure change in income at the level of individual employees and self-employed individuals[4]

Description

Tracks the net change in income for individuals, either employees earning wages/salaries or self-employed individuals making a profit.

Definition

Change in income at individual level, either includes average wage/salary (including bonuses, excluding benefits) if an individual is employed, or, the average profit (sales minus costs) if an individual is self-employed (adapted from IRIS ID OI9677).

[4] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: GIZ, ALCP, UNCDF, IRIS ID OI9677, GEMS. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

 Disaggregation	Relevant disaggregation depends on the PSD actor's portfolio. By gender: Disaggregation of the differences in income level and/or income change between men and women for equivalent jobs (e.g. percentage pay gap) in comparison with the baseline. It is recommended to be transparent about the specific approach(es) used to calculate these differences. *Issues for consideration:* While disaggregating by gender can help understand gender issues related to interventions or investments, the data should be interpreted with care, as different explanatory factors may be at play.[5]
 Unit of measurement	Individual's income (salary/wage or profit) in the reporting currency.
 Coverage	Direct clients or beneficiaries involved in the intervention or investment. The coverage of the measurement may be extended to indirect beneficiaries. For example, if a PSD actor works directly with self-employed individuals, suppliers to these self-employed individuals may benefit. Therefore, change in individual income could be measured for direct and indirect individual beneficiaries. It is however important to determine that the intervention or investment has contributed to the change in income of indirect beneficiaries, rather than alternative factors. Assumptions on the link between the intervention or investment and the indirect beneficiaries should be robust and well-documented. See also the key measurement challenges.
 Data source	Direct clients or beneficiaries may self-report data on their change in individual income. This information may be collected by asking individuals to record information in financial diaries (e.g. detailing number of transactions, the commission earned per transaction) or using before/after surveys. For either data collection approach, it is important to devise a sampling strategy. For employees, existing data on individual average wages may be captured in firms' accounting systems. However, data protection regulations may mean it is not possible to access this information particularly when anonymity cannot be assured. In those cases,

[5] For instance, factors may include discrimination, differences in average characteristics between men and women (e.g. education level, work experience) or the type of companies/sectors men and women work in.

	information may need to be collected directly from employees using the methods above. Depending on the number of direct (and indirect) clients or beneficiaries involved, and resources available, the data gathering may be limited to a representative sample. The sample size should be large enough to be able to draw conclusions with sufficient confidence (95 percent), see also Annex 4.
 Data quality	To determine change in income, baseline data are essential. Collecting accurate income data is challenging (see the key measurement challenges below). Data collection strategies should be developed taking this into account, so as to strengthen the reliability and confidence of the data measured. E.g. triangulation; multiple measurements with shorter time frames so people have fewer recall challenges; using qualitative measurements (like interviews) to increase understanding; and ensuring survey design adheres to strict quality criteria, through internal quality checks and consultation with relevant teams. Further data verification in the field is recommended.
 Timing	Individual's incomes may differ a lot over time. For example, seasonal aspects of tourism sector may lead to significant fluctuations in income within a year. It is therefore recommended that the repetitive measurement of change in income is done at the same time(s) of the year. In case of limited resources, PSD actors can also choose to collect data at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Attributing the change in income to a specific intervention or investment is a challenge, even more so for indirect beneficiaries. A well-documented plausible link between the result and the intervention or investment is required. Approaches to assess the link between the intervention or investment and the change in income may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) asses evidence for alternative

	explanations. For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data on individuals not involved in the intervention or investment, also before and after the intervention or investment, the differences in change in income among different groups of individuals can be compared. For indirect beneficiaries, defining a similar group which is not targeted by the intervention or investment is even more complicated, but the same approach could be used. Collecting accurate self-reported individual's income data is challenging, as people may refuse to share their income, or over- or underestimate their income for various reasons. For example, both employees and self-employed individuals may lack financial overviews and have difficulties to recall their earnings, particularly when operating in the informal sector. Also, information on income may be sensitive for personal reasons or tax obligations. Collecting self-reported income data is labour-intensive and time-consuming and a costly process, which is why a representative sample is recommended (see data source) and a less frequent measurement (see timing of measurement).

	Approach 3: Measure change in income of individual smallholders or their households[6]
 Description	Tracks the change in income of smallholders collected at individual or household level.
 Definition	Smallholder income or smallholders' household income (gross or net farm revenue) is defined as the overall revenue of an individual smallholder or the income of their household. Smallholder income or smallholders' household income may be measured through the following proxies:

[6] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: ALCP, Solidaridad, One Acre Fund impact methodology, IDH, Sustainable Food Lab common indicators and metrics 2016, Committee on Sustainability Assessment (COSA) indicators, Bond Impact Builder 2018, GAFSP, AIP-Prisma, PEPE, FAO 2013. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

	▪ Production-based estimates of income, such as farm production to calculate the value of sales of product (production x price of unit being sold), either for the main crop only, or also for other crop revenue sales. ▪ Minus net smallholder or household income costs, including costs for hired labour, and inputs costs like for focus crop production, other crop and livestock production costs and business costs for businesses run by household members. ▪ To collect more accurate data, other earnings may be added (from activities such as off-farm employment, services provided such as training, nurseries, land and equipment rental, etc.), business revenue and gifts and remittances. *Issues for consideration:* It is recommended to use net crop income whenever possible because profits depend on production costs. Net crop income is defined as production-related revenues minus expenditures (FAO 2013). In some supply chains, improvements in crop income do not necessarily lead to improvements in total household income or food security.
 Disaggregation	Relevant disaggregation depends on the PSD actor's portfolio. By gender: female smallholders and/or female-led households. Disaggregation of the differences in income level and/or income change between male and female smallholders or male- and female-led households in comparison with the baseline. *Issues for consideration:* While disaggregating by gender can help understand gender issues related to interventions or investments, the data should be interpreted with care, as different explanatory factors may be at play. Challenges faced by female smallholders or female-led smallholder households may be quite different from male smallholders and male-led smallholder households, for example in terms of time available to spend on the farm due to household and child care roles. Other responsibilities may influence the extent to which female smallholders' income changes.
 Unit of measurement	Individual smallholder income or smallholder household income in reporting currency; or other units of measurement depending on the proxy indicators used.

 Coverage	Smallholders or their households directly targeted by the intervention or investment.
 Data source	The listed proxy indicators can be measured via surveys among (a sample of) smallholders and possibly household members, asking detailed questions on smallholder production per (main/focus/all) crop(s), crop sales and prices, own consumption, additional wages earned and other non-farm income. Alternatively, smallholders and possibly household members may be asked to self-report such data, using self-assessment tools, for example diaries or farmer field book types of approaches. Farmer field books promote more regular farmer record-keeping and may have a positive side effect of better farm management since farmers are doing their own performance management. In addition, smallholders could be asked to record data in a specific app, if feasible. Depending on the number of smallholders and possibly household members involved, and resources available, the coverage may be limited to a representative sample. The sample size should be large enough to be able to draw conclusions with sufficient confidence (95 percent), see also Annex 4. *Issue for consideration:* ▪ Farmer field books are only useful if a substantial number of farmers use them consistently, as data recorded are not always correct, so statistical analysis must allow to identify outliers. ▪ The development of an appropriate mobile application is a complicated trajectory as indicators depend on local circumstances. ▪ The gathering and analysis of data via farmer field books or mobile applications is time consuming. Such data collection tools are more likely to be successful if they are designed in such a way that they are useful for smallholders themselves.
 Data quality	To establish change in income, baseline data are essential. As an alternative, or in addition to collecting new baseline data, existing data may provide useful information, for example data from the World Bank Living Standards Measurement Study (LSMS) and poverty scorecards (http://surveys.worldbank.org/lsms), or the GDP per capita gross income. Collecting accurate income data is challenging (see the key measurement challenges below). Data collection strategies should be developed taking this into account, so as to strengthen the reliability and confidence of the data measured. E.g. triangulation;

	multiple measurements with shorter time frames so people have fewer recall challenges; using qualitative measurements (like interviews) to increase understanding; and ensuring survey design adheres to strict quality criteria, through internal quality checks and consultation with relevant teams. Further data verification in the field is recommended.
 Timing	Smallholders incomes may fluctuate considerably over time, especially due to the influence of the seasons on agriculture. It is therefore recommended that the repetitive measurement of change in income is done at the same time(s) of the year. In case of limited resources, PSD actors can also choose to collect data at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Attributing the change in income to a specific intervention or investment is a challenge. A well-documented plausible link between the result and the intervention or investment is required. Approaches to assess the link between the intervention or investment and the change in income may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) asses evidence for alternative explanations. For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data on individuals not involved in the intervention or investment, also before and after the intervention or investment, the differences in change in income among different groups of individuals can be compared. The measurement of total smallholder household income is complicated given the range of livelihood activities that one household can engage in. Measurement of production-based estimates of income has practical challenges; including the difficulty in obtaining accurate production volume information because small scale producers

often do not keep records of crop production; and lack of accurate information on farm size. It may be difficult to reliably assess farm income through short surveys in situations where farmers do not keep written records, as it is challenging for the people involved to recall their precise activities, revenues, costs, etc. Therefore, for a real understanding of the income effects of an intervention or investment, it is advised to also collect qualitative methods, for example to understand where the key changes in income have taken place and why.

Both the survey approach and the use of farmer field books are labour-intensive and time-consuming and a costly process, which is why a representative sample of smallholders or smallholder households is recommended (see data source) and a less frequent measurement (see timing of measurement).

Depending on the diversity of the smallholders (farming different crops, active in a range of sectors and regions) it may be difficult to aggregate data on change in income that result in meaningful information. Differences in smallholder characteristics may make an aggregation of data across groups and types of smallholders, crops and regions meaningless.

Among more or less homogenous groups, an average household income could be calculated in relation to the household size, which can be the basis to calculate the per capita average income. In case of rather diverse smallholders in terms of for example crops, sectors and regions, the average income of particular intervention or investment may be better compared to the GDP per capita gross income or to the World Bank data on income or a national baseline, rather than comparing diverse groups of smallholders.

Box 1. The Alliance Caucasus Programme's approach to measuring net attributional income change at the firm and individual level

This box provides an example of Approaches 1 and 2 as it introduces how the Alliances Caucasus Programme (ALCP) measures net attributional income change (NAIC) at firm level (Approach 1) and at individual level (Approach 2).

The Alliances Caucasus Programme (ALCP) is a Swiss Agency for Development and Cooperation market development programme implemented by Mercy Corps Georgia. The programme applies the Making Markets Work for the Poor Approach (M4P) to facilitate key market players to address key constraints in core markets and support functions to exploit pro poor opportunities for growth. ALCP supports enterprises working in the dairy, beef, sheep and honey sub-sectors in rural regions of Georgia, Armenia

and Azerbaijan.

The programme defines net attributable income change (NAIC) as: the additional net income accrued by targeted enterprises as a result of the programme per year. NAIC is calculated as additional sales minus additional costs. Additional costs only include extra expenses related to the intervention which ALCP is supporting the targeted enterprise with. The ALCP measures the NAIC at the enterprise level and the farmer (or direct beneficiary) level.

ALCP uses a design whereby it has established 'comparison groups' to compare homogeneous affected and non-affected groups (beneficiaries and non-beneficiaries) to identify the attributable change in agricultural income (excluding income from salaries, social aids, stipends, income from selling property). This approach helps ALCP to account for factors not related to the intervention, but which may affect changes in income. For instance, factors may include rainfall, global or regional commodity prices, inflation and interest rates.

NAIC at an enterprise level: Targeted enterprises submit quantitative data such as production, sales, suppliers, commodity prices (per unit – kilogram, litre) and market prices to ALCP. The ALCP uses this data to estimate enterprises' NAIC and review how effective interventions are. Monthly data collection and analysis provides a regular feedback loop allowing for ALCP's ongoing re-calibration of interventions. It also helps ALCP to capture and analyse business and market trends.

NAIC at a farmer level: ALCP estimates farmers' income using enterprise-level data. Qualitative interviews with enterprises and farmers are undertaken biannually to increase ALCP's understanding of the reasons for increases or decreases in income. Net income data is also collected directly from farmers every two to three years using semi-structured questionnaires in the context of an impact assessment. A comparison is made between beneficiary and non-beneficiary farmers' income data reported at these data collection points and that reported during the baseline assessment. This data is also disaggregated by gender. The questionnaire includes questions that enable ALCP to estimate the extent to which changes in income are attributed to ALCP's support. For reporting to donors, the data collected directly from farmers is used (rather than the estimated income using enterprise-level data).
ALCP also adjusts changes in income to account for situations where more than one intervention reaches the same target enterprises. This adjustment is made to mitigate the risk of *double counting* the number of beneficiaries and/or changes in income.

Sources and references: Interview to Bradbury and Tavberidze, ALCP, 2018.

Box 2. How the ILO proposes to measuring productive employment

This box highlights ILO's approach to measuring productive employment, which serves to determine whether the change in income makes a material difference to target groups. As such, it complements the three approaches above that measure change in income and does not seek to determine whether some people benefit more than others and to what extent the change is material.

The net attributable income change (NAIC) provides an average income change. Programmes may use this indicator to aggregate income changes across a number of interventions. However, calculating an average income change may provide insufficient information about whether some people benefited more than others and whether the change was material.

The ILO uses the composite 'productive employment' indicator to overcome this disadvantage. The ILO defines productive employment as '*employment yielding sufficient returns to labour to permit a worker and his/her dependents a level of consumption above the poverty line*". Measuring productive employment may help to understand how significant absolute income increases are relative to the target group's poverty situation. The indicator assesses productivity and whether there are increasing returns (labour/land) from the same level of effort; and is useful to gauge job improvements in rural contexts where self-employed producers, such as farmers, often work more than full-time hours. Income accrued through additional working hours is better captured through a full-time equivalent (FTE) measure.

