



The Monitoring and Evaluation System of the Business Innovation Facility pilot

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Purpose of this document



- This document outlines the monitoring and evaluation (M&E) system used in the Business Innovation Facility (BIF) during the pilot phase from 2010 to the end of 2013. During the design of BIF by DFID in 2009, and the inception phase in 2010, it was clear that there was no ‘off-the-shelf’ M&E approach for tracking success of donor support to inclusive business. Indeed, the logframe specified that findings and lessons from BIF should include a report on assessment of results.
- Since the beginning of the programme in 2010, the M&E system has evolved considerably, as has the wider field of tracking results of inclusive business. We have been asked many questions: what are indicators of success for BIF? How do we measure commercial success when businesses are so early stage? What counts as scale? How do we assess benefits at the base of the pyramid (BoP)? Can companies themselves supply useful M&E data? Do we attempt to measure systemic change? Is the M&E useful or a burden for companies? Can we aggregate anything at all over such a diverse portfolio? Can we report results from supporting knowledge exchange?
- So as the BIF pilot draws to a close, this report is written for others involved in monitoring progress or assessing results of inclusive business. While some questions are bound to go unanswered, we focus on sharing:
 - What issues are covered in the BIF Pilot M&E system
 - How each issue is addressed
 - Some reflections on what has worked well and what we would do differently.

Context of this document



From early 2010 to January 2014, we both worked within the Business Innovation Facility core team. Carolin Schramm was the M&E Manager, and Caroline Ashley the Results Director. As such we were responsible for developing and implementing the M&E system of BIF. During that time, we drew on the experience of others wherever we could, and recognised the value of M&E teams sharing their approaches.

The Business Innovation Facility pilot drew to a close at the end of 2013, with the [final reports](#) produced in January 2014. During the pilot, BIF supported hundreds of companies in 5 countries. As of early 2014, a new phase of BIF is developing in Myanmar and Malawi, focusing on market system change. The M&E system described here is the system that was used during the BIF pilot.



Structure of this document

1	Context of the M&E system: Rationale of BIF, role of BIF, key drivers shaping M&E design, M&E objectives
2	The M&E system in brief: Headline issues and questions tracked, main sources of data, approach to aggregation
3	Understanding and assessing business models, characteristics and implementation
4	Assessing commercial progress
5	Assessing impacts at the base of the pyramid
6	Assessing the value of BIF support and additionality
7	Digging Deeper – BIF case studies
8	Monitoring less-intensive TA and knowledge exchange
9	Feedback, reflections and lessons

Key terms

BIF = Business Innovation Facility Pilot (2010-2013)
BoP = Bottom of the Pyramid
IB = Inclusive Business
M&E = Monitoring and Evaluation
TA = Technical Assistance

Lessons Learned

Lessons are highlighted throughout the document in blue boxes.

The final section distills these further.

1 Context of the M&E system

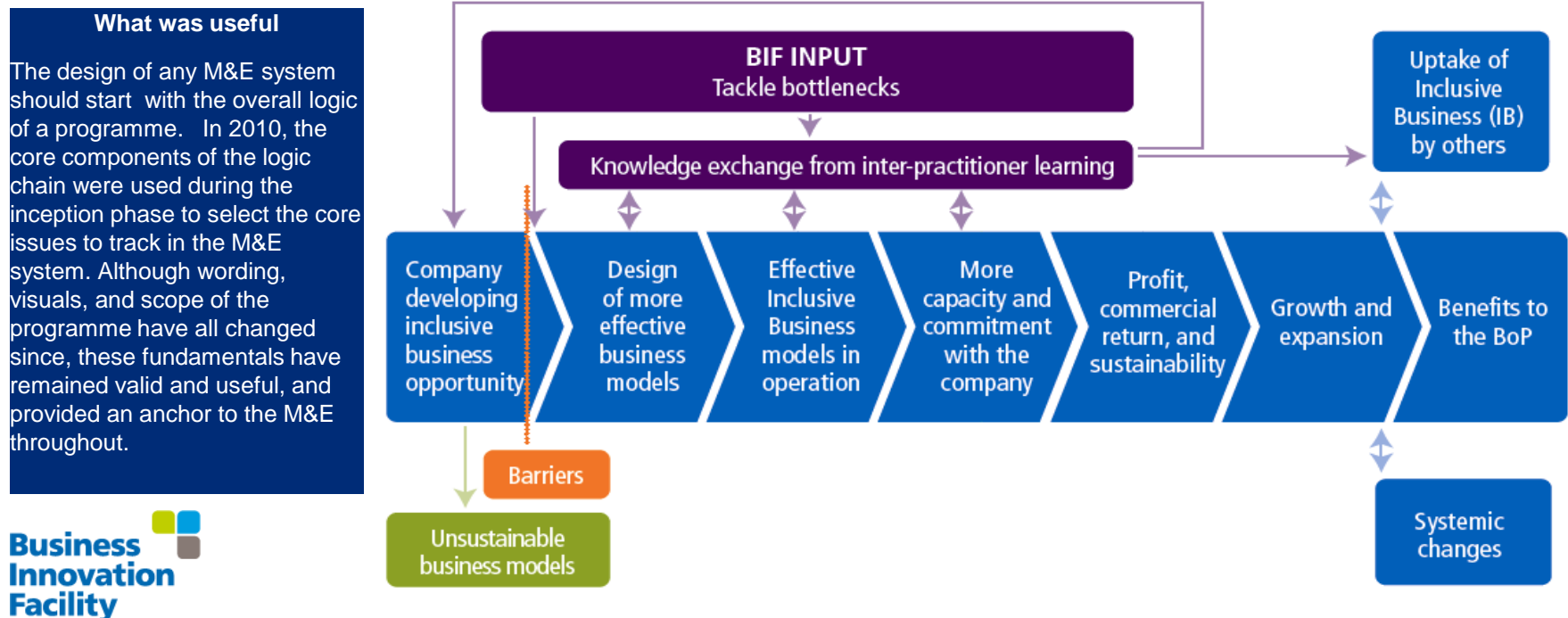
Rationale of BIF, role of BIF,
key drivers shaping M&E design, M&E objectives

Purpose and rationale of the Business Innovation Facility



The underlying assumption of the Business Innovation Facility, a programme of the UK's Department for International Development, was that companies can benefit people at the base of the economic pyramid (BoP) but face a number of challenges as they progress from initial ideas to business at scale. Challenges range from a lack of information on potential markets, to a lack of internal skills or external partnerships, or just the plain fact that sound business models take trial, error and innovation. Donor-funded technical assistance (TA) can help companies unblock those bottlenecks to create business models that are sound, more investible and ultimately more sustainable and scalable.

As with any good M&E system, the overall results chain (or chain of logic, or theory of change) of the programme provided the starting point of the M&E system. The below is the most recent version: the visuals evolved, but the core concepts laid out in the Inception report remain the same. As the diagram illustrates, there are many links in the chain between BIF intervention and impact among poor people, which immediately posed a challenge for the M&E system. A detailed explanation for the rationale for donor support to inclusive business via the Business Innovation Facility is available in our Spotlight "[Logic of BIF](#)".



BIF instruments to support companies



The BIF pilot did not provide cash. It provided technical support directly to companies in 5 countries, and knowledge exchange to a wider range of inclusive business practitioners:

•**Long term technical support** was provided to 40 companies on a cost-sharing basis. In general, this support lasted between three and twelve months. We call these 'Long Projects'. The providers of technical assistance were often deeply involved with the company for that time. The impact of the support was carefully monitored and evaluated.

•**Short term technical support.** This was provided to a company, or a cluster of companies on one aspect of their business venture. This short term support (up to 20 days) focused on helping them to overcome an immediate bottleneck or to seize an opportunity. We call these 'Short Projects'. Around 46 companies received direct one-to-one support and over 300 were engaged through support delivered to clusters or workshops.

BIF also had the objective to add further momentum to inclusive business development by generating and exchanging knowledge. The aim was to help other practitioners learn from each other and accelerate the learning curve, while also identifying lessons for donors on how to support company-led inclusive businesses. The main tools for this were an embedded culture of learning by doing across the BIF team, generation of outputs (publications and workshop presentations) that distilled lessons, and operation of an online [Practitioner Hub](#) to provide a platform for practitioner learning.

Summary of BIF engagement with companies:

Forty inclusive businesses in five countries received intensive technical support from three to 24 months. These are 'long projects' and the average BIF spend was approximately £50,000.

Forty-six companies received direct support through 'short projects' with a average BIF spend of £10,000. Twenty-two additional 'short projects', which were mainly in-country workshops, reached a cluster of companies in the same five pilot countries, totalling around 300 companies.

BIF knowledge exchange activities reached a further 85,000+ inclusive business practitioners (across many countries, mainly in the South), through reports, events and the Practitioner Hub (www.businessinnovationfacility.org). Average spend on knowledge generation and exchange is approximately \$10 per person reached.⁷

Box 2

BIF Pilot and the next phase of BIF:

The details here all relate to the pilot phase of BIF, which wrapped up in December 2013. The next phase of BIF is starting in Myanmar and Malawi. While providing TA to companies, it has a different results chain as it focuses on change in market systems. The M&E system discussed here relates only to the pilot phase

Context – implications for M&E design



In any donor programme, the M&E system needs to report results to provide accountability up to the donor and tax-payer, and needs to guide programme management through real-time progress tracking. In the case of BIF, there were additional key features of the context that had a strong influence on M&E design:

- BIF was a pilot with a clear mandate to learn. Therefore M&E was not just about delivery of results, but needed to draw lessons on processes, challenges, and reasons for results.
- DFID spend per company, even for 'long projects' was typically around £50,000. The entire programme started with a budget of less than £3mn. So the principle of proportionality meant that M&E had to be kept light. Independent field-based M&E was not considered, except for the final year, as costs per company would quickly have been disproportionate to spend on technical assistance.
- The inclusive businesses supported were generally early stage, often lacking a business plan, so they had limited capacity and expertise for internal reporting, and limited financial data to report. Responsibility for reporting was included in contracts, as were measures to protect confidential information.

Learning from others?

