Annex H: Detailed suggestions for an improved Results Measurement System

The current system focuses principally on outputs which, while important, provide only part of the development effectiveness picture. The identification of various shortcomings led to the implementation of a specific study on the Results Measurement System (RMS) in 2018. It is recommended that the 2018 report be used as the basis to strengthen the RMS.

A enhanced RMS should specifically take into account the following:

During the feasibility/appraisal stage develop two sets of indicators and targets:

- Output – referring to use and performance of delivered infrastructure. This is a continuation of current practice.
- Outcomes – referring to project effects for direct beneficiaries (ensuring that sources of monitoring information of reasonable confidence are available).

Each appraisal report should include a theory of change that is tailored to the main features of the related project. ToCs should:

- Set out the assumptions on which they are based, including levels of uncertainty and risk.
- Include baselines (starting point for a project) and quantified development objectives.
- Following IFU's development impact model, include a mix of general indicators (applicable to all projects, such as number of beneficiaries and jobs created) and sector specific indicators. Indicators should be formulated to capture information on project beneficiaries (direct and indirect) and project derived ESG benefits. It is important that clients have, or acquire, the capacity to provide data on indicators.
- Where beneficiaries are indirect (such as in electricity generation projects or upgrades/renovations) the inherent uncertainty in setting outcome objectives should be explicitly noted.
- Wherever possible, generally accepted international indicators should be used, such as those employed by IFU, bilateral and multilateral institutions.
- ToCs should set interim developmental milestones against which progress can be assessed.
- ToCs in appraisal reports should be reviewed by the IFU Impact Adviser for appropriateness and compliance with the IFU impact framework.

During project implementation monitoring and verification reports prepared by DSIF consultants should highlight differences between actual project scope, versus feasibility studies and business plans, and assess the reasonableness of such deviations. Greater attention should be given to how social and governance issues and risks that were identified during appraisal are being dealt with.

Short annual outcome summary reports should be prepared by DSIF discussing progress in meeting outcomes, if action should be taken to ensure development outcomes and, if so, why there are delays or shortfalls.

Use project risk matrices (including mitigation strategies and approach to monitoring of risk) that are updated as required and at least annually. Risks include implementation of commitments by governments, such as raising tariffs.

At the end of the five-year period DSIF should prepare an outcome closing report that, inter alia, compares planned versus actual outcomes and also lessons learnt from the project that can be used in the design of other projects. Ideally, this would be based on a field visit to the project.

DSIF should establish a feedback-orientated knowledge management system with emphasis on real-time learning and iterative adaptation of approaches (lessons learnt) as needed – evidence and on-the-job lessons should be distilled, iteratively fed back into project design and implementation, DSIF portfolio management and shared with stakeholders on a regular basis

To bring about a greater focus on outcomes and sustainability it is recommended that one or two additional staff be hired to work on the theories of change in new projects and outcome monitoring of projects for up to five years post-completion.