A more productive job is determined by comparing the beneficiary's NAIC and a predetermined 'income increase threshold' that signals a significantly improved poverty situation. Any NAIC that is more than the threshold can be considered to have improved the productivity of an individual's employment. The indicator seeks to arrive at a headcount of how many jobs have been made more productive.

The following information is required:
To calculate the composite indicator

- Beneficiary net attributable income change (NAIC): This isolates the precise income change resulting from a given intervention-supported practice change. It is collected usually through before/after intervention surveys with beneficiaries. Experimental designs that compare treatment and control groups are often used.
- To calculate the income increase threshold
- Progress out of Poverty Index (PPI) score: This is usually collected through the same survey as one used to collect the data for the NAIC.
- Secondary sources: Data on median household incomes (broken down by percentile) and the national poverty gap. These are frequently collected in National Living Standards Surveys. If there is a total absence of any relevant secondary data, measuring this productive employment indicator will likely not be possible.

See for more details: 'Measuring productive employment: a 'how to' note by Ripley and Hartrich, 2017.

3.2 Change in amount of investment generated

Definition:
Measures the change in the amount of investment generated by domestic or foreign investors.

SDG indicator links:
10.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)
17.3 Mobilise additional financial resources for developing countries from multiple sources.

The following Guidance Note explains how to measure the leveraging effect of investments.[7]

The Guidance Note covers measurement of private investments generated and not public investments, since a key objective of PSD support is to mobilise sustainable private sector investments. The 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda put particular emphasis on mobilising additional private resources for sustainable development.

This Guidance Note draws extensively from the OECD Development Assistance Committee (DAC) approach to measure 'amounts mobilised from the private sector by official development finance interventions' (OECD/DAC 2017, 2018b, 2018c). With a mandate from the OECD's December 2014 and February 2016 High Level Meetings, the OECD DAC has been working to establish an international standard to measure investment generated.[8] Currently, the measure covers five instruments (guarantees, syndicated loans, shares in collective investment vehicles, credit lines and direct investments in companies). Work is ongoing for standard grants/loans and project finance schemes. As such, the OECD DAC does not yet provide a comprehensive framework on how to measure investment generated.

The Guidance Note also refers to the approach developed by Multilateral Development Banks to calculate private investment mobilisation in MDB project activities (World Bank, 2018b). The note

[7] Although the Phase 1 (DCED 2016a) definition for this indicator suggests to focus this indicator specifically on the effects on investment of *trade logistics interventions* as well as *industry specific interventions*, the Guidance Note starts from the broader perspective on the *amount of investment generated by domestic or foreign investors*. No specific examples of approaches to measure the investment effects of trade logistic or industry specific interventions were identified.

[8] This work is carried out by the OECD DAC Secretariat in consultation with multilateral and bilateral development finance institutions, and in close collaboration with the OECD-hosted Research Collaborative on Tracking Private Climate Finance. The work on private finance mobilisation is a key element of the modernisation of DAC statistics and is also expected to contribute to a number of other work areas such as the emerging broader measurement framework of total official support for sustainable development (TOSSD) and blended finance.

includes comparisons of the OECD and MDB approaches. Discussions on harmonising these approaches have commenced, and harmonisation would help to avoid confusion, double counting and high reporting burdens.

For illustrative purposes, this Guidance Note is supported by Box 3, which presents the example of how the Sustainable Trade Initiative measures the amount of investment generated.

	**Approach 1: Measure private investments generated**[9]
 Description	Tracks the amount of private investment generated by an intervention or investment.
 Definition	In this Guidance Note, investment generated and investments mobilised are used interchangeably. Key concepts to measure this indicator depend on decisions related to the coverage, and are therefore explained in the section below.
 Disaggregation	By type of investment: foreign/domestic investors, direct/indirect (if that distinction is made). By instrument: grant, loan, equity, guarantees, etc. By sector: relevant disaggregation depends on the PSD actor's portfolio. By intervention or investment: relevant disaggregation depends on the PSD actor's portfolio. By geographic area: region and/or country; country income classification, relevant disaggregation depends on the PSD actor's portfolio.

[9] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: OECD/DAC 2017, Amounts Mobilised from the Private Sector by Official Development Finance Interventions; OECD/DAC 2018b, Methodologies for measuring the amounts mobilised from the private sector; OECD/DAC 2018c, methodologies to measure the amounts mobilised from the private sector. Guarantees, syndicated loans, shares in collective investment vehicles, direct investment in companies, credit lines. update 2018; World Bank 2018b World Bank MDB Methodology for Private Investment Mobilization - Reference Guide; MFA NL, ILO, FMO, CDC Group, IDH. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

 Unit of measurement	Value of funds in reporting currency; ratio between value of own intervention or investment and value of mobilised investments.
 Coverage	It is recommended to track committed amounts, rather than announcements or disbursements, in line with the OECD approach. The alternative of counting investment announcements risks leading to an overestimation, as it is likely that not all investments will materialise. Disbursement data tend to be less readily available than data on commitments. In the spirit of the OECD approach, only count investments as mobilised when there is a plausible and as much as possible demonstrated causal link between the intervention and the investments. This is not a straightforward nor uncontroversial exercise, see the key measurement challenges. One can opt for making a distinction between direct and indirect investments, as done by various PSD actors, and as prescribed in the MDB approach. However, the OECD approach so far neither makes that distinction, nor is there international agreement on the exact delineation of what 'direct' and 'indirect' entails. If such a distinction is made, it is therefore particularly important to clearly define and be transparent about what the two categories cover. Direct investments may be defined narrowly or more broadly. A narrow interpretation of direct investments may only include investments made on behalf of third parties – this is limited to investments that go through the PSD actor's accounts. Most PSD actors use a somewhat broader definition to be more comprehensive, while adapting the specificities of the definition and/or calculation to the type of instrument it relates to. For example, for some interventions or investments, it may be suitable to measure investments from (private) co-investors at the project/ programme/ facility level, regardless whether this goes through the PSD actor's account or not. This is particularly relevant for interventions or investments with a specific private co-funding threshold or target. The harmonised MDB approach defines direct mobilisation by all instruments as "financing from a private entity on commercial terms due to the active and direct involvement of a MDB and leading to a commitment", while calculation methods differ per type of instrument.[10] Collection of fees or Memorandum of Understandings are examples of what the MDB approach considers to be evidence of "active and direct involvement".

[10] Examples of what is counted as direct mobilisation under the MDB approach (2018b World Bank MDB Methodology for Private Investment Mobilization - Reference Guide): syndicated loans where an MDB plays a role similar to a mandated lead arranger; the total amount of the loan or equity being guaranteed by the MDB.

	Indirect investments typically are more loosely connected to the intervention or investment. A well-documented plausible link between the intervention/investment and the indirect investment mobilised is required. For example, if direct investments cover (private) co-investors at the project/ programme/ facility level, then indirect investments can cover investments that go beyond the project/ programme/ facility, but are made as a result of the intervention or investment (as evidenced by for example minutes of meetings, statements or letters). The MDB approach defines indirect mobilisation as "financing from private entities provided in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance". Be aware that this MDB definition is broader than what can be reported to the OECD as amounts mobilised from the private sector.[11]
 Data source	The specific data required to measure investment generated may differ according to the scope of the indicator. However, data may be obtained from the following sources: ▪ Financial accounts of the PSD actor ▪ Financial accounts of targeted enterprises ▪ Collection of fees or Memorandum of Understandings ▪ Minutes of meetings, statements or letters of parties that are investing, interview with the parties that have made investments (as evidence of causal link between the intervention or investment and the private investments).
 Data quality	To ensure data quality, it is important to have a clear and transparent delineation of what "investments mobilised" entails (e.g. direct and/or indirect) and how it is calculated. Be conservative when interpreting data to assess a possible causal link between the intervention and the investments, to avoid inflating the figures unrealistically.
 Timing	Annually. The value of the indicator can be analysed and/or aggregated over multiple years and should be tracked for the period of the intervention or investment only. It is common practice not to count investments that have been committed after the end-date of the intervention or investment.
 Challenges	When more than one official investor is involved in an intervention or investment, it needs to be decided how to divide the mobilised funding among the official investors. The aim is to avoid double counting. Who gets attributed what? A pro-rata attribution based on the amounts invested by each official agency, is applied by some PSD actors

[11] For example, in the case of a non-commercial risk guarantee, 100 percent of the guaranteed loan is reported as direct mobilisation under both the MDB and OECD approach. However, additionally, the MDB approach counts 100 percent of the private sponsors' investments (i.e. the client or beneficiary of the loan) as indirect mobilisation, while this is excluded from the OECD measurement.

and is mathematically the simplest approach. This particularly makes sense if information on the different roles played by the different official investors is lacking. If differences in roles are apparent (e.g. a more active role played by one of the official agencies or different risk levels born by each official body), then taking them into account in the calculation allows for a more nuanced attribution, as is prescribed by the OECD and the MDB approach.[12] For example, for syndicated loans the OECD attributes 50 percent of mobilised private resources to the official arranger (e.g. an MDB or bilateral DFI) and attributes the remainder 50 percent to the other official participant(s) pro-rata to their individual share of the official portion of the loan.[13]

More generally, attribution is a challenge, also if only one PSD actor is involved. The delineation of what and what not to count is not always clear-cut. It is to some extent arbitrary to delimit how far along the results chain one goes to track finance catalysed. Measuring causality is also complex as evidence that the private financiers would not have invested without the intervention or investment is often unavailable. It is therefore important to only count investments as mobilised when there is a plausible and as much as possible demonstrated causal link between the intervention and the investments. This requires clear instrument-specific measurement methods. Depending on the breadth of the coverage, decisions to attribute private investments to the intervention may still at times be somewhat subjective, especially if it concerns indirect mobilisation to be proven by minutes of meetings, letters, etc.

In this context, further harmonisation of approaches among development actors is important. It can help comparability of figures, avoid confusion and double counting and reduce the reporting burden. As regards the OECD approach, this implies for development actors to apply the approach for instruments already covered, and to agree on measurement methodologies for instruments not yet covered (e.g. grants and loans).

[12] A difference between the OECD and MDB is that the OECD attributes private mobilisation to all public institutions in a transaction; the MDB approach only attributes this amongst MDBs. This implies that the MDB approach does not recognise the mobilising role of other bilateral official actors involved. This is one of controversies in efforts to harmonise the OECD and MDB approaches.

[13] An additional example, related to risks, is presented by collective investment vehicles, where the OECD attributes 50 percent of the amounts mobilised equally to each official participant in the riskiest tranche, while the remaining 50 percent are attributed to all official participants pro-rata the official financiers' investment share, regardless of the risks taken.

Box 3. Measuring investments leveraged by the Sustainable Trade Initiative

This box illustrates the Guidance Note above by providing insights into how the Sustainable Trade Initiative measures the amount of investment leveraged.

The Sustainable Trade Initiative (also known as IDH, its Dutch acronym), convenes a variety of stakeholders to jointly design, co-finance and prototype new economically viable approaches to increase green and inclusive growth at scale. IDH is supported by multiple European governments, including the Dutch Ministry of Foreign Affairs, the Swiss Secretariat for Economic Affairs (SECO) and the development cooperation arm of Denmark's Ministry of Foreign Affairs (DANIDA).

IDH uses its funding to leverage grant co-funding from private sector partners and uses grants as guarantees to leverage larger sums of private sector investments. IDH has defined two indicators to capture investment mobilisation:

1) 'Private sector (sustainability) investments in the programme'
This indicator measures the total value of all realised eligible private sector investments (in €) as co-funding to IDH and the ratio between these private sector investments and the public investments by IDH.

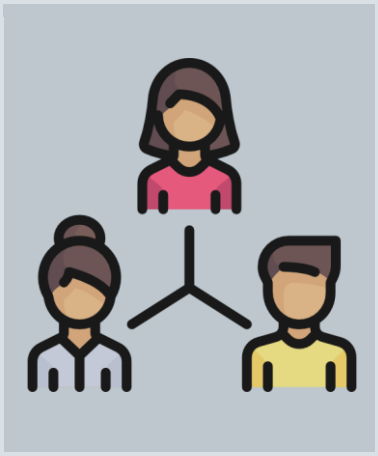
2) 'Other sources of public or private investments/funding that are leveraged by the programme'
This indicator measures the total value of all the direct and indirect public and private investments/funding (in €) raised by IDH to support project activities in sustainable commodity production and natural resource protection that go beyond the co-funded projects inside IDH, but which have been made as a result of IDH's convening work or co-funding of preparatory work. The information is primarily gathered by IDH Programme Teams and comes from documentation that demonstrates the causal link between IDH convening or project work and the leveraged investment, such as minutes of meeting, a statement or a letter signed by the parties that are investing or an interview with those parties. IDH notes that "It is important to track the leveraged investments through documentation, otherwise the claim that IDH's work has led to the leveraged investment is not valid."

Within this second indicator that measures other sources of investments/funding, a distinction is made between direct and indirect investments. Direct funding is funding raised by IDH in coalitions, platforms, initiatives that is captured in contracts, Memorandum of Understandings or agreements, but which is not part of the co-funding agreement with private sector actors (as that is already covered by Indicator 1). Indirect funding is the estimation of funding contributions leveraged as a result of IDH interventions which is not captured in agreements.

It should be noted that the first indicator is published externally, while the second indicator is not externally published (yet). The latter was only proposed in 2017 and its 'pilot implementation' is ongoing. First results will be gathered with the year results of 2018.

Sources and references: Interview and inputs IDH, IDH 2017a and IDH 2017b.