One of our overarching principles when designing our M&E system was to not reinvent the wheel. Hence we reached out to other similar programmes to learn about their M&E systems wanting to what we could use for BIF. Yet despite existing private sector development programmes, working directly with individual companies for TA provision was a fairly new way of working for DFID.

Challenge funds were in operation, making cash grants to companies. However, the grants were relatively large compared to BIF's TA offer, the grantee companies were more mature and better able to report actuals against targets, many were in the agricultural sector where benefits to the BoP could be tracked in terms of farmer yields or sales, and the programmes did not have a mandate to learn as a pilot and share knowledge. We realised quickly that simply adopting an existing approach would not work in the context of BIF. Nevertheless, our system successfully drew on components and principles from others including: DFID's Africa Enterprise Challenge Fund (AECF) and its approaches to track financial performance and additionality; the Business Call to Action (BCtA) results measurement framework which provided companies with a menu of indicators from which to choose; the IRIS taxonomy of indicators; and the results measurement standard of the Donor Committee for Enterprise Development (DCED), with its emphasis on mapping result chains for each intervention and selecting indicators based on them.

Lesson Learnt

Exchange then tailor M&E approaches. Drawing on the approaches and templates of other programmes was invaluable for the design of BIF's M&E. But no 'off-the-shelf' framework exists and adaption to specific programme objectives is needed.

What was challenging

The fundamental tension was between

- A mandate to learn as a pilot, requiring a comprehensive M&E system covering many issues
- Pressure to keep M&E light, both to stay proportionate to total spend of just £50,000 per company, and to avoid burdening fragile businesses.

Objectives of monitoring and evaluation



Objectives of our M&E system

Given the context, the objectives of the M&E system were set as:

- to learn more about the results of inclusive business, and about the process it involves, so as to share this with others interested in inclusive business (IB);
- to learn more about the role and value of Facility, so as to be able to report lessons from piloting this approach to catalysing inclusive business through use of donor funds;
- to improve our own operations as we go, by responding to feedback and progress;
- to be accountable to DFID for how public funds are spent.

As these objectives illustrate, the M&E was not just about final results. From the start it was intended to track progress of the Facility and of companies, building up pictures of IB and making comparisons, finding out 'why' things evolve as they do.

The objectives also imply a number of different **audiences** for M&E information:

- The programme team
- DFID as the donor
- The BIF-supported companies themselves. While imposing reporting burdens upon them, the aim was to make M&E as useful as possible to them, for example by building their own capacity and feeding back results.
- Wider practitioner community, learning about IB.

Scope: different reporting levels

Data gathering and analysis was focused at three different, though interrelated, levels.

Reporting Level	Refers to
Company level	Progress of an inclusive business receiving short term or long term advisory support
Portfolio Level	Performance across the BIF portfolio (of long projects)
Programme Level	<ul style="list-style-type: none">• Practitioner Hub and Knowledge Exchange tracking• Operations of BIF team, progress and outputs• Implementation of BIF as a pilot approach to donor support to inclusive business

Principles underpinning our M&E system

- M&E fulfils multiple functions: learn about IB, improve programme management, demonstrate results and accountability.
- M&E should in general be proportionate to the amount of donor input provided, but on occasion additional investment is justified in proportion to the value of the learning generated.
- M&E should be integrated into performance management as much as possible in order to make it effective, manageable, and useful.



2 The M&E system in brief

Headline issues and questions tracked,
main sources of data, approach to aggregation

Five main topics tracked by the M&E system

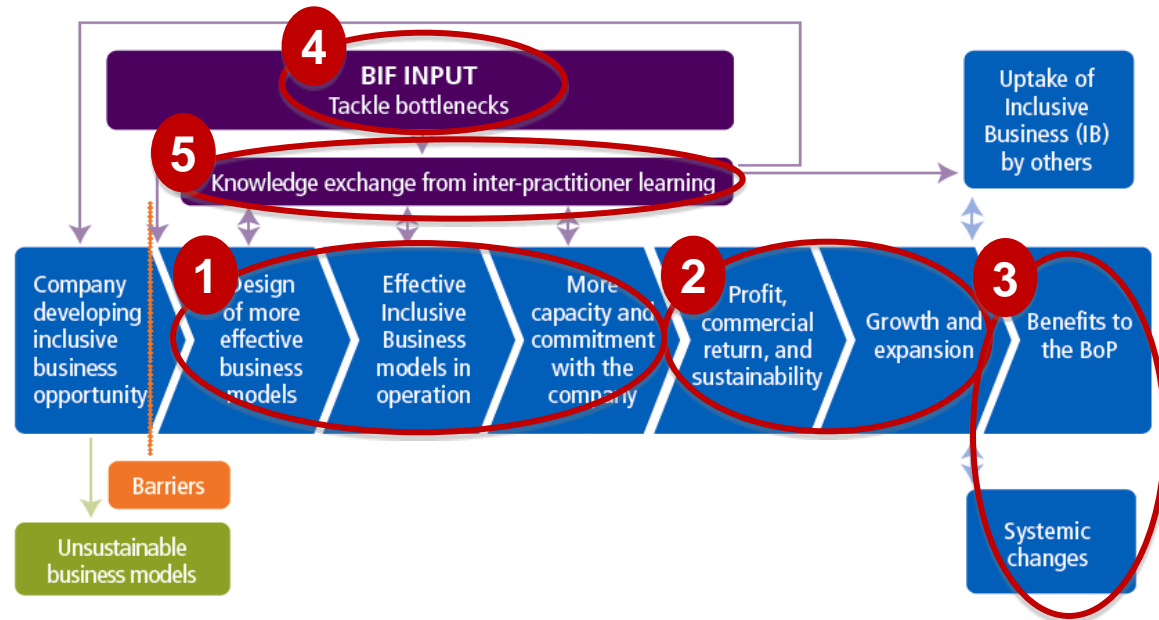


Within our M&E system we focused on different types of results and track progress along the logic chain. The issues can be grouped into 5 topics:

1. Characteristics of effective business model design and implementation
2. Commercial results
3. Development Impacts
4. Value of BIF support
5. Uptake of knowledge exchange and monitoring of less intensive TA

The following sections focus on tracking of issues 1, 2, 3, and 4 for the 40 inclusive businesses that received long projects support.

Issue 5 is covered separately in section 8 on page 38.

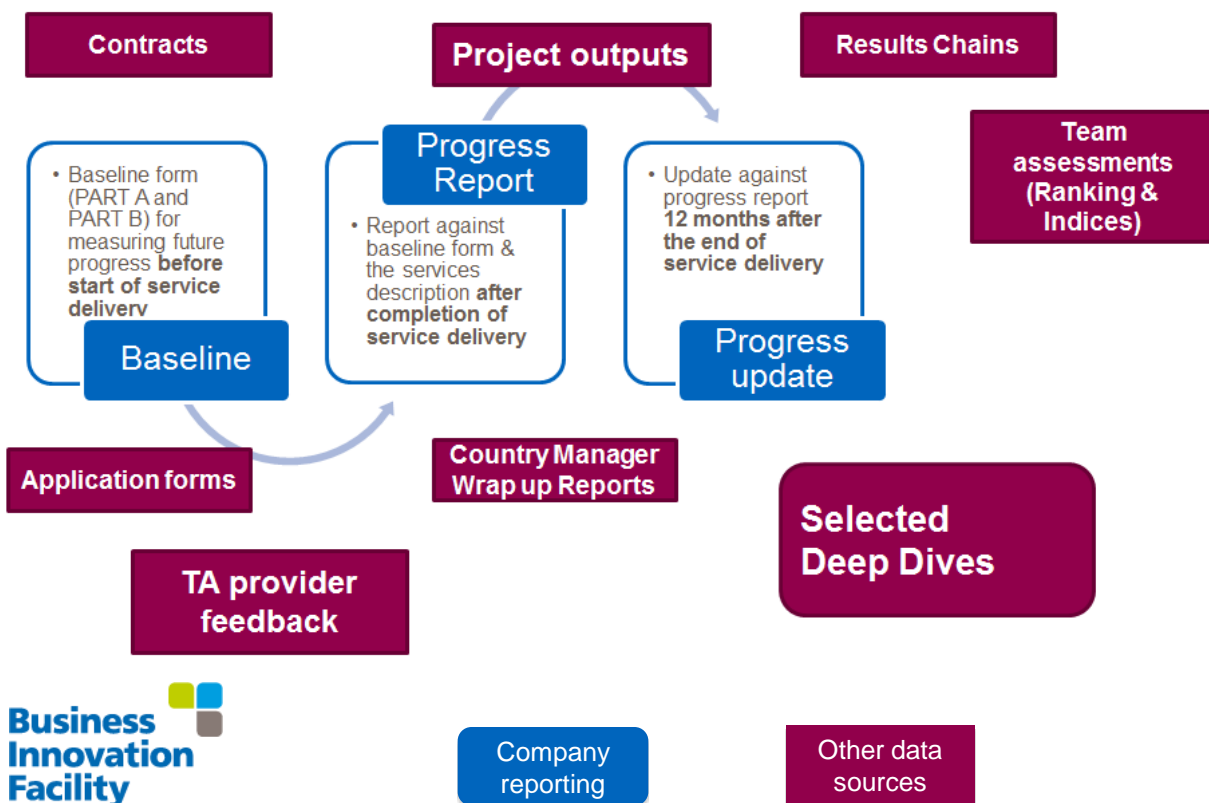


Sources of data



Company reporting of results was a critical feature of BIF's M&E approach. The system was dependent on companies for most reporting on progress and results. However, in practice we made a great deal of use of other sources of information, including data that is not classed as "M&E" (e.g. service provider feedback, team knowledge, contracts, knowledge outputs etc.)

The three key milestones of company reporting (blue boxes) plus other key data sources (red boxes) are illustrated in the figure below. Going beyond the core company monitoring system which was undertaken with all long projects, we also selected a few companies for 'deep dive' assessments. The results have been published in a set of seven case studies. More information is available on page 36.



Lesson Learnt

Since the inception of the programme, the M&E emphasis has shifted away from the completion of standard forms towards more personal interaction. For example, baseline workshops were used to discuss what counts as success and how this can be tracked.

Company self-reporting was fundamental, but work was needed to deal with rough data, and to add perspectives from multiple other sources.

Main M&E questions related to inclusive businesses receiving technical support



Our M&E framework was designed to help answer nine key questions by the end of the pilot period for each supported inclusive business venture. The nine questions were established in the Inception Phase.

Type of result/issue	Main M&E question	Universal Indicators and Issues (quantitative and qualitative)	Further detail
Characteristics of effective business model design and implementation	<ul style="list-style-type: none"> What are the key features of the inclusive business model that has been developed? How has the inclusive business model developed since the start of company-BIF engagement? What lessons have been learned about inclusive business from implementing this model? 	<ul style="list-style-type: none"> Status of overall progress Stage of maturity Type of inclusive business model BoP focus Business model lessons learned 	Page 18 & 19
Commercial results	<ul style="list-style-type: none"> Is the inclusive business commercially successful? 	<ul style="list-style-type: none"> Commercial performance: turnover, profit, investment, number of employees Trendline and projections 	Page 22
Commercial and development	<ul style="list-style-type: none"> Has the business achieved (or is it on course to achieve) scale? 	<ul style="list-style-type: none"> Scale of operation: turnover and reach to BoP. Drivers and constraints to scale. 	Page 22
Development results	<ul style="list-style-type: none"> Is the inclusive business delivering net positive development impacts for low income people? Is it delivering net positive environmental impacts? Is the inclusive business generating knock-on effects encouraging uptake of inclusive business, either internally in the company or externally amongst others? 	<ul style="list-style-type: none"> Aggregate reach to low income people (% women) Trendline and projections for BoP reach Type of impact at the BoP, degree of significance Likely types of catalytic impact on systems, markets, other market actors 	Page 26
Value of BIF support	<ul style="list-style-type: none"> Did support from the BIF add value in any way? 	<ul style="list-style-type: none"> BIF additionality score Satisfaction with BIF, types and number of benefits, service provider scores (quantitative and qualitative feedback) 	Page 32

Summary of data sources and instruments



Data Source		Company				Service Provider	BIF Team		Researcher with company & BIF
		Instrument	Application Form	Contract bw PwC & company	Baseline Form and workshop	Progress Report & Update	Service provider Feedback Form	Country Manager Wrap up Report	BIF team regular project scoring
Type of result/issue	IB model design and implementation	●	●	●	●	●	●	●	●
	Commercial results			●	●	●	●	●	●
	Development Impacts	●		●	●	●	●	●	●
	Value of BIF support	●			●	●	●	●	●



The size of the circle indicates the level of importance of the data source for each topic

Data aggregation: across the portfolio and across a composite blend of indicators



Aggregation was generally done across the portfolio of businesses receiving long-project support. The number in the portfolio has grown over time, reaching 40 by the end of the pilot. Although averages and totals for the portfolio were calculated, there was always wide diversity, so analysis tended to emphasise the range, and also explore the differences between different types of business.

Over the duration of the BIF pilot we conducted two publicly available portfolio reviews (June 2012 and December 2013) which aggregated and analysed all available M&E data available at that moment in time across the portfolio.


A key part of the portfolio reviews was the aggregation and analysis of universal indicators based on company reporting. However, some limitations of this approach to draw out results soon became apparent:

- How much do we really understand about a project's likelihood for commercial success based on whether a project has high or low profit estimates?
- How can we compare projects implemented by small start-up companies with projects driven by large MNCs?
- Can we understand development impacts solely based on the number of people estimated to be reached? Which other dimensions of social impact should be considered to get a clearer picture?
- Many projects cannot report against our universal environmental indicator, does this really mean we hardly have any 'environmentally focused' projects in the BIF portfolio?

These and other questions are some of the reasons why we developed a range of 'indices' (a composite of different indicators) to assess and compare projects in our portfolio. The main ones are:

1. Commercial Viability Index (see page 23)
2. Development Index (see page 26)
3. BIF Satisfaction Index (see page 35)

Each index was based on a composite of different indicators and ratings (e.g. red, amber, green or high, medium, low likelihood, or simple yes/no answers). Some of those were based on BIF Country Manager input - plus data received from projects as part of our reporting process for companies receiving support. We then developed an approach to allocate scorings and calculate final indices. Assessments represent a snapshot for each project at a moment in time. Projects have been assessed as part of our portfolio review in June 2012, in January 2013 and in November 2013. This helped us to understand how projects were developing over the lifetime of BIF, in various cases before progress reports from company reporting were due.



3 Assessing business model characteristics and implementation

Business model type, focus, maturity, progress.
Challenges, partnerships and lessons learned.

What we asked and aggregated



Type of result/ issue	Main M&E questions	Universal Indicators (quantitative and qualitative)
Characteristics of effective business model design and implementation	<ul style="list-style-type: none"> • What are the key features of the inclusive business model that has been developed? • How has the inclusive business model developed since the start of company-BIF engagement? • What lessons have been learned about inclusive business from implementing this model? 	<ul style="list-style-type: none"> • Status of overall progress • Stage of maturity • Type of inclusive business model • BoP focus • Business model lessons learned

Type of inclusive business model

In addition to sector focus and type of company based on size (number of employees) we differentiated two main types based on the relationship between the company and the inclusive business venture: an established medium/large company that is **diversifying into inclusive business** vs. cases in which the inclusive business is the **core business** model of the company. Assessment was done once by the M&E Team.

BoP focus

We differentiated two main types of BoP focus based on inclusion of low income people in the value chain: a company selling goods/services to **BoP consumers** vs. companies that are benefitting **BoP producers**, e.g. through buying smallholder produce. Assessment was done once by the M&E Team.

Stage of maturity

We adapted the four stages of pioneer firm development identified by the Monitor Group and the Acumen Fund to suit the portfolio: **Blueprint and Design, Early Operation and Validation, Implementation, and Moving to Scale**. We asked companies to score themselves and compared this with assessment from BIF country managers.

Status of overall progress

To assess the status of overall progress we used five different categories: **one ice, stalled/on hold, progressing slowly, progressing well and flourishing/securely established**. We asked companies to score themselves and supplemented this with assessment from the BIF country managers. BIF team assessment was done regularly.

What we asked and aggregated cont'd



Type of result/ issue	Main M&E questions	Universal Indicators (quantitative and qualitative)
Characteristics of effective business model design and implementation	<ul style="list-style-type: none"> • What are the key features of the inclusive business model that has been developed? • How has the inclusive business model developed since the start of company-BIF engagement? • What lessons have been learned about inclusive business from implementing this model? 	<ul style="list-style-type: none"> • Status of overall progress • Stage of maturity • Type of inclusive business model • BoP focus • Business model lessons learned

Partnerships

It was clear from the beginning that partnerships were likely to play a significant role in IB model development. We asked at baseline for companies to list existing partnerships and rate their effectiveness. At later progress reports we asked for any changes in the previously existing partnerships (i.e. if any new partners were identified, any 'old' partners were no longer relevant) and a second rating of effectiveness. We also identified whether BIF made a contribution to the management of existing or development of new partnerships. Data collection on partnerships illustrated the large number of partnerships involved and led to interesting insights about specific projects. But aggregating partnership data into suitable categories across the portfolio proved challenging.

Challenges/ Constraints

As part of the application process companies already had to identify their challenges and constraints by describing why they needed BIF support. At baseline stage they identified the top four challenges from a list of predefined challenges (plus the opportunity to add others). At progress report stage companies were asked to indicate status for the four previously-identified top challenges via high/medium/low options, and whether BIF support had made a difference to them, in which case the answer had to be qualified via comments. Clear patterns emerged.

Business Model Lessons Learned

"What are the most useful lessons?", is a question that was part of all templates for companies (at all milestones), service providers and BIF country managers.

Reflections and lessons learnt on assessing business models, characteristics and implementation



Defining the 'it'

The 'it' or in other words the 'unit of measurement' was very important but not always straightforward to define. Some portfolio companies were well established but their inclusive business was new. In such cases it was the inclusive business that BIF supported, analysed and reported on – not the entire company. In other cases the inclusive business represented the entire company. As part of the company baseline process, agreement on what should be considered as the unit of measurement – the entire company or only parts of it – was key, particularly for tracking performance indicators like turnover, profit or number of people reached at the BoP. Maintaining consistency on the unit of measurement between baseline and progress report stage was sometimes a challenge, particularly when people inside the companies were changing.

Categorising the basics

We would probably not have expected at the start that categorising 'basic things' like company types or industry sectors would not be absolutely straightforward. However, we did encounter some challenges in this regard. We went through various iterations and ended up defining company types based on number of employees (small, medium large) and geographic headquarters (domestic or international).

Reporting BoP focus

Categorisation of businesses by BOP focus (i.e. where in the value chain low-income stakeholders benefit) was fundamental, though not as obvious as may be imagined. Initially we distinguished between consumers (i.e. companies sell a product or service to BoP consumers), producers (i.e. companies buy from smallholder farmers), and distributors/entrepreneurs (low income people involved in distribution of a product or service). Later on, in data aggregation process and for public reporting, we merged producers and distributors, as both gain access to market opportunities and incomes. While many companies reached BoP distributors as a secondary beneficiary group, only in one case were they the primary group.

Using drop-downs for qualitative questions

For quantitative data, drop-downs proved to be a useful way of making it easy to gather perception-based data (e.g. of challenges or drivers) in a way that could be aggregated and compared. It was important to get the right drop-down options at the start and refine it swiftly, so that the drop-downs then stayed constant. But inevitably different stakeholders have different understandings of what exactly is meant. In BIF our predefined drop-downs to assess project maturity illustrated this well. Companies tended to over-estimate their maturity levels, classing themselves as 'scaling up' when the model was still being validated. As a result, we reduced down the number of maturity categories from seven to four and added our own interpretation.

Open questions

We also provided space for comment with open text. This proved useful for respondents to qualify their answers or provide more detail. Analysing answers was time-consuming, but useful.