3.3 Number of full-time (equivalent) male and female jobs supported[14]



Definition:
The total number of FTE male and female jobs supported and the number of male and female jobs in the sector, value chain or companies targeted by the intervention at the end of the reporting period, converted to full-time equivalent.

SDG indicator links:
5.5.2 Proportion of women in managerial positions
8.2.1 Annual growth rate of real GDP per employed person
8.5.2 Unemployment rate, by sex, age and persons with disabilities

There is a broad range of approaches to measure the number of full-time (equivalent) male and female jobs supported. The following Guidance Notes distinguish between two approaches:

- The first approach covers two ways in which the term 'jobs supported' is used: the measurement of jobs ***supported***, which includes all full-time equivalent male and female jobs provided by the companies directly targeted or the measurement of jobs ***created***, which only includes new jobs created since the baseline.
- The second approach describes a modelling approach to calculate the number of indirect and induced jobs created.

Within each approach, variations are possible, for example 'jobs' can be defined in ways that include or exclude formal / informal jobs, seasonal jobs, contractual jobs. Direct and indirect jobs can also be counted.

The Guidance Notes are supported by two examples illustrating specific issues that should be considered when measuring number of jobs supported in practice:

- Box 4 highlights some issues when disaggregating jobs by gender.
- Box 5 elaborates on approaches taken by a range of PSD actors regarding the measurement of the quality of the jobs supported.
- Box 6 shows an example of an input-output modelling approach to calculate the number of (indirect) jobs created (Approach 2).[15]

[14] The DCED PSD harmonised indicators on number of female jobs and total jobs are combined in these Guidance Notes. Most PSD actors disaggregate the number of full-time (equivalent) jobs supported by gender.

[15] The Phase 1 report suggests to disaggregate also in terms of rural/urban firms/individuals. As no examples were found of this disaggregation, this is not included in the Guidance Notes.

Approach 1: Measure the number of direct (and indirect) full-time (equivalent) male and female jobs *supported* or *created*[16]

Description

Tracks the number of male and female jobs *supported* or *created* in the sector, value chain or companies targeted by the intervention or investment, converted to full-time equivalent. (DCED 2016a, IRIS ID PI3687).

Definition

Re Relevant key concepts and elements to measure this indicator depend on decisions related to the coverage (see below).

Direct jobs *supported* includes all full-time equivalent male and female jobs provided by the companies, value chain or sector directly targeted by the intervention or investment. If only one division or section of a company is targeted by the intervention or investment, it is recommended to only include the jobs of that specific division or section.

Direct jobs *created* includes all net new full-time equivalent male and female jobs created by the intervention or investment in the companies, value chain or sector directly targeted between the beginning and the end of the reporting period.

Indirect jobs *supported* include all full-time equivalent male and female jobs provided by the main clients or out-growers of the targeted companies, value chain or sector supported by the intervention or investment.

Indirect jobs *created* include all net new full-time equivalent male and female jobs created by the intervention or investment at main clients or out-growers of the targeted companies, value chain or sector between the beginning and the end of the reporting period.

Part-time/informal jobs are converted to full-time equivalent jobs on a pro-rata basis, based on local definition (e.g., if working week equals 40 hours, a 24 hr./week job would be equal to 0.6 FTE job) (DCED 2016a). This helps to aggregate as well as compare the number of jobs *supported* or created across companies, sectors, etc.

[16] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: DCED, guidance on measuring job creation 2014b, DCED 2016a, Methodological notes Ministry of Foreign Affairs The Netherlands (no date), IFU, RVO, ALCP, KfW/DEG, IFC Jobs Study 2013, HIPSO, IRIS ID PI3687, Bond Impact Builder 2018, Solidaridad, AIP-Prisma, PCV Defining and Measuring The Creation of Quality Jobs. 2016, GIZ, GEMS, PEPE, United Nations Revised list of global sustainable development goal indicators, 2017. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

	Seasonal or short-term jobs are prorated on the basis of the portion of the reporting period that was worked (e.g., a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job (DCED 2016a).
 Disaggregation	By type of intervention or investment (e.g., access to finance, value chain, etc.): relevant disaggregation depends on the PSD actor's portfolio. By type of firm: relevant disaggregation depends on the PSD actor's portfolio. By gender: Number of (new) full-time equivalent female employees employed by the companies. PSD actors are encouraged to also provide the gender breakdown of jobs *supported* or *created* at management level: Number of (new) full-time equivalent female managers employed by the companies. Number of (new) full-time and (new) part-time employees, preferably also disaggregated by gender. (New) direct and (new) indirect jobs. (New) Informal and (new) formal jobs. (New) skilled and (new) unskilled direct employees; unskilled defined as those carrying out work involving simple operations that requires little or no skill, experience or education level no higher than primary education. Number of (new) full-time equivalent jobs for youth. Calculations and reporting on youth should use regional or local laws or norms when they exist. Where laws or norms do not exist, youth workers can be defined as aged 15- 25 (United Nations 2017). *Issues for consideration:* While disaggregating by gender can help understand gender issues related to interventions or investments, the data should be interpreted with care, as different explanatory factors may be at play, see Box 4.
 Unit of measurement	Number of male/female direct (and indirect) full-time (equivalent) jobs *supported* or *created* in the targeted companies, value chain or sector at the end of the reporting period.

Coverage

PSD actors may choose to either measure the number of direct (and indirect) jobs *supported* or the number of new direct (and indirect) jobs *created*. Direct (and indirect) jobs *supported* include all full-time equivalent male and female jobs provided by the companies, value chain or sector that are directly targeted or the measurement. New direct (and indirect) jobs *created* only include new jobs *created* since the start of the intervention or investment, i.e. since the baseline that can be plausibly linked to the intervention or investment.

This choice in coverage results in very different data on number of jobs. Jobs *supported* coverage enables all jobs to be included, so is less specific about the precise contribution made by the PSD actor's intervention or investment. Jobs *created* leads to a more specific number of jobs to which the PSD actor's intervention or investment contributed. However, determining that the jobs are *created* as a result of the PSD actor's intervention or investment, rather than other factors, is much more difficult, even more so for indirect jobs *created*. See the key measurement challenges.

Informal, seasonal or short-term jobs *supported* or *created* need to be converted to full time equivalents. Typically, for people working in multiple jobs to earn a (decent) living, or get paid by product rather than by hour, FTE is not a relevant unit. The conversion to FTE is best done by using a range of proxy indicators, see data source.

PSD actors may choose to measure direct jobs only, or also include indirect jobs (*supported* or *created*). Indirect jobs are those jobs *created* or *supported* by other businesses than the direct client or beneficiary of the intervention or investment. For example, these could be jobs provided or created by the main clients or out-growers of the targeted sector, value chain or companies. It is however important to determine that the intervention or investment has indeed *supported* the indirect job, or has *created* the new indirect jobs, rather than alternative factors. Assumptions on the link between the intervention or investment and the indirect jobs (*supported* or *created*) should be robust and well-document. See key measurement challenges.

Data source

Data on direct (and indirect) jobs *supported* or *created* can be self-reported by the targeted company (and the main clients or out-growers of the targeted sector, value chain or companies), or by using before/after surveys.

The number of jobs *supported* can be measured by the number of people on the payroll of the companies and converted to FTEs as needed.

To estimate the number of direct and indirect jobs *created*, one can subtract the baseline number of jobs (i.e. number of people on the payroll of the targeted companies, or in the value chain or sector) by the number of jobs in the relevant reporting period, and convert to FTEs as needed. However, a reliable measurement of jobs created should

also explain plausibly these new jobs are the result of the PSD actor's intervention or investment, rather than other factors, see key measurement challenges.

The disaggregated data, including the number of female jobs and their distribution in terms of management positions should be reported by the targeted company (and the main clients or outgrowers of the targeted sector, value chain or companies). It should also include the explanation on how the management levels are defined within the company.

To convert informal, seasonal or short-term jobs *supported* or *created* to FTEs, a survey approach among a representative sample of the targeted clients or beneficiaries could be used. The survey would allow to gather more detailed insights in the informal, seasonal or short-term jobs *supported* or created to estimate the number of FTE, using proxy indicators like for example:

- Income generated by the job, for example assuming one FTE job should at least cover for a predetermined minimum income for a (decent) living.
- The number of jobs people have and the time spent on the job, which can be prorated to FTE on the basis of the portion of the reporting period that was worked.

Depending on the number of direct (and indirect) clients or beneficiaries involved, and resources available, the data gathering may be limited to a representative sample. The sample size should be large enough to be able to draw conclusions with sufficient confidence (95 percent), see also Annex 4.

New indirect jobs *created* can be tracked by actively monitoring and gathering data on for example:

- Improved job opportunities for local population, suppliers, out-growers or clients in the sector/region as a result of the intervention or investment. For sector-wide interventions or investments, i.e. in tourism, the effects on jobs may be multiple. It is recommended to focus the measurement on particular tourism destinations, i.e. a geographic space, and/or focus on specific businesses where jobs are most likely to be created, for example restaurants or hotels.
- If SMEs are crowding in; enterprises (e.g. importers/exporters, wholesalers, retailers) not targeted may copy behaviours that the targeted companies have adopted due to the intervention or investment, resulting in new job creation.

Country labour force surveys, especially if disaggregated by sector and region, may provide information to help determine the number of indirect jobs *supported* or *created.*

 Data quality	To determine the number of jobs *supported* or *created*, baseline data are essential. As an alternative, or in addition to collecting new baseline data, existing data may provide useful information, for example data from government statistics or the http://www.enterprisesurveys.org/ of the World Bank on the business environment in a country. Reported figures of companies may be verified by the PSD actor implementing the intervention or investment or external auditors for example checking outliers and logical inconsistencies, triangulate information with the workers and ensuring survey design adheres to strict quality criteria, through internal quality checks and consultation with relevant teams. Further data verification in the field is recommended.
 Timing	Annual measurements can reasonably be expected if company data are the main data source. The timing of the measurement may be adapted if surveys are the main data source. In case of limited resources, PSD actors can also choose to collect data at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Measuring direct jobs *supported* requires a well-documented plausible link between jobs provided by the targeted companies, value chain or sector and the PSD actor's intervention or investment. For example, if it can be demonstrated that an intervention has strengthened the quality of the jobs in a targeted company, all the jobs provided by that company can be included as supported jobs. In addition, if it can be demonstrated that an intervention or investment has raised the scale of production which improved the competitive position of the company, hence enhancing opportunities for the company to maintain and/or create jobs, all the jobs provided in the targeted company can be included as supported jobs. Also indirect jobs *supported* may be included, which are the indirect jobs provided by the main clients or outgrowers of the sector, value chain or companies targeted. This also requires a plausible link between indirect jobs provided and the PSD actor's intervention or investment.

Measuring jobs *created* is more challenging as it requires a well-documented plausible link between the new full-time equivalent jobs *created* in the targeted companies, value chain or sector and the PSD actor's intervention or investment. The intervention logic and evidence should explain how many jobs have been *created* in the supported companies, value chain or sector, relative to the number of jobs that would have been *created* without the intervention.

Measuring indirect jobs *created* due to a specific intervention or investment is even more challenging. The intervention logic and evidence should explain how many indirect jobs have been *created* by the main clients or outgrowers of the sector, value chain or companies targeted, relative to the number of indirect jobs that would have been created without the intervention.

Approaches to assess the link between the intervention or investment and the jobs *supported* or *created* may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) asses evidence for alternative explanations.

For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data in the sector, value chain or companies not involved in the intervention or investment, also before and after the intervention or investment, the differences in jobs *supported* among different groups can be compared. Though for indirect jobs, defining a similar group in the sector, value chain or companies which are not targeted by the intervention or investment is complicated.

Counting the number of direct and indirect jobs *supported* or *created* may not provide sufficient information to understand the changes that are occurring. For instance:

- Counting the number of jobs does not provide insights into job turnover.
- The number of jobs does not consider the quality of jobs *supported* or *created*, see Box 5.
- Situations such as company mergers and acquisitions, re-structures, increased productivity or more capital intensive interventions may result in a sudden change in the number of jobs.
- The number of jobs *supported* or *created* in relation to smallholder farmers or in the informal economy is difficult to measure as for farmers it is often about seasonal work and in the informal economy people may maintain multiple jobs each or have casual jobs once in a while. Therefore, some PSD actors focus on counting FTE formal jobs.

- The number of jobs *supported* or *created* does not show if, and why indirect job effects might be negative; it could be that firms that benefited from the intervention directly, actually profit at the expense of non-supported firms.
- Job creation usually takes longer than the average period of business development support and is affected by many factors other than the intervention. Therefore, in many cases, the actual direct jobs count in enterprises cannot be quantitatively attributed to the scope of the intervention or investment.

A survey approach is a labour-intensive and time-consuming and a costly process, which is why a less frequent measurement (see timing of measurement) is recommended.

Approach 2: Estimate the number of direct, indirect and induced full-time (equivalent) (female) jobs *created*[17]

Description

Tracks the number of direct jobs created in the companies, value chain or sector targeted by the intervention or investment, and calculates the number of indirect and induced jobs created in the sector, value chain and economy-wide effects, converted to full-time equivalent. This includes individuals newly employed by target companies (direct jobs) as well as indirect and induced jobs created by the intervention, for example in supplier/distributor firms linked to the supported companies as well as jobs created from changes in consumption by direct and indirect employees (IRIS ID PI3687).

Definition

Direct Jobs: all net new full-time equivalent male and female jobs created by the intervention or investment in the companies, value chain or sector directly targeted between the beginning and the end of the reporting period.

Indirect Jobs: all net new full-time equivalent male and female jobs created by the intervention or investment in supplier/distributor firms linked to the targeted companies, value chain or sector between the beginning and the end of the reporting period.

[17] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: DCED 2016a, IFC Jobs Study 2013, CDC Group, Steward Redqueen, FMO, AfDB Manual - Monitoring and Evaluation Guidelines Private Sector Projects 2004, EC 2017, DFID, IRIS ID PI3687, PEPE, KfW/DEG Development Policy report, 2018: 4, United Nations Revised list of global sustainable development goal indicators, 2017. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

Supply chain effects: employment effects within the intervention or investee's direct and indirect suppliers.

Induced Jobs: Jobs created from changes (i.e. increase) in consumption by employees of the direct beneficiary company and its direct and indirect suppliers within the intervention or investment supported companies.

Economy-wide effects: the strengthening of both financial services and provision of electricity have economy-wide effects; financial institution lending to businesses and individuals, and the power generators and distributors supplying electricity to businesses both increase the productivity of other companies operating in an economy.

Part-time/informal jobs are converted to full-time equivalent jobs on a pro rata basis, based on local definition (e.g., if working week equals 40 hours, a 24 hr./week job would be equal to 0.6 FTE job) (DCED 2016a).

Seasonal or short-term jobs are prorated on the basis of the portion of the reporting period that was worked (e.g., a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job (DCED 2016a).

Disaggregation

By type of intervention or investment (e.g., access to finance, value chain, etc.): relevant disaggregation depends on the PSD actor's portfolio.

By type of firm: relevant disaggregation depends on the PSD actor's portfolio.

By gender: Number of new full-time equivalent female employees employed by the companies. PSD actors are encouraged to also provide the gender breakdown of jobs created at management level: Number of new full-time equivalent female managers employed by the companies.

Number of new full-time and new part-time employees, preferably also disaggregated by gender.
New direct and new indirect jobs

New informal and new formal jobs.

New skilled and new unskilled direct employees; unskilled defined as those carrying out work involving simple operations that requires little or no skill, experience or education level no higher than primary education.

Number of new full-time equivalent jobs for youth (age 15 - 25). Calculations and

	reporting on youth should use regional or local laws or norms when they exist. Where laws or norms do not exist, youth workers can be defined as aged 15- 25 (United Nations 2017). *Issues for consideration:* While disaggregating by gender can help understand gender issues related to interventions or investments, the data should be interpreted with care, as different explanatory factors may be at play, see Box 4. The suggested disaggregations can only be applied for the direct job category, indirect and induced jobs are all estimated, which implies also disaggregations will be an estimate, based on sectoral averages.
 Unit of measurement	Number of male/female direct, indirect and induced jobs created in the targeted companies, value chain, sector and in the wider economy.
 Coverage	The coverage of this approach includes jobs created in the companies, the value chain, the sector and the wider (national) economy at large. Determining that the jobs are *created* as a result of the PSD actor's intervention or investment, rather than other factors, is difficult, even more so for indirect jobs *created*, supply chain effects, induced jobs and economy wide effects, see the key measurement challenges.
 Data source	Data on direct jobs *created* can be self-reported by the targeted company. However, a reliable measurement of jobs created should also explain plausibly these new jobs are the result of the PSD actor's intervention or investment, rather than other factors, see key measurement challenges. For the calculation of indirect and induced full-time (equivalent) jobs created, input/output models are usually applied, which are based on assumptions regarding changes in demand and consumption that emerge in response to the intervention or investment. A range of models exists, which cover different countries, sectors and factors. Input-output models use basic headcount and financial data from the business, which are fed into a set of multipliers derived from social accounting matrices (SAMs) and labour force data to yield an estimate of the total number of jobs and livelihoods likely to have been supported by the financial flows through the business and its supply chain in a given year. To calculate indirect jobs *created*, the following financial data of firms are used: Profit

	(after tax); Revenues; Earnings; Total assets; Taxes; Wages. Other data sources include social accounting matrices (SAMs) and labour force data. See Box 6 for more details. PSD actors may also use a multiplier to calculate indirect jobs. For indirect jobs a multiplier assumes that every direct job creates (at least) a certain number of indirect jobs. The factor is derived from 'empirical knowledge', and multipliers used range from 2 to 5 indirect jobs created per direct job.
 Data quality	To determine the number of direct jobs created, baseline data are essential. As an alternative, or in addition to primary data collection to determine the baseline, existing data may also provide useful benchmarks. For example, data from national accounts or the http://www.enterprisesurveys.org/ of the World Bank on the business environment in a country may be useful. Reported figures of companies may be verified by the PSD actor implementing the intervention or investment or external auditors for example checking outliers and logical inconsistencies, triangulate information with the workers.
 Timing	The number of direct jobs created should be measured annually (as data sources are published annually in financial records of the firm). The number of indirect and induced jobs created in the sector, value chain and economy-wide effects may be measured before and after the intervention or investment. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	It is likely that measuring only direct jobs underestimates the job creation effects, which the modelling approach avoids. Nevertheless, the modelling approach comes with certain caveats to keep in mind. Measuring jobs *created* is challenging as it requires a well-documented plausible link between the new full-time equivalent jobs *created* in the targeted companies, value chain or sector and the PSD actor's intervention or investment. The intervention logic and evidence should explain how many jobs have been *created* in the supported companies, value chain or sector, relative to the number of jobs that would have been *created* without the intervention.

Attributing the observed, estimated, or predicted indirect job creation effects to a specific intervention or investment is even more challenging. It is often not possible to define a plausible, well-documented link between the intervention or investment and the indirect jobs *created*, supply chain effects, induced jobs and economy wide effects.

Multipliers often tend to overstate the employment creation effects of projects. The extent of this problem can be such that if one adds up the effects for the entire economy, the employment created would be larger than the whole population. For example, it is often assumed that trading patterns are fixed; predicting that new firms will buy from local industries in the same proportion as existing firms in the area and that local suppliers are able to increase their output to supply the new firms. Also, incoming firms are not always a net new source of economic activity; in fact, they can take business away from existing firms. Models used do not allow for the substitution possibility toward cheaper inputs, or for increases in productivity. Potential job losses, displacement in competitors are not considered.

Counting the number of direct and indirect jobs created may not provide sufficient information to understand the changes that are occurring. For instance:

- Counting the number of jobs does not provide insights into job turnover.
- The number of jobs does not consider the quality of jobs created, see Box 5. Estimations on the number of indirect and induced jobs, do not give any indication as to whether the modelled jobs are likely to be good quality jobs. The most that can be said is that the jobs are likely to be typical of average labour standards in the relevant sectors and countries included.
- Situations such as company mergers and acquisitions or re-structures may result in a sudden increase or reduction in the number of jobs.
- The number of jobs created does not show why indirect job effects might be negative; it could be that firms that benefited from the intervention directly, actually profit at the expense of non-supported firms.
- Job creation usually takes longer than the average period of business development support and is affected by many factors other than the intervention. Therefore, in many cases, the actual direct jobs count in enterprises cannot be quantitatively attributed to the scope of the intervention or investment.

Box 4. Interpreting gender disaggregated data

This box explains why gender disaggregated data should be interpreted with care, and highlights some of the different explanatory factors that may be at play.

Disaggregating data related to the number of full-time (equivalent) jobs *supported* or *created* by gender can provide insights into if/how the intervention or investment has affected men and women differently. In case undesired gender differences come to the fore, the intervention may be adapted, to seek to redress this.

However, gender disaggregated data should be interpreted with care. For instance, generally there are more women working part-time than men so calculating only the number of full-time equivalent jobs may present an inaccurate picture of impact.

Gender disaggregated quantitative indicators cannot reflect the complexity of gender relations, and therefore need to be supplemented by contextual information (e.g. sector, laws, practices and culture) to create meaningful information. For example, in the textile sector, working conditions are more important than the percentage of women employed. While in other cases it would be interesting to compare the number of women employed by a business, to the average of women employed in that sector. Within a company, it may be relevant to know how many women are employed at management and mid-level positions.

For example, the Alliances Caucasus Programme (ALCP) (see Box 1) notes that counting the number of beneficiaries disaggregated by gender did not show who is benefiting and how these benefits are distributed within households. For ALCP it was also important to understand the extent to which men and women had access to and control of income and the amount of income earned. While women are the main producers in the dairy value chain, responsible for livestock husbandry, milking and processing, the payment for these products is received mainly by men who collect the cash at the milk collection centre.

Sources and references: Interview CDC Group, interview KfW/DEG, Interview ALCP and Bradbury and Tavberidze, 2018.

Box 5. Examples of measuring job quality

In addition to measuring the number of jobs supported or created, measuring job quality is often seen as an important dimension. However, job quality is a multi-dimensional concept and challenging to measure. This box provides examples of how different PSD actors measure job quality.

To provide insights in job quality, **IFU** asks its clients to answer a number of questions. The information is used in its annual sustainability report. These are some examples from the IFU Questions on Labour Practices (IFU, 2016):

- Briefly describe how you ensure that your workers know their rights and duties. E.g. in contracts, employee handbook, etc.
- How do you ensure an open dialogue between management and workers regarding labour practices?
- State the national minimum wage and the basic wage you pay your workers (not including overtime).
- What extra wages are paid for overtime work?
- If you have become aware that you have hired underage workers during the reporting period, briefly describe actions taken to remedy the situation.
- Briefly describe how you promote equal opportunity and prevent discrimination among workers and any initiatives started during the last reporting period. Initiatives could include promoting gender equality and enabling qualified persons with disabilities or health conditions to gain employment opportunities.
- Briefly describe initiatives to prevent physical, verbal, sexual, psychological harassment and abuse among workers.
- If you have had incidents of harassment during the reporting period, briefly describe which actions your company has taken.

KfW/DEG aims to track the decency of jobs by comparing the income of the least qualified employee with the minimum income of the country (KfW/DEG Development Policy report, 2018).

Solidaridad has defined several proxy indicators to measure jobs quality (Solidaridad 2017). Programmes should select at least 3 of the following indicators to be included in their measurement:

- Percentage change in average wages of workers
- Number of firms where wage gap between men and women has decreased
- Percentage variation of wage against the prevailing wages in the sector, legal minimum wage or other thresholds
- Percentage reduced fatal and non-fatal injury rates (during work)
- Level of awareness among workers on violence and discrimination of women and minorities
- Level of representation and participation (m/f) in union/association or other
- Form of representative committee
- Number of estates, factories and mines where child labour is reported

- Number of producers/farms/estates/mines/factories that are formally registered
- Number of producers, miners or companies that comply with law

GIZ aims to monitor if the employment situation has improved through better working conditions (see ILO core labour standards, IFC Performance Standards and national labour legislations), formalised employment relation and the duration of employment (full-time/ part-time/ seasonal). To do so, it has defined the following indicators:

- Number of employees earning minimum wage or above
- Average working hours
- Job sustainability: number of permanent / temporary / seasonal employees, number of employees with high risk of layoff
- Job productivity: number of employees with wage increase during last (xx) months
- Job stability: number of employees who were laid off during last (xx) months

A toolkit to measure job quality – ILO's work in progress

At the time of writing of this Methodological Guidance, the ILO Lab project is in the process of developing a toolkit on measuring indicators associated with working conditions (which includes 250 indicators), which is expected to be released soon. All the indicators are drawn from existing sustainability standards, company codes of conduct and international development M&E frameworks. The toolkit will propose a range of indicators for SME performance and working conditions that are common practice, and explain how to practically measure them in a project setting. The indicators will cover the following aspects of SME performance:

- Commercial: Financial, customer, efficiency, innovation, productivity.
- Labour conditions: Remuneration, safety and health, working time, representation and voice, unacceptable forms of work, discrimination and equality.
- Human Resource Management.

As quality of jobs is very contextual, the toolkit will provide a menu of good practice and common standards, from which the most relevant indicators and cost-effective methods, relatively easy and simple to collect, can be chosen. This should contribute to harmonising the indicators and measurement methodologies used and establishing a common standard. See more on https://www.ilo.org/empent/projects/the-lab.

See DCED guidance on measuring job creation, including the issue of measuring jobs quality: DCED, 2014b.
Sources and references: Interview IFU, interview KfW/DEG, interview Solidaridad, interview GIZ, interview ILO, IFU 2016, KfW/DEG Development Policy report, 2018, Solidaridad 2017, GIZ Internal Document (no date).

Box 6. Input-output modelling approaches to calculate the total employment effects

This box shows an example of Approach 2, an input-output modelling approach to calculate the number of (indirect) jobs created.

Input-output modelling is an economic method to depict inter-linkages between sectors, which enables the model to trace product and money flows through an economy. It calculates the impact of one sector on the other sectors, and includes predictions in terms of taxes, income and jobs. This type of modelling approach is used by many DFIs, to calculate their development impact. The model is not standardised, and a tendency is noted to adapt calculations and elements in the model in such a way that PSD actors' priority goals are represented in the most positive way.

To trace all indirect effects of an investment, the model is based on a statistical representation that shows how sectors in an economy depend on each other, as a consumer of output and as a supplier of input. These representations, social accounting matrices, describe the financial flows of all economic transactions that take place within an economy. Final consumption induces production which leads to financial transfers between the various sectors which subsequently generates incomes for households, governments (taxes) and profits (dividends and savings) (Kapstein & Kim 2011: 57). Certain sectors have an even larger effect on indirect job creation: economy-wide effect from electricity and financial services (ODI, 2015). Power and loans enable businesses to grow as these also remove constraints for other businesses. In addition, employment has effects of tax payments by the business, and effects of knowledge spillovers (MacGillivray, et al., 2017: 3).

Example: CDC Group Measuring Total Employment Effects
CDC Group collects annual data from its investee companies on their direct workforce, and has over the last decade reported year-on-year changes in the total headcount.

Basic headcount and financial data (revenues, earnings, taxes and wages) from the business are fed into a set of multipliers derived from social accounting matrices (SAMs) and labour force data to yield an estimate of the total number of jobs and livelihoods likely to have been supported by the financial flows through the business and its supply chain in a given year.