Status of business progress

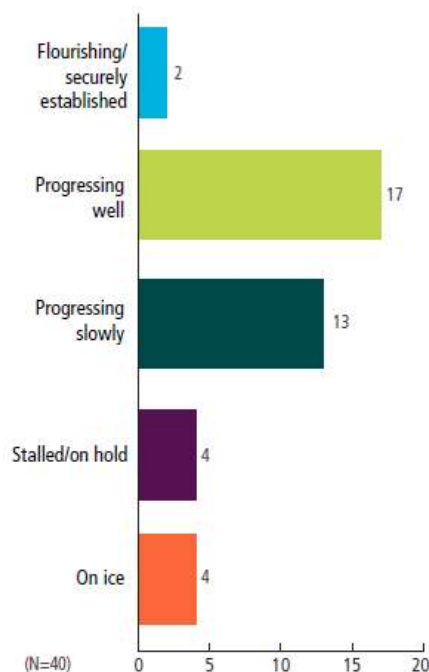


In addition to the main indices to assess commercial viability, development impacts and satisfaction with BIF support (described later on in this document), in the last 18 months of the pilot, we added one more index, to provide a **status update of business progress**.

It became increasingly clear that some businesses were stalling, while others were proceeding rapidly. Such changes in fortunes, were key for understanding what the portfolio might achieve by the end of BIF, and also how much added-value BIF could claim to have delivered.

While there was a fairly strong correlation with the commercial viability index (see page 23), differences illustrated where a fundamentally strong proposition hit problems, or an essentially risky venture was faring well.

Status of BIF portfolio businesses, late 2013



Example from the portfolio: JITA already reaches some thousands of low-income people, turnover is in the hundreds of thousands, and it is reaching break-even ahead of schedule.

Example from the portfolio: After initial delay in the first season, Malawi Mangoes has now secured first round investment, the processing plant is being commissioned, first mangoes will be harvested in 2013, and further expansion is underway.

Example from the portfolio: One Family Health is planning to roll out Child and Family Wellness Clinics in Zambia. A great many obstacles have had to be tackled along the way to get ready for implementation.

Example from the portfolio: Following a feasibility study and business plan development, Shiblee Hatcheries was not able to raise funds needed for start-up. A financial landscape survey revealed that Bangladesh currently lacks suitable investors for this type of initiative.

Example from the portfolio: Microventure's plan to develop market linkages did not proceed following problems in the concept and a gap in staffing. A new team adapted the project to concentrate on improving yields and providing market information to producers, to better suit the capabilities of farmers involved.

Source: The 4Ps of Inclusive Business, How perseverance, pilots, partnerships and passion can lead to success

Lessons Learnt

The Progress Index proved very useful for illustrating diversity of progress (reflecting tolerance of risk) in the portfolio. The categories worked well and much better than just high medium low: the subtle differences between progressing well and slowly were important, as were those between stalled (planned to resume) and iced (cancelled for the foreseeable future). Companies shifted from one status to another relatively rapidly over the course of a year, which was instructive to track. The index proved useful and intuitive in the final public reporting of BIF.



4 Assessing commercial progress

Indicators of commercial viability and trajectory towards scale

Financials: turnover, profit, time to break-even

Drivers of business growth, indicators of commercial strength

What we asked and aggregated



Type of result/ issue	Main M&E questions	Universal Indicators (quantitative and qualitative)
Commercial results	<ul style="list-style-type: none"> Is the inclusive business model commercially successful? 	<ul style="list-style-type: none"> Commercial performance: turnover, profit, investment, number of employees Trendline and projections for outputs and returns

Commercial Drivers

At baseline, we asked companies to identify their top four commercial drivers based on a list of pre-defined options (plus 'other'). We asked again at Progress Report/ Update stage whether drivers were still relevant to the venture, if so what the status is in terms of achievement (already achieved / initial gains emerging / no gains yet / no longer relevant).

Financial Indicators

Universal financial indicators were turnover, profit before tax and number of employees. We asked companies at baseline to provide **estimates** and / or **actuals**, where available, on their financial performance, and to project these up to 5 years into the future from the moment that BIF's intervention begins (which we refer to as Year 0). We then ask companies at subsequent reporting milestones to update estimates with actuals or provide revised estimates.

Investments

To try to understand which types of investment companies require or use and whether there is any progression to more commercial finance, we ask whether they use or seek investment of various types: commercial or concessional debt, commercial or concessional/patient equity, and grants (non-repayable funds). To determined levels of investment we asked companies to provide total investments to date and the total investment planned over the next few years.

Likelihood to reach commercial scale

"Please provide your own scoring for the project's likelihood of reaching commercial viability within 2-3 years from now" is a question that we asked companies at all reporting milestones as well as service providers and BIF country managers at the completion of a project. Answers were given as % likelihood from 0% to 100%. We aggregated results by type of respondent and/or country.

Reflections and lessons learnt on assessing commercial progress



Tracking commercial data was probably one of the most challenging issues in M&E.

Because BIF does not work only with social enterprises but also with large companies, for whom inclusive business is a small operation, the definition and consistent use of the IB **reporting unit** was a persistent challenge. For example, it did not make sense to track turnover and profit levels of a Bangladeshi conglomerate but rather we needed to know the estimated turnover of the contract farming initiative that the multinational was pursuing with BIF support. Over time we learnt to be more and more focused on the definition of the reporting unit, particularly to cater for new staff getting involved in M&E.

Data outliers: even once the inclusive business unit was defined as just part of an established business, we still had 3 data outliers: for each business unit, annual turnover was many times the turnover of the entire rest of the portfolio. These had to be excluded from most analysis.

Our list of **universal commercial indicators** was rather comprehensive at the beginning ranging from turnover to profit (before and after tax) to investment and return on investment. We soon found that getting data for all those was simply not feasible. Particularly where the IB venture was new, or part of a larger business, companies simply did not have such detailed data yet (the majority did not have business plans at the commencement of BIF support).

Turnover data turned out to be better to track than profit for five reasons: it shows earlier, so is more useful for early-stage businesses, it is less sensitive for companies to report, the gap between projections and actuals was less than for profit, turnover is less dramatically affected by the investment profile of the business, and profit data was skewed by variable practice in reporting either zero or a large negative figure for years prior to reaching profitability.

Investment types were very difficult to define due to divergent definitions across accountants, companies, and respondents, as were investment levels, due to both problems in definition and in allocating investment to specific time periods or counting 'cumulative' investment without double-counting. Very few businesses had a good estimate of IRR at the start, and even fewer were happy to report it, with some exceptions in the deep dive case studies (see page 36).

Defining the **reporting period** proved another headache. Options to report by calendar year, a company's financial year, or year of BIF engagement were considered. For practical reasons, company financial year had to be used for financial reports, but this was matched up to the closest year of BIF engagement. Companies started with support from BIF in any of 2010, 2011, 2012 and 2013, and aggregate reporting was done based on Year 1, 2 or 3 since the start of BIF support. Roughly speaking, the baseline counted as the end of year 0, and year 1 followed from there, but with approximations to fit with company reporting.

Financial data was so highly variable for the different businesses, based on their size, maturity and scale of investment, that a commercial viability index, plus our assessment of overall progress, proved invaluable as explained on the next slide.

Commercial Viability Index

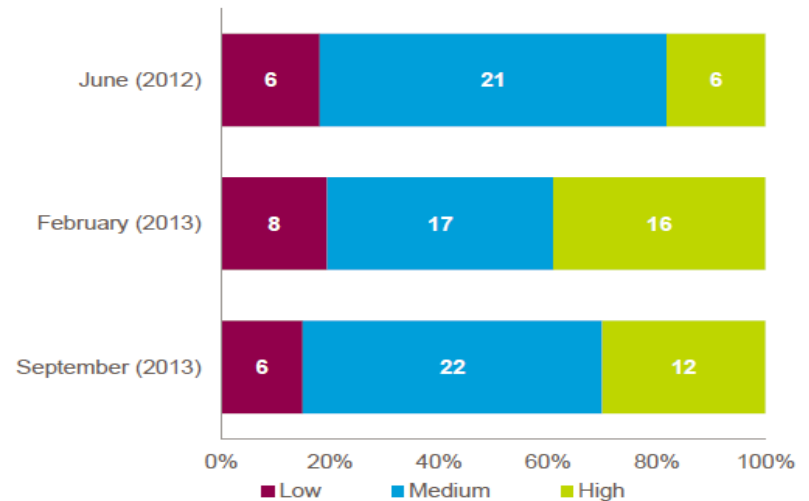


As noted in Section 2, the commercial viability index was one of our three main composite indicators. The Index was based on the following six different indicators which were individually scored and then equally weighted to calculate the index:

- 1.Does the business have a business plan? (Yes/No)
- 2.Has the project reached breakeven? (Yes/No)
- 3.What is our assessment of the likelihood to reach commercial viability? (assessment from 0%-100%)
- 4.Is there evidence of strong leadership? (High/Medium/Low)
- 5.Is it on track against identified targets? (High/Medium/Low)
- 6.Do they have access to external leverage? (High/Medium/Low)

Assessments have been repeated regularly over the lifetime of BIF to understand trends and trajectories (see diagram). While there has been some change in the size of each category, there has been more movement behind these numbers: i.e. several businesses have swapped category. Relative change between indicators could also be tracked: scores on number 4 (leadership) stayed consistently strong, while number 1 (business plan) increased and number 5 (on track) decreased.

Commercial viability index June 2012 (N=30), February 2013 (N=41) and September 2013 (N=40)



Lessons Learnt

The commercial viability index relies on subjective assessments which will never be perfect. However, it has proved a useful tool to compare different businesses, particularly early stage ventures of contrasting size and limited data. It is important to make sure categories are defined well in particular when different stakeholders are providing assessments at different points in time. i.e. what counts as 'high' must be clear for each indicator. Another issue that needs to be clarified is whether assessments are done based on future potential or actual evidence to date as this may be interpreted differently by different people.



5 Assessing impacts at the base of the pyramid

How many people does the inclusive business reach?

Who gains? How are they engaged or affected?

What is the trajectory towards scale?

What catalytic affects on others are observed or expected?