1. **Direct employment** at the business itself uses hard data reported to CDC annually by the investee business, in full-time equivalents and broken down by gender where this is reported.
2. **Supply chain expenditure** is based on the cost of goods sold (COGS); it can be estimated as the residue of sales revenue minus earnings minus wages minus taxes. The proportion of COGS directed domestically is derived from the SAM. These outputs are multiplied by the relevant sector-specific employment multipliers to estimate the jobs and livelihoods effect in the supply chain.
3. **Induced effects**. To calculate the induced effects resulting from the spending of wages the methodology takes business-level data on actual wages paid in the business and prevailing wages earned in the relevant sectors of the supply chain and routes these through the SAM to

determine where wages are spent. Multiplying the resulting output by the applicable sector-specific employment multipliers gives an estimate of the jobs and livelihoods resulting from the spending of wages.

4. **Effects of loans**: The methodology here is derived from work first developed for Standard Chartered Bank plc, by treating the loan book of a financial institution (FI) as a series of financial flows into specific sectors which the FI lends to (Kim & Kapstein, 2014). The sectoral allocation of the loan portfolio is normally reported by FIs in their annual reports as part of their risk reporting. Bank loans to government are not routed through the model. Due to the leverage, the employment effects are expected to be quite significant.
5. **Effects of electricity from power generation and distribution companies.** The methodology here involves calculating what amount of GDP is attributable to an increase in gigawatt hours (GWh) of electricity supplied to the national system.
6. **Total employment effects.** The total jobs and livelihoods likely to be supported by the business is then the sum of the direct employment, the supply chain effect, the induced effect and, if a power or financial sector investment, the economy-wide effect.

See an example of a calculation used in this publication by MacGillivray et al. (2017).
Sources and references: Interview CDC Group, interview KfW/DEG, interview FMO, interview IFU, MacGillivray, et al. 2017, FMO 2018, Kapstein & Kim 2011.

3.4 Number of individuals or firms gaining access to a value chain

Definition:
Measures the number of firms or individuals that newly participate in a specific value chain. The value chain can be at the individual firm level (e.g., a major poultry firm) or for a particular sub-sector of the economy in a country (e.g., sugar sector).

SDG indicator link:
No links identified[18].

While a range of respondents agreed this could be an interesting indicator, no practical examples of an approach to measure the indicator have been found. Based on a range of suggestions and inputs made by the actors consulted, as well as using documents referring to this indicator, this Guidance Note proposes an approach. A variety of reasons makes this indicator difficult to measure, see the key measurement challenges in the Guidance Note.

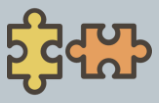
This Guidance Note is supported by Box 7 which presents the approach designed by Solidaridad to measure new participation in the value chain. However, it has not yet been put into practice.

	**Approach 1: Measure the number of firms or individuals gaining access to a value chain[19]**
 Description	Tracks the number of firms or number of individuals that newly access (a) value chain(s).
 Definition	A value chain describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use. The term value chain is usually used with a

[18] SDG indicator 9.3.1 is somewhat related, being 'Proportion of small-scale industries in total industry value added'.

[19] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references rom these actors as listed in Annex 7: IDH, ALCP, Bond Impact Builder 2018, HIPSO, IRIS ID PI2758 and IRIS ID OI2840, Sustainable Food Lab common indicators and metrics 2016, Solidaridad, AIP-Prisma, IFC, ILO, ILO A rough guide to value chain development. 2015a, United Nations Revised list of global sustainable development goal indicators, 2017. These are the PSD actors consulted for this report that referred this indicator. This is not an overview of all the PSD actors applying this approach.

	developmental connotation addressing productivity, growth and job creation in the market system, as opposed to the term supply chain which looks at the chain from a buyer's perspective. (ILO A rough guide to value chain development. 2015a). Value chain actors can include for example producers, input suppliers, traders, processors and retailers. New access: new participation in a specific market or value chain. The entry is only relative to the client or beneficiary's own operations, and applies to clients or beneficiaries who enter a relevant market, which is denoted by improved flow of knowledge and information, contractual relationships, selling products or services to actors in the value chain, to other distributors (wholesale) or to the ultimate consumer (retail). It includes both forward and backward (upstream or downstream supply chain) market linkages. The acquisition of new linkages may be developed using licensing agreements, supplier sources, international sourcing/distribution, etc. (adapted from HIPSO). Direct employees that distribute an organisation's goods or services should be considered as employees and not as distributors. Distributors do not need to exclusively sell a specific firm's products or services. (adapted from IRIS ID PI2758).
 Disaggregation	By type or size of firm: Relevant disaggregation depends on the PSD actor's portfolio. If client firms are very different in size, then disaggregation by size of firm is valuable, as the size of the companies accessing a value chain partly determines the development impacts. By gender: Number of female self-employed individuals, percentage of women employed, and/or number of female-owned firms. Calculations and reporting on female ownership should use regional or local laws or norms when they exist. Where laws or norms do not exist, female-owned firms could be defined as firms with a minimum of 51 percent female ownership, or a majority of women in their boards. In case shares are publicly traded or owned by institutions these cannot contribute to the number of female owned shares (adapted from IRIS ID OI2840). By age: Number of self-employed youth, youth employed, or firms owned by youth (age 15-under 25). Calculations and reporting on youth should use regional or local laws or norms when they exist. Where laws or norms do not exist, youth workers can be defined as aged 15- 25 (United Nations, 2017).

	Issue for consideration While disaggregating by gender can help understand gender issues related to interventions or investment, the data should be interpreted with care, as different explanatory factors may be at play.
 Unit of measurement	Number of self-employed male or female individuals reporting new access to value chains (adapted from HIPSO). Number of firms reporting new access to value chains (adapted from HIPSO).
 Coverage	Data need to be specific to the relevant value chain, which varies by local, national or international level, sector and product. See key measurement challenges. Delineating which clients or beneficiaries actually gained new access requires a clear definition and baseline of existing participation and new participation of clients or beneficiaries in local, national or global value chains. See key measurement challenges. Including consumers is not advised to avoid inflating the figures.
 Data source	Measurement is context and intervention specific, and is best done within a confined geographic space, or in a specific well-defined part of the value chain. See key measurement challenges. Data can be self-reported by firms or individuals involved in the intervention or collected via a survey approach. Depending on the specific intervention and context, Chamber of Commerce data could be a relevant data source.
 Data quality	Survey design should adhere to strict quality criteria, through internal quality checks and consultation with relevant teams. Further data verification in the field is recommended. Self-reported data may be verified by the PSD actor implementing the intervention or investment or external auditors for example checking outliers and logical inconsistencies. To assess new access to (a) value chain(s) baseline data can be valuable. As an alternative, or in addition to collecting new baseline data, existing data may provide useful information, for example on the business environment in a country, see the http://www.enterprisesurveys.org/ of the World Bank.

	Given the fundamental key measurement challenges, these challenges need to be addressed to ensure data quality, especially in terms of clear definitions and delineations of what is precisely measured and how it can be plausibly linked to the intervention.
 Timing	The change in new access to (a) value chain(s) should be established by a measurement at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Attributing the new access of firms and individuals to the specific intervention or investment is a challenge. A well-documented plausible link between the result and the intervention or investment is required. Approaches to assess the link between the intervention or investment and the new access of firms and individuals to a value chain may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) asses evidence for alternative explanations. For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data in the sector, value chain or companies not involved in the intervention or investment, also before and after the intervention or investment, the differences in new access among different groups can be compared. Though defining a similar group in the sector, value chain or companies which are not targeted by the intervention or investment is complicated. Value chain is a complex concept which may involve completely different numbers and size of actors (ranging from self-employed people, farmers, micro enterprises, firms, MNCs) depending on specific products or services, sectors (agriculture, manufacturing or services), at local, national or international level. Value chains change quickly over time, so measurement over longer time frames may not be reliable.

Also delineating a value chain, or a part of a value chain is complex. This makes it difficult to establish how many firms or individuals already participated in a value chain and calculate the number of firms or individuals newly participating. Setting boundaries might be easier if an intervention is about access to international value chains, if such international links do not yet exist.

The definition and measurement of 'new participation' depends on the specific context and intervention. Most firms and also self-employed individuals already have some access to some kind of value chain. New participation may be about access to a new processing plant, or about contracts with new or additional producers in the value chain, or in a different value chain. Though it is questionable to what extent these examples can be defined as 'new' and what unit is to be measured.

The number of buyers or suppliers in a value chain in itself does not imply a positive or negative development. In some cases, fewer actors in a value chain, for example by ensuring more direct access rather than via intermediaries, may be a positive development. Therefore, an indicator on new participation does not necessarily measure the key outcome or impact of the intervention.

Data across different value chains are not comparable given the mentioned diversity. Differences in characteristics may make aggregation of data on this indicator meaningless.

Box 7. 'Solidaridad's approach to measure new participation in the value chain

This box introduces the approach designed by Solidaridad to measure new participation in the value chain, to illustrate the Guidance Note above. However, it has not yet been put into practice yet, at the time of writing of this Methodological Guidance.

Solidaridad is an NGO that works towards sustainable production of a variety of agricultural commodities. It is an international network organisation that consists of 9 regional centres throughout the world with a Network Secretariat connecting the regions.

Solidaridad has included the indicator *Number of companies or individuals that newly participate in the value chain* in its Monitoring Protocol for Indicators (2017). This box presents how Solidaridad expects to measure this indicator, as prescribed by the monitoring protocol.

However, it should be noted that Solidaridad recognises that measurement of this indicator is complex. The monitoring protocol presents an ideal situation that has yet to be tested and aligned to what is practically feasible. Solidaridad aims to apply its measurement approaches in a select number of

interventions, as rigorous measurement of this indicator implies considerable time and cost investments.

Indicator	Number of companies or individuals that newly participate in the value chain (DCED: Changes in the number of individuals gaining access to value chain)
Unit of measure	Farmer, producer, miner, worker, entrepreneurs, producer organisation (cooperative, CBO)
Detailed definitions	This indicator measures the number of firms or individuals that newly participate in a specific value chain as a result of the intervention. See below under data collection methods Newly participate in a value chain includes all individual farmers/producers/miners who newly start producing or trading the commodity (who were not producing it before), and all individual Entrepreneurs, Producer Organisations or Service providers who start providing services, trading, buying, in the sector
Disaggregation by	M/F, % of sex, Type of entrepreneur/firm
Responsible person(s) for monitoring	Monitoring & Evaluation Expert and Programme Manager
Data collection method(s)	Organisation data (increase in number of supplying members) Randomly selected representative sample Key questions to ask: ▪ "Do you know of people who started producing [crop/commodity] since the start of this programme, if yes how many and do you know why?" ▪ "Do you know of people who stopped producing [crop/commodity] since the start of this programme, if yes how many and do you know why?" Gender considerations: representative sample, women alone, youth alone and mixed groups respondents, for target beneficiaries

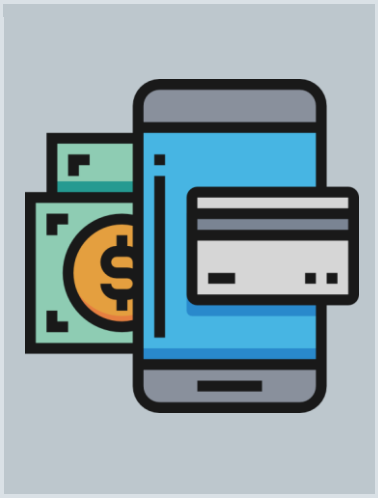
Timing/ frequency of data collection	Evaluation after intervention/annual/project life span

Solidaridad also aims to annually monitor the '*Number of newly established and strengthened SMEs and Service Providers that start providing new products or services to producers, miners and factories*'. Although the aim of this indicator is to measure the availability of a service sector, its data sources are of potential benefit for the indicator on the **number of firms gaining access to a value chain**:

- Chamber of Commerce for non-supported SMEs
- (annual) reporting of supported SMEs
- client satisfaction surveys for (selected) supported and non-supported firms

Sources and references: Interview Solidaridad, Solidaridad 2017.

3.5 Number of individuals or firms obtaining financial services



Definition:
Total number of beneficiaries – individuals or firms – obtaining financial services of any type as a result of an intervention.

SDG indicator links:
8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider.
9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

The following Guidance Notes distinguish between two approaches. The approaches differ according to how 'obtaining' financial services is measured[20]:

- Approach 1 measures the number of individuals and/or firms actually using financial services; consumers ought to buy the core product and use the service in a sustainable manner to classify as usage.
- Approach 2 measures the number of financial services provided; which refers to the services and products offered by formal financial institutions.

The latter approach does not give insight into the number of individuals or firms involved, as one actor may use multiple services. Therefore, the first approach is recommended, though may not be considered feasible by all PSD actors.

The Guidance Note is supported by Box 8, which outlines the data collection tools used by the Shaping Inclusive Finance Transformations programme of UNCDF (Approach 1).

[20] The Alliance for Financial Inclusion's Financial Inclusion Data Working Group (FIDWG) developed a measurement tool to measure (among others) two key indicators of financial inclusion: *access* and *usage* of financial services (see Financial Inclusion Data Working Group (FIDWG) of the Alliance for Financial Inclusion 2013). Access implies effective demand: consumers having knowledge and means of using financial services. The purchase of the core product counts as access, as then it is assumed that the consumers buying the core product have the ability to use the embedded financial service, even if they may decide not to use it (Ibid.).

	**Approach 1: Measure the number of individuals and/or firms obtaining or actually using financial services[21]**
 Description	Tracks the number of people (male/female) and/or number of firms (male/female-owned) obtaining or actually using financial services.
 Definition	Financial services can include loans and other forms of credit (e.g., trade finance, leasing credit), savings/deposit accounts, transfers, or insurance products (e.g. weather insurance), card products (e.g. debit, credit, prepaid, or other), credit or financial counselling, micro leasing, mobile banking services, payment services (e.g. by check, payroll cards, or other), remittance services, savings facilitation services, scholarship or educational grants, or other (IRIS ID PD5098). Clients or beneficiaries can include individuals or firms depending on the nature of the intervention. Obtained: In order to be counted, the client or beneficiary must have acquired/received the service and not just applied for it. Actual use: In order to be counted, the entity must have used the service and not just acquired/received it. What 'use' implies exactly depends on the specific service and should be defined. For example, a it can be decided that a debit card must have been used at least once during the past six months.
 Disaggregation	By type of entity (individual vs. firm) and by type of firm, by type of clients or beneficiaries: relevant disaggregation depends on the PSD actor's portfolio. By type of financial service (e.g., loan, credit line, insurance, transfers, deposit account, mobile banking service): relevant disaggregation depends on the 'PSD actor's portfolio. By urban/rural: relevant disaggregation depends on the PSD actor's portfolio and context.

[21] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: IFC, IDH, ALCP, UNCDF, El-Zoghbi & Martinez Measuring Changes in Client Lives through Microfinance, 2011, GIZ, PCV, IRIS ID PD5098 and IRIS ID OI2840, Sustainable Food Lab common indicators and metrics 2016, Bond Impact Builder 2018, AIP-Prisma, FIDWG 2013, Morris & Muaz Jalil (no date), MIX Market (no date), United Nations Revised list of global sustainable development goal indicators, 2017. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

	By gender: males and females or male- and female-owned firms. Depending on the portfolio, it may also be insightful to disaggregate average amounts by gender. Calculations and reporting on female ownership should use regional or local laws or norms when they exist. Where laws or norms do not exist, female-owned firms could be defined as firms with a minimum of 51 percent female ownership, or a majority of women in their boards. In case shares are publicly traded or owned by institutions these cannot contribute to the number of female owned shares (adapted from IRIS ID OI2840). By age: number of youth clients or beneficiaries (age 15 - 25). Calculations and reporting on youth should use regional or local laws or norms when they exist. Where laws or norms do not exist, youth workers can be defined as aged 15- 25 (United Nations 2017). By income level of clients: relevant disaggregation depends on the PSD actor's portfolio and context.
 Unit of measurement	Number of (male and female) individuals Number of (male- and female-owned) firms
 Coverage	The approach focuses on the direct clients or beneficiaries of the intervention.
 Data source	Financial service providers can report on the number of financial services they provide, based on own records which will be disaggregated by type of financial service. If the service provider also keeps records of the type of entity (individual or firm), it may be possible to establish, by the number of unique names of firms and/or individuals in the records, the number of firms and/or individuals obtaining financial services. To further disaggregate data, records must include more detailed information on clients or beneficiaries, including on their gender, male or female ownership and type of firm, age, income level and if based in urban/rural area. Financial service providers may also have records regarding when and how often clients or beneficiaries access the service(s), for example the number of transactions made, and other customer journey information, which would allow to establish the actual use of financial services by firms and/or individuals.

	However, if the financial service provider records do not provide this information, it may be collected through before/after surveys among (a representative sample of) clients or beneficiaries. User surveys allow to ask clients or beneficiaries about the disaggregations listed. Importantly, client or beneficiary surveys also allow to gather insights on how financial services are distributed, whether new clients or beneficiaries are reached, rather than clients or beneficiaries which already had access to other financial services and to what extent the services offered are relevant, accessible (both physical and affordable, for all people), reliable, and how the services are being used. In some interventions, PSD actors provide loans or credit to their clients, which makes tracking this indicator relatively easy. Also when interventions aim at promoting links between entrepreneurs and banks, results are relatively easy to track when PSD actors directly work with the target entrepreneurs. In other cases, PSD actors work through intermediaries. Gathering data can then be more complicated. Depending on the number of direct (and indirect) clients or beneficiaries involved, and resources available, the data gathering may be limited to a representative sample. The sample size of the clients or beneficiaries should be large enough to be able to draw conclusions with sufficient confidence (95 percent), see also Annex 4.
 Data quality	Survey design should adhere to strict quality criteria, through internal quality checks and consultation with relevant teams. Further data verification in the field is recommended. To determine to what extent new financial services have been obtained or used, baseline data are essential. As an alternative or in addition to establishing a new benchmark for the intervention or investment, also existing data may provide useful benchmarks, for example, data on access to financial services could be derived from the Savings Groups Information Exchange: http://www.thesavix.org/ the MIX market data on the financial inclusion sector: https://www.themix.org or the IMF Financial Access Survey: http://data.imf.org.
 Timing	Annually. In case of limited resources, PSD actors can also choose to collect data at the start (baseline) and at the end (endline) of the intervention or investment only. A mid-term smaller data collection effort may be considered to keep track, especially for longer term interventions or investments. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring

	after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	Attributing obtaining or actually using financial services to the intervention or investment can be a challenge. A well-documented plausible link between the result and the intervention or investment is required. Approaches to assess the link between the intervention or investment and the use of financial services may include those that 1) estimate the counterfactual (what would have happened without the intervention or investment); 2) check the strength and consistency of the evidence for the causal relationship; 3) asses evidence for alternative explanations. For instance, a measurement approach using control or comparison groups may enable external factors to be isolated and therefore strengthen the extent to which results can be attributed to the intervention or investment. By collecting similar data on individuals not involved in the intervention or investment, also before and after the intervention or investment, the differences in change in obtaining or use of financial services among different groups of individuals can be compared. The survey approach is labour-intensive and time-consuming and a costly process, which is why a representative sample is recommended (see data source) and a less frequent measurement (see timing of measurement).

	Approach 2: Measure the number of financial services provided[22]
 Description	Tracks the number of financial services provided.

[22] The information in this Guidance Note is based on interviews and email exchanges with the actors listed in Annex 6, as well as internal documents and references from these actors as listed in Annex 7: IFC, IFU, FMO, UNCDF, El-Zoghbi & Martinez Measuring Changes in Client Lives through Microfinance, 2011, HIPSO, IRIS ID PD5098 and IRIS ID OI2840, AIP-Prisma, MIX Market (no date), United Nations Revised list of global sustainable development goal indicators, 2017. These are the PSD actors consulted for this report that refer to, or apply (elements of) this approach. This is not an exhaustive overview of all the relevant PSD actors with regard to this approach.

 Definition	Financial services can include loans and other forms of credit (e.g., trade finance, leasing credit), savings/deposit accounts, transfers, or insurance products (e.g., weather insurance), card products (e.g., debit, credit, prepaid, or other), credit or financial counselling, micro leasing, mobile banking services, payment services (e.g., by check, payroll cards, or other), remittance services, savings facilitation services, scholarship or educational grants, or other. (IRIS ID PD5098). Clients or beneficiaries can include individuals or firms depending on the nature of the intervention. Provided: In order to be counted, the entity must have acquired/received the service.
 Disaggregation	By type of entity (individual vs. firm), by type of firm, by type of clients or beneficiaries: relevant disaggregation depends on the PSD actor's portfolio. By type of financial service (e.g., loan, credit line, insurance, transfers, deposit account, mobile banking service): relevant disaggregation depends on the PSD actor's portfolio. Financial services should also be disaggregated by average amount by gender. By urban/rural clients or beneficiaries: relevant disaggregation depends on the PSD actor's portfolio and context. By gender of clients or beneficiaries: males and females or male- and female-owned firms. Depending on the portfolio, it may also be insightful to disaggregate average amounts by gender. Calculations and reporting on female ownership should use regional or local laws or norms when they exist. Where laws or norms do not exist, female-owned firms could be defined as firms with a minimum of 51 percent female ownership, or a majority of women in their boards. In case shares are publicly traded or owned by institutions these cannot contribute to the number of female owned shares (adapted from IRIS ID OI2840). By age: number of youth clients or beneficiaries. Calculations and reporting on youth should use regional or local laws or norms when they exist. Where laws or norms do not exist, youth workers can be defined as aged 15- 25 (United Nations 2017). By income level of clients or beneficiaries: relevant disaggregation depends on the PSD actor's portfolio and context.

 Unit of measurement	Number of services provided as recorded by financial service providers.
 Coverage	This approach focuses on the financial services as provided, and depending on the records available (see data source) may give insights in the disaggregated data listed. In order to be counted, the financial service must have been acquired/received by an actor, not just applied for.
 Data source	Financial service providers can report on the number of financial services they provide, based on own records which will be disaggregated by type of financial service. If the service provider also keeps records of the type of entity (individual or firm), it may be possible to establish, by the number of unique names of firms and/or individuals in the records, the number of firms and/or individuals obtaining financial services. To further disaggregate data, records must include more detailed information on clients or beneficiaries, including on their gender, male or female ownership and type of firm, age, income level and if based in urban/rural area. For disaggregated data on gender, a proxy indicator could be to use clients' or beneficiaries' names to identify gender, but access to this personal information may be an issue due to privacy policies, and this proxy inherently contains errors. Given the range of financial services that may be provided, PSD actors may choose to focus on a selected set of services, for example loans and deposit accounts only.
 Data quality	Given financial accountability requirements, financial institutions generally have quality records. Such record may be verified by the PSD actor implementing the intervention or investment or external auditors for example checking outliers and logical inconsistencies. To establish the obtaining or actual use of financial services, baseline data are an essential benchmark. As an alternative or in addition to establishing a new benchmark for the intervention or investment, also existing data may provide useful benchmarks, for example, data on access to financial services could be derived from the Savings Groups Information Exchange: http://www.thesavix.org/, the MIX market data on the financial inclusion sector: https://www.themix.org or the IMF Financial Access Survey: http://data.imf.org.

 Timing	Financial records can be regularly (i.e. quarterly - annually) monitored. The measured value can be analysed and/or aggregated over multiple years particularly to understand fluctuations and the sustainability of any income increases. To further increase insights about the sustainability of changes in income, monitoring after completion of the intervention or investment period can be considered, e.g. after 3-5 years.
 Challenges	If financial services are provided by the commercial sector, gathering data may be difficult as these may not be shared for commercial reasons. Information management systems in use may not allow for an easy adaptation to improve the records of the service provider. Also privacy policies of the financial service providers may limit the detail and extent to which data can be shared. Numbers on financial services does not represent the number of individuals and/or firms obtaining financial services, as one client or beneficiaries may obtain multiple financial services. Importantly, data on financial services provided does not explain how financial services are distributed, whether new clients or beneficiaries are reached, rather than clients or beneficiaries which already had access to other financial services and to what extent the services offered are relevant, accessible (both physical and affordable, for all people), reliable, and how the services are being used.

Box 8. Data collection tools of the Shaping Inclusive Finance Transformations Programme, UNCDF

This Box outlines the data collection tools used by the Shaping Inclusive Finance Transformations programme of UNCDF to measure the number of individuals and/or firms obtaining or actually using financial services (Approach 1).

Shaping Inclusive Finance Transformations (SHIFT) programme is a market development programme with a focus on women's financial inclusion in the Association of Southeast Asian Nations (ASEAN) region. The SHIFT programme was initiated as a pilot in May 2014 and entered into full programme implementation in the ASEAN region in June 2015 through funding contributions of UNCDF, the Australian Government's Department of Foreign Affairs and Trade (DFAT) and the Netherlands Development Finance Company (FMO).

SHIFT ASEAN aims to transition at least 6 million low-income individuals, and micro and growing businesses, from using informal to formal financial services by 2020, 65 percent of which women and girls. By achieving this, SHIFT's overall goal is to contribute to increased income and employment, reduced

vulnerability to shocks and reduced poverty by enabling the inclusion of low-income people and businesses to be active agents in the formal economy.

As a market development programme, SHIFT utilises elements of the DCED standard for results measurement. SHIFT also utilizes aspects of the Consultative Group to Assist the Poor's (CGAP) approach to measuring market development for financial inclusion programmes. See here the Handbook of CGAP for funders and their implementing partners on how to effectively measure results of financial inclusion programs that apply a systemic approach.

SHIFT ASEAN uses the following data collection tools:

Tool	Explanation	When and how to use the tools
Observation	Observation is used to gather qualitative information, through direct inspection or examination or informal discussions. Observation can be direct or indirect (via video camera).	Particularly useful tool at activity and output level. To validate data from other sources. Can be made more effective if a checklist of required information is prepared before a visit.
In-depth Interviews	In-depth interviews are used to gather qualitative and quantitative information, explore processes of change to individuals on a person-by-person basis, understand underlying reasons for change or lack thereof, and explore attribution.	Useful in establishing attribution at service provider level. Sample size depends on reaching saturation point. Interviewer should ask probing questions to elicit more extensive responses. Interview guide and checklist of information needed should be prepared prior to interview.
Key informant interviews (KIIs)	In-depth interviews with individuals who have first-hand knowledge of the issue being addressed through the intervention.	To establish causality at partner level (output). To gather information on specific issues which will be addressed in the intervention. For data triangulation. Collect trend or sale data from partner head office to estimate sales and outreach.
FGDs (Focus Group Discussions)	Qualitative evaluation methodology in which small groups of people are brought together to discuss specific topics under the guidance of a moderator.	Useful in exploring nature of change at outcome or beneficiary level. Group of 6-8 people; respondents for each group are chosen to be mostly homogenous in terms of topics for discussion. Good for gathering information about a group

		but not individual. Can help in triangulation. Moderator guide is a must before FGDs.
Validation or pocket surveys	Validation surveys are used to check qualitative and quantitative facts with a small sample size.	Focus on validating some key indicator values. E.g. copying ratio, access to usage ratio, types of benefit received, etc. Sample sizes would vary from 10-30 people who may be interviewed to validate findings of in-depth surveys. The questions are straightforward and generally directed at getting facts.
Secondary information or records	This involves a review of information that was collected in another study, records or documents that partners, service providers or SMEs keep, or as part of a publicly-available set of data.	Useful in establishing outreach based on company sales volume. Can be used for projections. Establishing counterfactuals and triangulation. Source credibility must be ensured.
Surveys	To generate specific quantitative information about individuals (target beneficiaries), based on a sample of target population, often using a statistically significant sample size.	Useful for impact level validation and evaluation. Survey should have clear research design and sample size (chapter 7). Hypothesis to be validate needs to be established. Pre-tested structured or semi-structured questionnaire should be administered by trained enumerators.