What we tracked and aggregated

Type of result/ issue	Main M&E question	Universal Indicators (quantitative and qualitative)
Development results	<ul style="list-style-type: none"> Is the inclusive business delivering net positive development impacts for low income people? Is it delivering net positive environmental impacts? Is the inclusive business generating knock-on effects encouraging uptake of inclusive business, either internally in the company or externally amongst others? 	<ul style="list-style-type: none"> Aggregate reach to low income people/women Trendline and projections for BoP reach Type of impact at the BoP, degree of significance Likely types of catalytic impact on systems, markets, other market actors

BoP Reach

We tracked the number of low-income people reached. In this regard, it was important to distinguish between low-income producers and entrepreneurs (who gain livelihoods and income) and low-income consumers (who gain access to goods and services). Inclusive businesses tend to reach *many* more consumers than producers, so these totals cannot just be summed together. As with financial data collection, companies were asked to provide either estimates or actuals on their BoP reach, and to project these up to 5 years into the future from the moment that BIF's intervention began (which we refer to as Year 0). We also ask companies for the % of women beneficiaries.

Significance of BoP impacts

Being able to buy shampoo does not have the same livelihood impacts as having access to potentially lifesaving healthcare. We scored the significance of a model's BoP impact with a high medium or low score that is one indicator for our development index. An overview of how we define 'high, medium or low' is included on the next page.

Systemic change

At baseline we asked companies to identify types of indirect change that might stem from their business, by providing categories and examples. At Progress Report/Update stage we asked for any initial evidence of each. Internally we use five different types of systemic impacts: 1 The model gets taken up by others – copycat replication; 2 The business is pushing boundaries of the market, changing market norms, or what is 'expected'; 3 Changing government policies, regulations, rules that affect how the market develops; 4 Encouraging uptake of good business practice and engagement with the BoP by others; 5 Creating change in value chains sectors, and eco systems, crowding in other players, affecting change in the same or related sectors.

Likelihood to reach BoP scale

"Please provide your own scoring for the project's likelihood of scaling up to reach thousands of low income people within 2-3 years from now" is a question that we asked companies at all reporting milestones as well as service providers and BIF country managers at the completion of a project. Answers are given as % likelihood from 0% to 100%.

Development Index



As noted in Section 2, the development viability index was one of our three main composite indicators. The Index used a weighted aggregation of the following five different indicators which were individually scored and then equally weighted to calculate the overall index:

1. Number of primary beneficiaries reached (what counts as High, Medium, or Low is different for reach to consumers and to producers)
2. Likelihood of reaching significant scale by end of 2015 (High, Medium, Low)
3. Does the project have potential for game changing scale by year 3 (Yes/No)
4. Significance per person at the BoP (High, Medium, low scoring, see definition in the table)
5. Systemic Impacts (significance and likelihood of the business's influence), (High, Medium, Low)

Assessments have been repeated regularly over the lifetime of BIF to understand trends and trajectories. The table on this page illustrates how we defined and categorised 'significance per person BoP'

Significance per person BOP	high	medium	low
	Consumer-focused projects	A product or service that substantively affects health, provides necessities of life, enables significant increase in earnings, or results in a tangibly different lifestyle for the user	Useful product or service with clear benefits to the user
Producer-focused projects	Full time job, new livelihood, substantive change in family living standard	A clear positive livelihood boost, not necessarily a new type of livelihood or exit from poverty.	An additional opportunity, a boost to income or security within existing livelihood

Lessons Learnt

The process of categorising impacts at the BoP as high, medium or low was useful to clarify diverse type and strength of impact at the individual level. But rankings remained arbitrary. We were not able to develop the categories to the point where we were satisfied with them, or where 'high' in consumer-focused businesses meant something comparable to 'high' in producer-focused businesses.

Reflections and lessons learnt on assessing impacts at the BoP



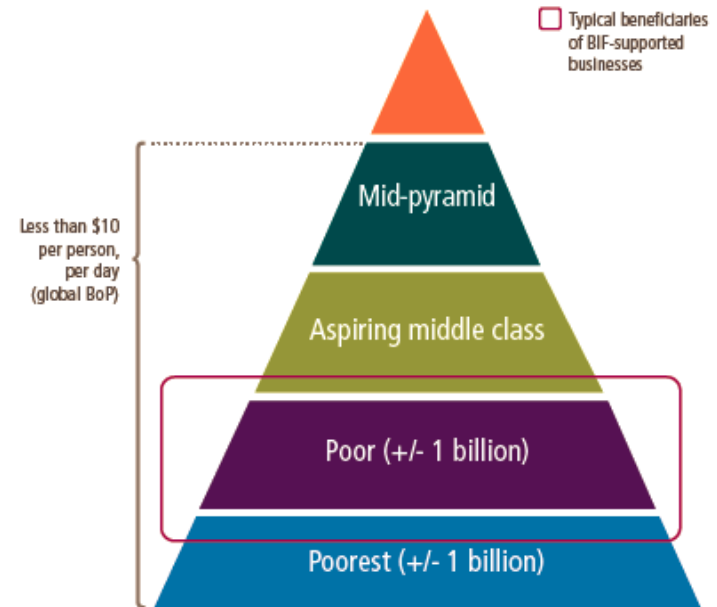
Counting and defining people reached at the BoP

A surprisingly large number of businesses could not actually report the number of unique individuals reached. This was particularly true of the producer-focused businesses. They may know the volumes of crop purchased, or the total number of members of farming associations with which they trade, but not the actual number of farmers who sold into their supply chain. Unless there is a business need for identity cards or some kind of technology tracking system, this is not likely to be resolved by requests from a donor. Consumer-focused businesses usually know sales numbers, which may or may not approximate to cumulative numbers of people reached (depending on the product, transactions per client, repeat/replacement purchases etc). Therefore gathering the most fundamental social indicator of BIF – people reached at the BoP– was a much larger job than might be anticipated.

There is no standard definition of who counts as living at the 'base of the pyramid' or 'low-income'. Businesses do not use poverty lines of international agencies. Even if a poverty line, say \$2 per day was agreed, businesses rarely know the income of their BOP segment. The entrepreneurs however were able to describe the living conditions and lifestyles of their BOP target group, and this provided useful proxy indicators. Only in the deep dive case studies was it possible to assess incomes, which led to our BOP pyramid shown here.

Establishing trendlines

The general pattern is for an inclusive business to reach some hundreds while piloting, and then rapidly increase BoP reach after 2-3 years. Whether piloting takes 1, 2 or 3 years, the eventual trendline is critical for assessing future scale. But given that actual turnover usually fell short of predicted turnover, we similarly needed to discount projected BOP reach.



Note: the pyramid represents an emerging economy, in which only the top segment is above \$10 per day.

In summary, 3 key lessons regarding impacts at the BOP:

- Counting numbers reached is harder than might be expected
- External case study work is needed to assess incomes of those reached, although proxies can be used based on entrepreneurs' knowledge
- A donor programme with a 3 or 4 year time frame working with business is too short to capture reach to the BOP, which is likely to accelerate after a few years.

Reflections and lessons learnt on assessing catalytic development impacts



Tracking catalytic or systemic change

In all topics, but especially the influence of the business on other market players, questions needed to be posed in plain language not jargon. But once we did ask companies whether they might influence behaviour of other businesses or government actors, the company respondents found it surprisingly easy to provide rich answers.

The answers provided at baseline provided the basis for the categories that we developed. The categories were also informed by those used by others, such as in the DCED guidance and in M4P literature, but we could not make those categories fit the replies from companies without some bottom-up adaptation. Combining the bottom-up answers and the top-down categorisations of others led to 5 categories of catalytic impact, shown here. These were then explored through the 7 deep dive case studies, which led to further understanding of how catalytic impacts ripple up and down value chains, and into other markets.

No attempt was made to quantify such systemic changes. An overall score of High Medium or Low for systemic change was allocated by BIF team members based on both (1) the likelihood of delivering the potential systemic changes; (2) the significance of the identified systemic changes. However, the limitations of this are recognised. As with the BoP data, a longer time frame would be needed to track how potential converts into actual impact.

By 2013, the following five categories were used for identifying areas of potential systemic change:

1. The model gets taken up by others - copycat replication
2. The business is pushing the boundaries of the market, changing market norms, or what is 'expected'
3. The business influences government policies regulations and rules, that affect how the market develops
4. The model encourages uptake of good business practice and engagement with the BoP by others
5. The business creates change in value chains, sectors, and eco-systems; it crowds in other players, affects factor markets

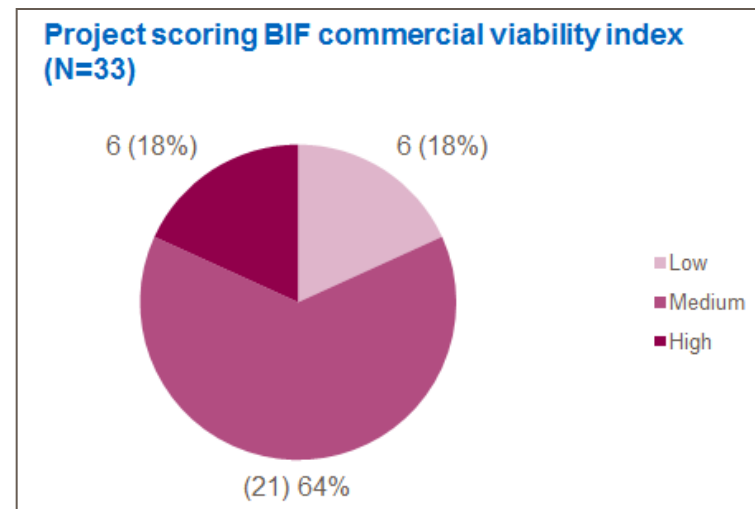
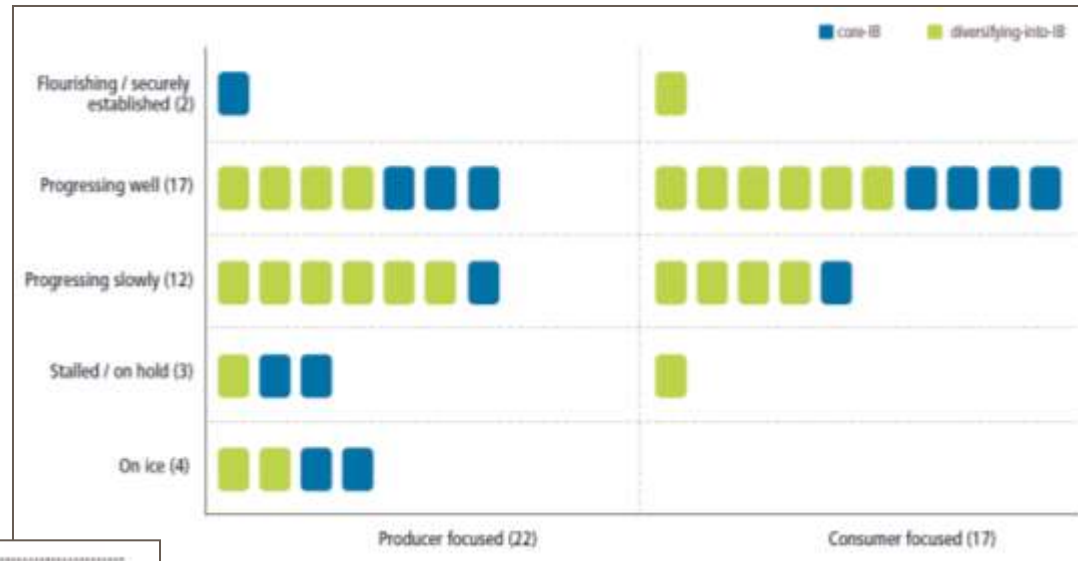
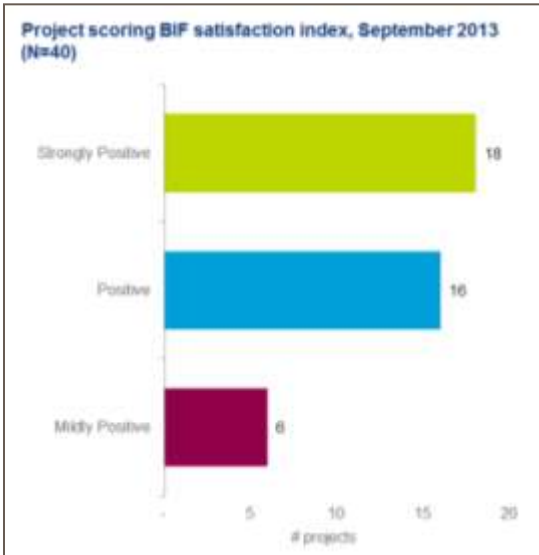
When looking for an observable influence on others, a key point to emerge early on was that the influence may be on a company of the same type, or a totally different company, it may be within the sector of operation, or another sector. This meant taking a wide lens. For example:

Several business influence the capacity of other private sector players for transformative business practice engaging the BoP.

This may be via innovating and demonstrating an improved channel for engaging the BoP, which can be used in very different contexts. It may be by providing a new channel (such as a mobile platform), which other companies in their country but from diverse sectors can use.

Enhanced sector development is a potential impact of several businesses. It is not necessarily by leveraging more investment and faster growth, but by helping to develop new approaches or standards that affect others in the value chain, including consumers, workers, competitors and/or regulators.

How we have used indices in data analysis





6 Assessing the value of BIF support and additionality

Feedback on BIF additionality. Reach to the BoP linked to BIF input. Expected and actual benefits from BIF. Overall satisfaction with BIF.



What we track and aggregate

Type of result/ issue	Main M&E question	Universal Indicators (quantitative and qualitative)
Value of BIF support	<ul style="list-style-type: none"> Did support from the BIF add value in any way? 	<ul style="list-style-type: none"> BIF additionality score Satisfaction with BIF, types and number of benefits, service provider scores (quantitative and qualitative feedback)

Expected and actual benefits of BIF support

At baseline, we asked companies to assess their expectations of various potential benefits of BIF support, as high/medium/low and not expected (see examples to the right).

For each type of anticipated benefit expected, they were asked again at progress report, to assess the significance of actual contribution made, again using high/medium/low.

Our drop-down for expected benefits of collaboration with BIF included, for example:

- Access to wider resources and experience from elsewhere
- Greater profile for the inclusive business project within the company
- Increased capacity to attract investment funds
- New or more effective existing partnerships
- Increased capacity to understand and adapt to the needs of low income people

Feedback on service providers and overall satisfaction

At progress report stage companies were asked to rate their overall satisfaction with BIF support on a scale from 0-10 and were also given the opportunity to explain “what BIF could have done differently to increase satisfaction”. We then also asked for feedback on the consultants who provided the support across different areas such as relevant expertise, listening and communication style.

BIF additionality score

At application stage, companies were asked what would happen with or without BIF. At progress report they were asked for the results of support. And at progress report or update they were asked to respond to questions that seek to categorise the degree of BIF additionality (see over).

Assessment of BIF additionality



The BIF pilot logic was to support initiatives that were driven by companies, and to create additional value in two main ways:

(i) through TA make the models more effective and sustainable, so as to increase prospects of viability and scale; and

(ii) increase the company commitment or investment by sharing the cost and risk of early stage actions, such as piloting or market landscaping.

Additionality can thus be thought of as improving the trajectory of the business over time. Ultimately this may make the difference between the business stopping or continuing (particularly given the percentage of start-ups that fail) but in many cases it simply changes the time to viability or steepness of the curve over time, and therefore affects BoP reach. Given this, our assessment of additionality (the value of BIF support) looked for evidence that support had affected how the business developed. It was largely based on company response to the following options, in which **options 1 and 2 are classed as ‘high’ additionality, option 3 is ‘medium’ and option 4 and 5 are ‘low’:**

- 1. Without BIF support the project would have not progressed at all (Critical)*
- 2. Due to BIF support, the inclusive business project is better designed, or proceeding more quickly, or bigger than it would have been (Bigger, better, faster)*
- 3. BIF support was useful to us and made it easier to progress the project, although it has not resulted in specific identifiable change compared to what would have happened (Useful)*
- 4. BIF support made no difference (Irrelevant)*
- 5. BIF support had net negative results (Negative)*

In addition to the this question companies were also asked to respond to the following qualitative question: *“If you had not had support from BIF, what would have happened? What would be different? Please explain as clearly as you can, what you think would have happened instead”*

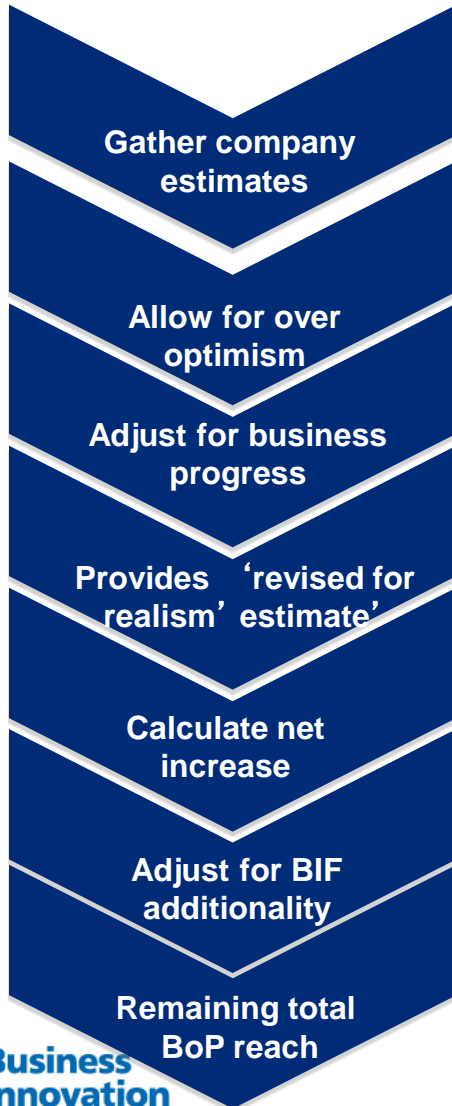
We compared answers to this question to the answers from the quantitative rating as a cross-check for our overall assessment of high/medium/low additionality. Final results of the BIF pilot showed that for 50 per cent of projects that received intensive support, the added value of TA to the business scored as ‘high’, and ‘medium’ for around 40 per cent.

Estimating BoP reach attributable in some way to BIF

We also wanted to understand what share of BoP reach could be plausibly linked in some way to BIF support. For this we have scaled down company estimates for BoP reach based on level of progress and company optimism (see next page) and then further reduced these by discounting those at the BoP that were already reached in Year 0) (before BIF support), and adjusting each company’s Year 1,3 and 5 figures for the level of additionality perceived: 50 per cent for businesses where additionality was high and 25 per cent for those where it was medium

This does not mean we believe BIF support is responsible for 50 per cent and 25 per cent of their current performance to date, but over time, TA increases their total BoP reach due to the businesses growing faster or being less likely to falter. Business with low added value from BIF have been removed from the analysis.

Adjusting BoP reach estimates to allow for realism and additionality



- Estimates of actual and projected BoP reach from all companies

- Deflate estimates of BoP reach by 30% across the board (except where data is actuals)

- Deflate estimates for those progressing well by 25%, progressing slowly by 50%, and stalled by 90%
- No deflator for those 'flourishing'. Those 'on ice' removed from the analysis

- = Revised for Realism estimated portfolio future reach

- Remove BoP reach at time of baseline

- Calculate 50% of BoP reach for business where BIF TA was high added-value and 25% where TA generated medium added-value.
- Remove 'low' added-value from the analysis

- = estimated reach to the BoP plausibly linked to BIF, in Year 1, 3 and 5

Reflections and lessons learnt on assessing additionality



- Additionality is extremely difficult to assess for any donor programme, as ideally it requires knowledge of the counterfactual: what would have happened without donor input? It was particularly complex in this case. The businesses are unique and innovative, so there was no easy comparison as a proxy control group. Some donor programmes seek the development of a product or service that 'would not have happened' without the input. That was not what BIF sought as it would be counter-productive to develop business models that were excessively reliant on TA
- The categorisation questions that were answered by companies seem to have worked well. When triangulated with other data, the vast majority of answers make sense. We believe that the wording of the sentences (e.g. due to BIF support, the business is bigger, better, faster) made the answers more standardised and comparable than simply asking for a 1-5 score.
- Qualitative questions and quotes also proved essential. They illustrate the wider context to understand what a company really meant in their tick box assessment. Time is of course needed to go through qualitative questions.
- There is no BoP reach that can be 'only' due to BIF, as all business success is drawing on the investment and perseverance of business leaders. In assessing attribution and additionality, we therefore prefer to claim numbers that are 'plausibly linked to BIF support' rather than say they are 'attributable' with the sense of exclusivity such wording would imply.
- There was little external experience to draw on for additionality. Because we do not assume that 'the business would not have happened at all' without BIF, methods of others that claim 100% of a net increase were not applicable. The model shown in the diagram above is contestable, but represented a step forward from either claiming everything or not managing to claim anything at all.