Monitoring of the intervention and the collection and analysis of information at the activity level is the role of the intervention manager. The intervention manager is the person who is working either in the field or managing field activities on a daily basis, and is therefore in the best position to monitor and collect information on activities being undertaken. This must be communicated with the Monitoring and Results Measurement staff.

The Monitoring and Results Measurement staff is responsible for undertaking impact assessment, impact data collection (based on the depth of data collection necessary, it is sometimes advised that this be outsourced) and analysis. This takes place once the intervention is mature and can be undertaken on a

periodic basis.

Intervention managers are responsible for developing an intervention report based on the impact assessment at the end of the intervention. This allows for consolidation of outcomes and learning, contribution to the programme's knowledge management, and evolution based on lessons learned.

Sources and references: Interview UNCDF, El-Zoghbi & Martinez Measuring Changes in Client Lives through Microfinance, 2011, Morris & Muaz Jalil (no date) SHIFT monitoring and results measurement manual. Shaping Inclusive Finance Transformations (SHIFT) programme of the United Nation's Capital Development Fund (UNCDF), the United Nations (UN) capital investment agency. Internal Document.

4. Concluding remarks

This report presents options to harmonise the approaches and methods used to measure five key indicators. The Guidance Notes propose the main approaches to be distinguished for each indicator. Given the broad range of actors and diversity of interventions in the PSD field, multiple approaches are unavoidable for some indicators, like for the indicator on Change in income (section 3.1). PSD actors may however harmonise their preferred measurement approaches for some indicators. For example, in the case of Number of full-time (equivalent) male and female jobs supported (section 3.3) and Number of individuals or firms obtaining financial services (section 3.5).

For each approach, a balance has to be struck between rigorous, meaningful data gathering and cost-effective methods. The Guidance Notes describe possible variations within each approach. These variations obviously limit the extent to which the quantitative data gathered can be compared among actors or interventions. A next step in defining harmonised approaches and methods therefore requires to make more specific choices *within each* approach.

Specifically, for the indicator Change in amount of investment generated (section 3.2), one generic approach has been identified. However, with multiple possible variations depending on the choices made in terms of the coverage. Current practice among development actors diverts a lot, while it is clear that further harmonisation among development actors can improve the comparability of figures, avoid confusion and double counting, and reduce the reporting burden.

No development actor has been identified that actually measures the indicator Number of individuals or firms gaining access to a value chain (section 3.4). A range of essential measurement challenges have been identified, including the definitions and delineations of what is precisely to be measured. These need to be addressed first, before the measurement methodologies can be further defined.

In conclusion, continued exchange among PSD actors would be essential to further the harmonisation of measurement approaches. Importantly, approaches need to be tested, to refine tools and methods so these are suitable and measure as accurate as possible, while being feasible and affordable. Also, further exchange among PSD actors would allow them to learn about each other's experiences with methods used.

As a final note, comparable efforts to harmonise approaches are ongoing, at national or institutional level. It would be relevant to see if more synergy can be achieved among these efforts, for example by fostering more exchange on the ongoing work:

- The Netherlands MFA has contracted a consultant from Steward Redqueen to map the ways the indicator change in amount of investment generated is currently being measured among

Dutch actors.

- OESO/DAC, MDB and DFIs continue their discussion and work on methodologies to measure indicator change in amount of investment generated.
- The HIPSO partnership is currently discussing how to move forward, this may be an opportunity to further harmonise approaches to measure the overlapping indicators. Especially for the indicators relating to full-time equivalent female jobs supported as percentage of total and Number of individuals or firms gaining access to a value chain, it would be relevant to try to align these efforts.
- GIZ is working on a standardised approach on employment, which would be relevant for the indicator number of full-time (equivalent) jobs supported.
- DFID has contracted Landell Mills for a 5-year programme to harmonise approaches to measure indicator number of full-time (equivalent) jobs supported.
- ILO is currently working on a toolkit for SME performance indicators with a focus on working conditions, related to indicator Number of full-time (equivalent) jobs supported. Similar to the DCED harmonised indicators, ILO proposes a range of indicators for SME performance and working conditions and explains how to practically measure them in a project setting (www.ilo.org/thelab).
- The Let's Work partnership, composed of 30 international finance institutions aiming to create more and better private sector jobs, is currently looking at establishing a standardised tool for measuring private sector-led job investments with a view to track not only the indicator Number of full-time (equivalent) jobs supported, but also the quality of those jobs and their inclusiveness.

Annex 1. PSD harmonised indicators

1. Volume of financial services obtained
2. Change in income
3. Change in amount of investment generated
4. Energy use avoided or reduced (MwH/year)
5. Exports of goods and services as percentage of GDP
6. Full-time equivalent female jobs supported as percentage of total full-time equivalent jobs supported
7. GHG emissions avoided or reduced (metric tons/year)
8. Hectares of sustainably managed land
9. Exports of goods and services as percentage of GDP, also exports
10. Imports of goods and services as percentage of GDP
11. Number of full-time (equivalent) jobs supported
12. Number of newly registered firms
13. Renewable energy produced (GWh/year)
14. Water use avoided or reduced (cubic meters/year)
15. Number of accounts held by a financial institution
16. Number of accounts linked to payment or mobile banking systems
17. Number of firms or individuals that meet firm-specific, national, or international sustainability standards
18. Number of firms or individuals that meet obtain firm-specific, national, or international sustainability certification
19. Number of firms or individuals that utilise business development services
20. Number of firms that provide environmental products or services
21. Number of individuals or firms gaining access to a value chain
22. Number of individuals or firms that obtain financial services
23. Number of legal reforms implemented
24. Number of legal reforms implemented that improve resource efficiency and low carbon development
25. Percentage of sales of certified products of total sales

Annex 2. Background of the study

The RMWG of the DCED

The DCED is a forum for learning about the most effective ways to create economic opportunities for the poor, in line with the Sustainable Development Goals (SDGs) – based on practical experience in PSD. Currently, the DCED has 22 members, including bi- and multilateral donors and agencies, and private foundations. The DCED has several working groups that develop knowledge and guidance products. The Box below presents an overview of the range of private sector development strategies applied by members of the DCED.

Box: Examples of DCED members' private sector development strategies

- Direct engagement with the private sector, in particular with domestic or international business PSE can be implemented through a variety of instruments, including financial support, technical assistance and sharing of knowledge and networks, e.g. via public-private platforms, funds and facilities inviting project proposals by business as well as loans, equity and guarantees, in addition to grants.
- Creating enabling environments for business and economies to thrive and grow, in particular through legal/ regulatory and governance reform. And skills development as an intervention area to create better conditions for private investment and employment.
- Encouraging inclusive market systems, making markets work for the poor, and promoting Inclusive Business models.
- Small and medium enterprise development
- Support economic transformation, and improving the involvement of developing countries in trade and export – supporting governments and private sector companies to expand their business and integrate into regional and global value chains.

Adapted from: DCED 2017a

The RMWG aims to improve effectiveness of PSD approaches, specifically by supporting DCED members to generate, analyse and report data on results. Bilateral and multilateral donors and agencies, foundations, development banks, NGOs and other partners increasingly seek information on the results of PSD interventions they fund or participate in, to demonstrate impact and value added. RMWG promotes best-practice monitoring of PSD approaches, based on articulated programme logics (results chains) and harmonised indicators for PSD. The RMWG, among other things, supervised the development of the DCED Standard for Results Measurement, which provides PSD programmes with a common framework, and an incentive, to monitor their results according to good practice.

Indicators and the DCED Standard for Results Measurement

The DCED Standard includes three common indicators on jobs, income and scale. These may be used by programmes but are not compulsory. Measuring change in indicators over time enables programmes to monitor their progress, report on successes, and improve less effective areas. It also checks that the logic in the results chain is valid, so as to select the best strategy to achieve impact.

Component 2 of the Standard requires that relevant and measurable indicators are identified for each of the outputs and outcomes in the results chain. The Phase 1 PSD Harmonised indicators output of 25 indicators with their definitions provide a resource that donors and implementer may draw on to identify suitable indicators for their programme. Other resources also exist – these include the HIPSO indicators, and the IRIS catalogue of metrics. This Phase 2 output provides further guidance to donors and programmes to identify relevant and appropriate measurement approaches and data collection and analysis methods. This is a requirement of Component 3 of the DCED Standard. The Guidance Notes in this report are not sufficiently detailed to develop specific data collection and analysis methods. There is, however, a vast range of existing resources on data collection methods such as developing surveys. Some of these resources have been collated on resource hubs such as www.betterevaluation.org. In addition, the DCED website includes some resources, such as case studies, to support results measurement practices. These can be found here.

Phase 1: harmonisation of indicators

DCED RMWG members believed the use of indicators with harmonised definitions would ease the measurement and reporting burden for clients or beneficiaries that are required to report to multiple donors.

In 2015, the DCED RMWG therefore decided to launch an initiative to harmonise a set of outcome and impact indicators[23].

As DCED members each have their own particular focus and areas of intervention, Phase 1 started with identifying and defining the five most important areas of PSD interventions, to structure the indicators. Members supported the concept of harmonising the indicators for reporting results for these five areas approaches.

Phase 1 was envisioned as a first step in the harmonisation process, focusing on quantitative, straightforward and commonly-used indicators. This resulted in a selection of 25 outcome and impact indicators published in April 2016 (DCED 2016a, see the list of selected indicators in Annex 1).

[23] The international finance institutions (IFIs) has also harmonised the indicators for their investment activities, see for more information: www.hipso.net.

According to the Phase 1 report, indicators were initially filtered using the following four distinct criteria (DCED 2016a):

- Quantitative focus
- Not country-level. As for national indicators, such as GDP growth, standard definitions were already established.
- Easily measurable (i.e. not requiring complicated surveys with complex designs and typically done during project implementation as part of regular project monitoring by the operational team). Survey-based indicators could potentially be considered at a later stage.
- Not specific to individual interventions.

Subsequently, the following criteria were used to select the 25 indicators:

- Fit with the framework for PSD interventions
- Widest use among the membership
- Clear, concise definition available
- Are SMART indicators
- Are at outcome or impact level

Phase 2: harmonisation of the approaches to measure the selected indicators

The aim of the current Phase 2 of the DCED RMWG indicator harmonisation initiative is to harmonise approaches and methods used to measure specific PSD indicators:

The objective of this assignment is to produce guidance to demonstrate how key PSD indicators might be measured as well as case examples that illustrate how they have been measured.

The guidance should explain how to measure the indicators consistently, and therefore identify clear, straightforward and useful approaches and methods. The case examples should provide evidence of the actual use of an array of approaches or methods. Phase 2 will limit itself to the following six key indicators selected by the RMWG members from the 25 indicators of Phase 1 (see Annex 1 for the full list):

2. Change in income
3. Change in amount of investment generated
6. Full-time equivalent female jobs supported as percentage of total full-time equivalent jobs supported
11. Number of full-time (equivalent) jobs supported
21. Number of individuals or firms gaining access to a value chain
22. Number of individuals or firms that obtain financial services

Annex 3. Study approach and methodology

Approach

The study approach takes into account the methodology section from the assignment's ToR, see Box below. As per the methodology section of the ToR, the key deliverables of this assignment are the Guidance Notes to demonstrate how each of the key PSD indicators might be measured as well as case examples that illustrate how they have been measured. The usefulness and applicability of the Guidance Notes is seen as a key element of this assignment. This requires good insights in existing monitoring practices in relation to the six key indicators; to understand what is feasible in terms of efforts and costs, which approaches and methods are most appropriate, for which purpose (i.e. specific PSD approaches).

Box: Section 3 on methodology from the assignment's ToR

It is expected that this assignment will involve:

1. Collating and reviewing existing guidance, reports and case studies (including from DCED member agencies, DCED publications such as those relating to the DCED Standard, as well as other organisations (i.e. NGOs, DFIs, development programmes but also resources from academic or research organisations or from the impact investing field) relating to the measurement of the indicators listed in Section 2 of this TOR.
2. Identifying and selecting a small number of approaches and/or methods to measure each of the indicators, along with: 1) their strengths and weaknesses; 2) level of effort and cost to measure;3) when they may be appropriate to use;4) key measurement challenges or consideration sand what might be done to address these (see below);5)case examples that demonstrate measurement in practice
3. Writing guidance for each indicator, possibly 4-8 pages in length, that also show their linkages to the SDGs and SDG indicators, along with short case studies of measurement practices in use;
4. Providing links to relevant references in relation to measuring each indicator.

When undertaking this assignment consideration should also be given to, and included in the guidance:

- qualitative aspects that may be relevant for these indicators e.g. quality jobs; formal vs informal work, quality of access;
- ensuring definitions that are most critical to the selected indicators are clear;
- assessments of attribution to a specific programme or intervention;
- data aggregation across interventions or organisations,
- data disaggregation i.e. such as sex disaggregation.

Adapted from: DCED 2017b: 2.

Therefore, this study approach included several measures to ensure the relevance of the deliverables for the target audience. These include a strong focus on usefulness and applicability in each of the three steps (see below). Also, close collaboration with especially the DCED Secretariat in the different steps of the assignment is ensured, as well as, to the extent possible, some interactions with key stakeholders for this assignment, including (individual) members of the RMWG. Finally, clear, easy-to-read Guidance Notes are considered key, including links to relevant references.

Three steps were undertaken, starting from a rather broad exploratory approach to collate what is available in terms of guidance to measure these six key indicators. The subsequent two steps built on this stocktaking, by selecting approaches and methods and drafting the methodological Guidance Notes for each of the six key PSD indicators and the illustrating case examples. As proposed in the Inception Note (February 2018), in Step 1 we collated an overview of approaches and methods. For Step 2 we proposed five criteria to select those approaches and methods that would be most useful and applicable to measure the six key indicators. However, in practice, we did not find a large number of real distinctive approaches and methods. Therefore, in Step 2 we did not so much present a selection of methods and approaches, as also noted in the Inception Note; "if for some indicators little differentiation is found in terms of approaches and methods applied, a selection exercise may not be useful".

In Step 3 we drafted the indicator Guidance Notes, which present one, two or three approaches to measure each of the indicators. The Guidance Notes describe these approaches considering key dimensions. Of the six indicators listed in the ToR, the indicator on 'Full-time equivalent female jobs supported as percentage of total full-time equivalent jobs supported' was found to be a redundant category, as it does not allow for a gender analysis of difference and therefore it provides no valuable insight unless it is compared to male jobs. Therefore, this indicator has been combined with the indicator on 'Number of full-time (equivalent) jobs supported'. The indicator guidance is therefore on the Number of full-time (equivalent) male and female jobs supported.

Methodologies

In preparation of this report, we consulted documents, collected both via the members of the RMWG of DCED, as well as documents shared by interviewees (see Annex 7). Also, we used the input of 16 key informants, as collected via interviews and in three cases received via email (see Annex 6). As the documents consulted provided little information on the actual approaches and methods used, most of the information is derived from the key informants. And although we spoke with the actors recommended by members of the RMWG, we cannot conclude much on the extent to which these approaches and methods are widely used.

Exploratory interviews/requests for information:

- Requests via contacts of the DCED Secretariat, RMWG members, and other available leads to organisations (i.e. DCED member organisations, their clients or beneficiaries,

organisations applying the DCED standard and other NGOs, consultancies, DFIs, IFIs, other academic and research organisations working on PSD) to point us to some relevant practitioners with experience in applying specific approaches and methods.

In-depth interviews:

- With practitioners (implementing, monitoring and/or researching PSD programmes) to provide further in-depth insights on the key dimensions of the specific approaches and methods they have experience with, so as to apply the identified selection criteria.
- Follow-up interviews with practitioners to provide for further in-depth insights in the key dimensions of the selected approaches and methods.

Analysis:

- Apply the suggested selection criteria to the dimensions of the inventory of approaches and methods of Step 1 and select a first overview of possible case examples
- Further investigate and deepen our understanding of the key dimensions of the selected approaches and methods.
- Map the potential linkages of the selected six key indicators with the SDGs and SDG indicators

Limitations

- Limited selection of interviewees (36 people) involved implies a limited overview of practices across the sector.
- Little time, so no in-depth analyses of all the approaches elaborated on could be done.
- Complex field, so on the one hand more detailed guidance is necessary to ensure it is applicable, though given the broadness of the PSD field, such depth would require a far more elaborate study and involvement of the actors concerned.
- Many actors indicate they are in the process of refining, developing, selecting indicators themselves, considering certain new indicators, so it is a field in motion, where little definitive evidence is published, rather, it is about collecting experiences, estimations, assumptions of different stakeholders in applying these indicators.

Specific additional methodological considerations on some of the indicators

Change in income: Although mentioned in some interviews, tracking a companies' wage bill as a way to establish income of individuals (which is done by some DFIs and impact investors) is not included as an approach. Collecting data on the overall companies' wage bill has quite some caveats. First, data on individual salaries cannot be provided by the company for legal and/or privacy related reasons. Therefore, employees would have to be asked directly about their income (which would overlap with the second approach to measure individual income). Second, the total wage bill of a company may be tracked easier, though again, this may not be shared for confidentiality reasons, even if one is involved via grants or technical assistance, and is only available if one has a financial stake in the company as debt or equity investor. A total wage bill may

be averaged for the number of employees, but this information does not explain how wages are spread across the company. While an increase in the wage bill may mean that employees got a pay rise, it could just as well be that only the management got paid better. Therefore, a company's wage bill would need to be disaggregated by gender and by level or category for staff, which are complex categories to define in an harmonised manner, and which seems to be not or hardly done by PSD actors.

Change in amount of investment generated: The range of approaches to track leveraged and mobilised finance for climate change are not considered for now.[24]

[24] Related SDG target: 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology, and indicator: 7.a.1 International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems.
Related SDG target: 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support, and indicator: 7.b.1 Investments in energy efficiency as a proportion of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services
Related SDG target: 13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible, and indicator 13.a.1 Mobilized amount of United States dollars per year between 2020 and 2025 accountable towards the $100 billion commitment
Related SDG target: 15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation, and indicator: 15.b.1 Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems

Annex 4. Key methods and concepts explained

Proxy indicators are indirect measures that approximate a phenomenon and are used since a direct measure is not available. A proxy indicator uses either a different definition and/or an alternative data source.

Contribution: The demonstration of a plausible link between an outcome and one or more interventions, but without fully isolating the effect of the intervention(s) from other factors.

Attribution: The degree to which an outcome can be shown to be caused by one or more interventions. DCED published the following guidance on assessing attribution:

- DCED 2018, Estimating attributable changes;
- DCED 2015c, Measuring attribution, DCED;
- DCED 2014a,Demonstrating additionality.

Variation and triangulation: Methods needed will vary and depend on the purpose for measurement (level of rigour required), the level of the results chain, the phase of intervention, and the resources at disposal. Many technical resources are available to help practitioners select between methods depending on the purpose for measurement and the resources and budget available. A single method won't be sufficient, it is good practice to use both qualitative and quantitative methods to measure each indicator, and different methods and sources to triangulate data received to cross-check findings. On specific data collection and analysis methods see www.betterevaluation.org. The website of the Donor Committee for Enterprise Development Standard for Results Measurement includes resources, such as case studies, to support results measurement practices, see here.

Experimental and quasi-experimental approaches assess what has changed by comparing in assessments (e.g. surveys) those targeted by the intervention (experimental group) with those similar to the target group who remain unaffected by the intervention (comparison group).

- Differences between affected and unaffected groups are especially useful to gauge how much change occurred due to programme interventions.
- Quasi-experimental methods are easier to use within relatively homogenous populations. Even in these circumstances, finding the right comparison group(s) requires careful planning. Factors other than the intervention itself may cause one group to do better than the other. Or an intervention may also influence the comparison group.
- A suitable comparison group is not always available, alternatives are: to look for 'matches' (people or entities) in other regions that are similar to the specific people or entities in the region of the affected group; or to analyse and compare trends between affected and unaffected areas, and try to identify and discount all factors other than the intervention that cause results to vary between affected and unaffected areas. External influences may

include macroeconomic trends, new infrastructure, regulations, climatic events or the effects of other development programme.

Non-experimental approaches may include qualitative and quantitative methods that help to assess why something has changed: in-depth interviews, focus group discussions, and observations by programme staff and enumerators will help to understand the reasons behind the changes emerging from quantitative data. This is necessary for estimating attribution, but also for assessing the sustainability of outcomes and results.

Baselines allows to assess whether change has happened, and the extent of that change. Measuring the difference between the groups targeted and relevant comparison groups, before and after the intervention, lowers the risk that results are biased by differences between these groups that are unrelated to the intervention.

- It is valuable to conduct several smaller baseline surveys specific to each system or intervention depending on specific data needs and variations in locations and target groups
- If unable to establish a reliable baseline from the outset, one can still measure results accurately later, by comparing the groups targeted and relevant comparison groups after the intervention. Sample sizes can be made larger and even more care should be taken to identify and isolate any factors that might differentiate targeted and comparison groups.

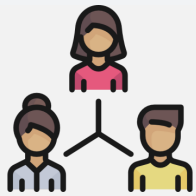
Samples: A sample refers to a set of observations drawn from a population. A representative sample is required, in order to draw conclusions for the population (i.e. target group of the intervention or investment) as a whole. The sample size should be large enough to be able to draw conclusions with sufficient confidence (95 percent). A sample should be considered if the size of the target group makes it unfeasible (e.g. due to financial or time constraints) to collect data for the whole group. Sample calculators can help to estimate the minimum required sample size, see for example the DCED sample size calculator. DCED published a Practical Advice for Selecting Sample Sizes, DCED 2015d.

Annex 5. Key indicator links to SDG indicators

For each of the five key indicators Chapter 3 lists the most strongly related SDG indicators. This Annex provides a more comprehensive lists of the related SDG targets and SDG indicators. In some cases, an indicator relates to an SDG target, but not to an SDG indicator.

DCED key indicator	Related SDG Targets	Related SDG indicators
 Change in income	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	2.3.1 Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size [proxy]
		2.3.2 Average income of small-scale food producers, by sex and indigenous status
	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws	5.a.1 (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities
	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average	10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 percent of the population and the total population
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	10.2.1 Proportion of people living below 50 percent of median income, by sex, age and persons with disabilities

	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	10.4.1 Labour share of GDP, comprising wages and social protection transfers
++  Change in amount of investment generated	1.a (Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions)	1.a.1 Proportion of domestically generated resources allocated by the government directly to poverty reduction programmes 1.a.3 Sum of total grants and non-debt-creating inflows directly allocated to poverty reduction programmes as a proportion of GDP
	2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries	2.a.2 Total official flows (official development assistance plus other official flows) to the agriculture sector.
	10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes	10.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)
	17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	-
	17.2 Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 percent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 to 0.20 percent of ODA/GNI to least	17.2.1 Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI)

	developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 percent of ODA/GNI to least developed countries	
	17.3.1 Foreign direct investment (FDI), official development assistance and South-South cooperation as a proportion of total domestic budget	17.3 Mobilize additional financial resources for developing countries from multiple sources
 Number of full-time (equivalent) male and female jobs supported	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.2 Proportion of women in managerial positions
	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	5.4.1 Proportion of time spent on unpaid domestic and care work, by sex, age and location
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	8.2.1 Annual growth rate of real GDP per employed person
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	8.3.1 Proportion of informal employment in non- agriculture employment, by sex
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.5.2 Unemployment rate, by sex, age and persons with disabilities

	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	8.6.1 Proportion of youth (aged 15–24 years) not in education, employment or training
	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	9.2.2 Manufacturing employment as a proportion of total employment
 Number of individuals or firms gaining access to a value chain	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	-
 Number of individuals or firms obtaining financial services	Although SDG Target 1.4 includes financial services (By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance), the two related indicators do not.	-
	Although SDG target: 5.a includes financial services (Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws), the two related indicators do not	-
	5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women	5.b.1 Proportion of individuals who own a mobile telephone, by sex [proxy]

	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	8.10.1 (a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults
		8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider
	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	9.3.2 Proportion of small-scale industries with a loan or line of credit

Annex 6. List of people interviewed/email exchanges

1. Adam Kessler, Private Enterprise Programme Ethiopia, PEPE
2. Alberto Lemma, Overseas Development Institute, ODI
3. Alex McGillivray, Commonwealth Development Corporation, CDC Group
4. Andreas Brogaard Buhl, Danish development finance institution, IFU
5. Chris Boyd, TradeMark East Africa, TMEA
6. Corianne van Veen, Netherlands Development Finance Company, FMO
7. David Boselie, Gatsby Africa
8. Deanna Morris, United Nation's Capital Development Fund, UNCDF
9. Dina Sophie Fassbender, German Development Cooperation, GIZ
10. Dongquan Shen, International Finance Corporation, IFC
11. Elleke Maliepaard, German investment and development corporation, KfW/DEG
12. Emeke Eluemunor, Growth and Employment in States, GEMS
13. Femi John, consultant Nigeria
14. Gordon Freer, Insight Strategies
15. Hannah Isaac, Landell Mills
16. Ignacio Blanco, United Nation's Capital Development Fund, UNCDF
17. Irene de Bruin, Solidaridad
18. Irma Keijzer, Ministry of Foreign Affairs, MFA, The Netherlands
19. Jan Wesseler, German Development Cooperation, GIZ
20. Jørn Olesen, Growth and Employment Department, Danida, Denmark
21. Juliette Seibold, Triple Line Consulting Limited
22. Kamal Siblini, International Finance Corporation, IFC
23. Katherin Ibarra Leon, the Sustainable Trade Initiative, IDH
24. Khaled Khan, Australia-Indonesia Partnership, AIP-Prisma
25. Kimberley Siegal, One Acre Fund
26. Matthijs de Bruijn, Steward Redqueen
27. Margriet Reinders, independent consultant
28. Matt Ripley, International Labour Organisation, ILO
29. Renate Kersten, Netherlands Enterprise Agency, RVO
30. Roshin Mathai Joseph, International Finance Corporation, IFC
31. Tina wallace, development consultant
32. Tom Woelfel, Pacific Community Ventures, PCV
33. Yanni Chen, International Finance Corporation, IFC, Global Agriculture and Food Security Program (GAFSP)
34. Zakaria Tavberidze, Alliances Caucasus Programme, ALCP
35. Zoe Scott, Department for International Development, DFID, United Kingdom
36. Zulkarnaen Nasution, Australia-Indonesia Partnership, AIP-Prisma

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