BIF Satisfaction Index



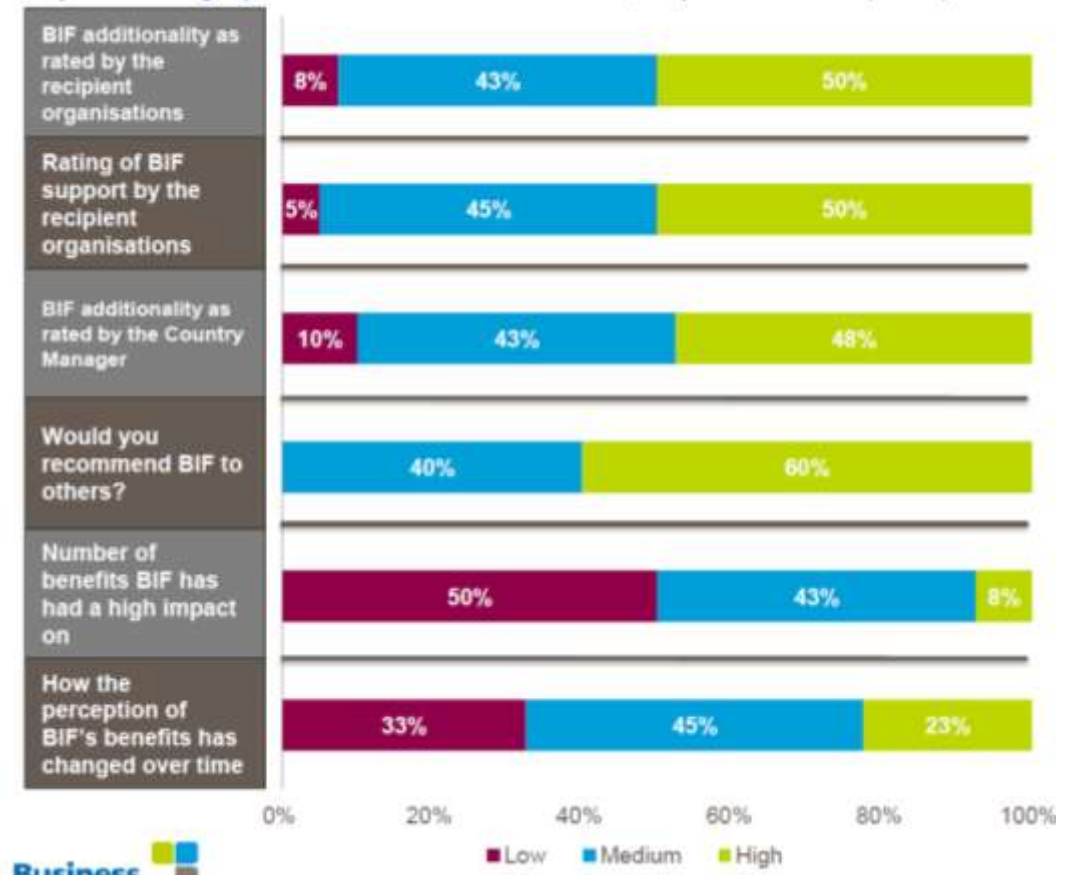
Beyond the additionality of TA, we have tried to assess a broader indicator of company satisfaction with BIF, and ascertain the more general benefits of collaboration.

The BIF Satisfaction Index was based on a composite of the following different indicators

- Companies' and country managers' feedback on BIF additionality
- Recipient organisations' rating on the quality of BIF support provided
- Whether businesses would recommend BIF
- Number of benefits that BIF support has brought to the inclusive business and how these have changed over time

The diagram illustrates the different indicators and how projects scored against them at our final portfolio review.

Project scoring against BIF satisfaction criteria, September 2013 (N=40)



7 Digging deeper – BIF case studies



BIF case studies



As outlined elsewhere in this document, the principle of proportionality between BIF input and 'reporting burden' was underlying both the design and implementation of our M&E system. Hence our M&E system had to be designed to be applicable to all projects but not necessarily the richness of the most interesting.

In order to add depths to our understanding of BIF-supported businesses and draw out lessons about the evolution and impact of inclusive business we developed a methodology to produce seven deep dive case studies in the third year of the BIF pilot.

Following a joint framework developed by BIF and the Institute of Development Studies (IDS) of Sussex University and implemented in collaboration with Saïd Business School (SBS) of Oxford University the reports explore what counts as success and what factors have created it. They assess the internal and external context of a company's business model, the 'nuts and bolts' of how the model works, actual or likely commercial returns, emerging impacts on bottom of the pyramid beneficiaries, value added from BIF support, key success factors for scale and lessons relevant for other companies. The case studies proved even more useful than anticipated, and added enormously to the overall M&E of BIF, along with the public reports.

The full series of case studies:

- > ACI Agribusiness: Designing and testing an integrated contract farming model in Bangladesh
- > Collaborating for smallholder finance: How is Stanbic closing the loop?
- > Commercialising cassava: New opportunities for Universal Industries and Malawian smallholders
- > Evolution of mKRISHI®: A technology platform for Indian farmers
- > iSchool: Transformative learning in the Zambian classroom
- > MEGA: A commercial approach to off-grid power in rural Malawi
- > The JITA sales network: An inclusive business on the rise

➔ To view all case studies, go to Practitioner Hub on Inclusive Business:
<http://businessinnovationfacility.org/page/bif-case-studies>





8 Monitoring less intensive TA and knowledge exchange

Tracking usage and feedback for short-project technical support, workshops, reports and the online Practitioner Hub

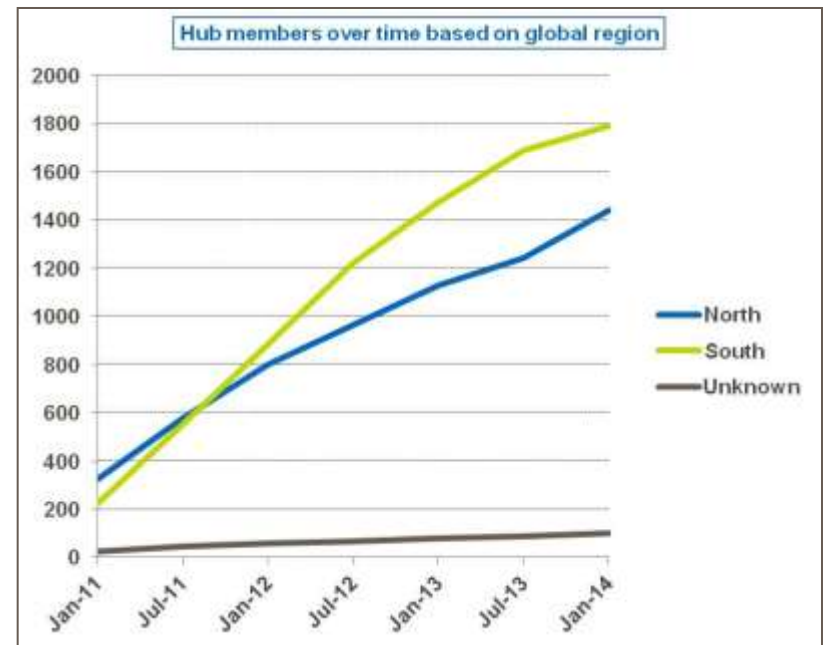
Aside from intensive TA to 40 long projects, BIF provided other support to IB, with lower levels of M&E



In addition to intensive technical support to about 40 projects on which the previous sections of this document focused on, BIF has also provided other types of support as summarised below:

1. Short TA to a single company (46 projects in the 5 countries)
2. Short TA to a cluster of companies, usually a workshop: 22 projects, over 300 participants, in the 5 countries
3. Production of publications about lessons learned in the portfolio (60+ outputs)
4. Practitioner Hub on Inclusive Business, an online resource for inclusive practitioners globally

Each of these required some monitoring, but substantially less than the M&E of the long project portfolio in line with the principle of proportionality of M&E in relation to input provided



Sources and metrics for M&E of short TA and knowledge exchange



Instrument	Main sources of monitoring data	Additional data source(s)	Main metrics used
Short TA to a single company (46 projects, in the 5 countries)	Company feedback at completion. Company feedback ex post online survey	Country manager feedback	Whether BIF support was very useful, useful etc Whether company can report what they have done differently as a result
Short TA to a cluster of companies, usually a workshop: 22 projects, over 300 participants, in the 5 countries	End of workshop feedback form. Participant feedback in ex-post online survey	Qualitative feedback to Country Managers on how new connections have followed up	Whether workshop was very useful, useful etc Whether participant can report something they have done as a result (ex post) Whether participant reports increased understanding of or engagement with the BoP as a result.
Production of publications about lessons learned in the portfolio (60+ outputs)	Google Analytics. Web coding that tracks numbers of click throughs on key pages. Twitter data.	Qualitative anecdotal comments about quality or value. Actions by networks to share documents with their members.	Indications of others using or sharing the publication Number of clicks from Publications page or Library page. Number of (re)tweets. Cross-postings on other sites.
Practitioner Hub on Inclusive Business, an online resource for inclusive practitioners globally	Google Analytics. Membership data. Ning data. Kampyle Feedback	Qualitative comments via the feedback or 'contact us' buttons. Recognition by others in IB.	Number of unique visitors, new members, % southern, number of countries visiting Hub. Kampyle satisfaction score: % happy or very happy with Hub.

Reflections and lessons learnt on monitoring less intensive TA and knowledge exchange



- Monitoring feedback to workshops proved relatively easy, useful and also surprisingly positive. Workshop feedback forms became routine in most BIF countries. The mixture of open questions (what worked well, what could have been better) plus standardised questions (event was very useful, useful... to a waste of time) provided both useful feedback for managers plus data from 400 participants that was 'aggregatable' across BIF. In addition, an online Survey Monkey in mid 2013 was completed by 67 workshop participants, around a year after their event, providing further data on what they had actually done as a result of the event. Participation rates in feedback were particularly high in Bangladesh. Feedback from the only workshop held in the UK (December 2013) was pitifully low.
- Feedback from companies at the completion of short project TA, and ex-post feedback via the online survey was also useful and remarkably positive. But overall, monitoring results of light touch TA with minimal cost to BIF and burden on the companies (relative to an input of under £10,000 at a stage when businesses are not reaching the BoP) proved difficult. There emerged a disconnect between the high value of the TA perceived by companies and Country Managers and the relative lack of M&E data. The questions were designed to capture whether the BIF input enabled the company to move forward with decision making on IB, but this did not exactly match the requirements of the logframe.
- Tracking progress of the Practitioner Hub has been relatively easy, because growth in reach and members, particularly across the South, is a good proxy indicator for value of the content and users' value of their time. However, maximum reach was never the goal of the Hub – providing practitioners, particularly those less networked, with useful information and exchange, was the goal, and these qualitative goals are harder to track. Feedback from users has been essential, to reveal what they have used, how it is useful, and also something of what type of person they are. A baseline survey of Hub members in 2011, carried out by Keystone, was also invaluable and would ideally have been repeated if resources allowed.
- The toughest challenge was to track results of the publications. Even basic data on number of views or downloads was missing, due to technical limitations of the Hub platform: only clicks from the publications page or inside the Library can be tracked, which gives a sense of relative popularity but not total reach. Some of the best feedback has been received, or even overheard, totally by chance: a compliment at a workshop, spotting what others are circulating to their networks. An experiment was done to embed a feedback button inside the most popular document – the Database of Financial and Technical Support for IB. Twitter activity on a new publication can easily be tracked, but is probably more a reflection of effort put into targeted tweets than of the quality of the publication.



9 Overall learnings

Feedback from companies

What worked well and what didn't

What we would do next time

Feedback from companies



Companies were contractually obliged to provide M&E data to BIF, but we were conscious of the need to not only limit the burden also to (1) make it useful to them where possible, and (2) get feedback from them on M&E. The main component which proved valuable to companies was the baseline workshop. This was for two reasons:

- It was conducted in person, by senior people from BIF and the company, and was not simply a form to complete
- The workshop was structured to open up questions about what success looked like, and facilitate team analysis of what indicators could be used. In many cases, this was new for companies, and the approach was found to be useful.

BIF prepared a long list and then a shortlist of many indicators most likely to be relevant to the business model (drawing on IRIS indicators, BCtA indicators, and other businesses in the portfolio). The workshop selected key indicators from these or added new ones, and then documented the baseline situation. Few companies had indicators already in place for their inclusive business venture. Some have gone on to develop their BIF baseline for their own use and in applications to other funders, such as African Enterprise Challenge Fund.

Feedback was gathered on Feedback Forms at the completion of each half day workshop(see over).

Later stages of M&E involved revisiting the baseline indicators via form filling and a brief meeting. We gathered less feedback on these, and have less reason to think they were particularly useful for the company. Progress Reports and Progress Updates finished by asking 'how long did it take you to complete this form' with space for any comments. Replies usually were around 1 hour, but this excluded completion of excel data which would ideally be at least as much again. One company however took 6 hours, having provided detailed estimates for 5 years for financial data, BoP reach, and details of investment raised.



Cards and brainstorming were used to construct a results chain on the wall during a baseline workshop in Bangladesh. This led on to discussing 'what counts as success' and what is the baseline situation'?



Feedback scores

Baseline feedback forms asked

- Rating (on a scale of 1-4) the usefulness of the workshop from not useful (1) to very useful (4)
- Rating on a scale of 1-4) the burden of M&E, from not a burden (1) to excessively burdensome (4)

From this we calculated a net score, usefulness minus burden. So if the workshop was very useful and M&E not a burden, this gives a net score of 3 (4-1). But if the workshop not useful and M&E very burdensome, net score is -3 (1-4)

Our aim was to keep the net score always positive. For those for which we have data, this was more than achieved. Net score was 1.61

Usefulness of baseline	Burden of M&E	Net score, useful minus burden
3.56	1.95	1.61
i.e. in between 'useful' (3) and 'very useful' (4)	i.e. in between 'only a small burden' (2) and not a burden' (1)	
Average score, across 29 companies. Multiple respondents per company		

Quotes on feedback forms to the question 'what worked well' included:

"The way of facilitation to build up the result chain. More information have found out, those were not there before and it will be helpful for future ahead"
(Bangladesh start-up company)

Very practical. Useful for us and for the process. Spurred additional thought on measuring impact
(Nigerian small business)

"This BIF baseline workshop was really very useful as it has given a very essential knowledge. Thank you very much for this eye opener" (Malawian established business)

When asked about 'what could have been better' the most common points were better time-keeping and more preparation in advance. For example:

• *Better information ahead of time would have been helpful to enable us provide timely and useful information. Potential to complete PART B before the meeting. So more thought without time pressure.*

Overall Learnings



What worked well

- We started off by adapting language and tried to act as a 'mediator' between reporting needs of a donor programme, and what could be feasible or useful to a business. It was a constant tension, but feedback from both the donor and businesses was positive.
- The M&E system was driven by the overall programme logic chain from the start. The mandate to learn about what worked and didn't in inclusive business meant that M&E had a very wide scope. The original 9 questions of M&E, based on the logic chain, helped as a reference point for what should be measured as the programme evolved.
- Extensive use was made of much M&E data for three functions: reporting to the donor, managing the programme, and feeding external knowledge exchange. It was probably most used for the first and third, given the time lag for getting data and the relatively short life span (3.5 years) of the programme.
- Company reporting worked well as the cornerstone of the M&E system, so long as this was kicked off through a hands-on workshop, and complemented with assessment by Country Managers, and triangulation with other data. A bias towards over-optimism in self-reporting was evident, but was ultimately adjusted for.
- Triangulation of data from a wide range of stakeholders and management processes added high value. Deep dive case studies of selected businesses were invaluable for adding richness to the standard M&E, and enabled more qualitative issues to be addressed, particularly around BoP impact. Indices worked well for aggregating and comparing information across diverse businesses

What were weaknesses in our system

- The M&E system was not externally verified.
- There was considerable reliance on data from companies, and though it was sense-checked and triangulated, it was not externally verified.
- Given the 3 year timeframe and nature of early-stage businesses, relatively few companies had 'actual results' and development impacts as opposed to future estimates and trajectories.
- Relatedly, reports included 'bad data' (e.g. inconsistent estimates of beneficiaries) and data gaps (e.g. commercial figures). So the results are indicative.
- In the initial £3mn programme, we assumed we did not need a database for managing data. By the end of the £7mn programme, the volume of data on so many issues, from 3 reporting points, covering Years 0 – 5, was more than could be easily handled in Excel. This required intensive Excel expertise in the final year and limited our ability to pull out trends from the data.
- Despite the best of intentions, we achieved little in sharing portfolio information back to companies in a way that enabled them to understand their own progress against the wider portfolio.

Top tips: what we would do again, or do differently next time, and recommend to others in business-focused M&E



- Design M&E to balance the business burden of reporting, usefulness to business of focusing on results, donor requirements, and external value of M&E. Review the balance. Adapt language add value to business.
- Do not rely entirely on form filling. Direct engagement on what success looks like and how to define the core indicators is essential at the start.
- Design the content of the M&E system based on the programme theory of change, and not only the programme logframe, particularly if there is a mandate to learn and not just report. Start off not by identifying the indicators, but the questions that M&E should ultimately answer. Nevertheless, make sure the wording of M&E questions and logframe indicators tally, so that indicators can be easily reported.
- Focus and focus harder on only measuring what matters. It sounds easy but may not necessarily be in practice. It requires starting at the end: i.e. what do we want to be able to report at the end of the programme → Which questions do we need to ask to answer those. Regular check ins may help to understand if all collected data is aggregated and analysed, and in particular to check if the right units are being reported that will make aggregation possible (e.g. definitions of years, of business unit, of investment)
- Clarify definitions (more) clearly up front, based on a good understanding of how stakeholders use terms differently.
- Find ways to make comparisons across diverse businesses. Profit is unlikely to be the best metric and IRR may be hard to get. Commercial and development indices were useful. Determine the key variables that define type of company at the start, and use these to disaggregate the portfolio. Define reporting periods – calendar, financial or programme years on day zero.
- For assessing impacts at the BOP, do not assume numbers reached can easily be reported, watch out for different ways of reporting yearly and cumulative figures, and keep the distinction between those reached with income opportunities (as producers or entrepreneurs) or as consumers. (But ‘suppliers’ is a better word than ‘producers’.)
- Comparison over time is only really possible if approaches and questions do not change. Programmes evolve so adaptations have to be made but changes in wording should be kept to a minimum.
- Invest in a database at the start.
- Set aside time to invest in making sure data is well used, and is shared back with programme team members and companies in a way that is useful to them.
- Share freely with other M&E teams.

For further information, go to the Practitioner Hub on Inclusive Business: www.inclusivebusinesshub.org



The following documents all relate to the M&E system and findings of the BIF Pilot

- **Ingredients and Results of Inclusive Business**, BIF Spotlight on Final Findings, December 2013 : <http://bit.ly/FindingsSpotlight>
- **2013 Portfolio Review** <http://bit.ly/Portfolioreview2013>
- **2012 Portfolio Review**: <http://bit.ly/BIFReview2012>
- **Understanding impacts at the BoP**, BIF Spotlight, October 2013: <http://bit.ly/ImpactsSpotlight>
- **Tracking results: The Business Innovation Facility's Approach to the monitoring and evaluation of IB projects**, BIF Spotlight, June 2012: <http://bit.ly/BIFtracking>

The **Impacts Network** on the Hub is specifically for those interested in tracking the results of inclusive business: <http://businessinnovationfacility.org/group/inclusive-business-impacts-network>

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