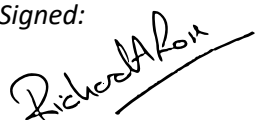


1. Overview

Program	Rural Small and Medium Enterprises Development Project (RSMEDP)	
Audit visit dates	4-7 November 2024	
Overall final ratings ¹	MUST	544/600= 91%
	RECOMMENDED	194/210= 92%
Coverage	All interventions excluding pilots that were discontinued after initial engagement with partners. All control points were checked.	
DCED Standard	Version VIII, April 2017	

Signed:



Richard Rose
Team Leader, RSMEDP

24/12/2024, Tbilisi

Date / place

Auditor:



Phitcha Wanitphon

24/12/2024, Bangkok

Date / place

¹ An overall rating of 100% implies that the project meets the compliance criteria and has a strong measurement system of acceptable quality within the boundaries of what the programme has set itself to measure, not that it is has a perfect measurement system.

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Acronyms

AAER	Adopt, Adapt, Expand and Respond framework
ASP	Accounting Service Provider
DCED	Donor Committee for Enterprise Development
EG	Enterprise Georgia
eMon	E Monitoring System
GESI	Gender Equality and Social Inclusion
MRM	Monitoring and Results Measurement
RSMEDP	Rural Small and Medium Enterprises Development Project
SME	Small and Medium Enterprises

2. Summary of the Programme and Results Measurement System

2.1 Summary of RSMEDP

The Rural SMEs Development project (RSMEDP) aims at increasing rural income and employment in Georgia. The project is financed by the Swiss Agency for Development and Cooperation (SDC), implemented by a consortium led by Swisscontact with Mercy Corps and the Springfield Centre.

Through its Market Systems Development (MSD) approach, RSMEDP promotes a more effective and resilient system of rural SME services and support based on an assessment of the capacity and incentives of market actors and project partners to guide and sustain those services. The project intervenes to strengthen both the supply and demand side of the market to improve financial and business support services to rural SMEs.

The direct beneficiaries of the project are SMEs and market players (national agencies, business associations and consultancies) providing business advisory services to rural SMEs. The end beneficiaries will be SME employees and women and men in rural areas of Georgia, including Leave No-One Behind (LNOB) groups.

The main functions are Financial Knowledge and Skills, Investments in Machinery and Technology, and Market Access/ Marketing. The objectives of the project are to:

- Enhance access of rural SMEs to bank and state finance by increasing awareness of rural SMEs on financial services, developing and piloting advisory packages for investment plans and loan applications.
- Support SMEs in increasing their financial literacy and management capacities by promoting strategies for SME management and developing advisory packages.
- Build capacity and align national agencies, business associations and consultancies with rural SME needs, as well as establish communication mechanisms among key market players to support the further development of rural SMEs.

The project Phase I was commissioned in December 2020 and is operational until December 2024. This included an inception phase from December 2020 to September 2021 and a main phase from October 2021 to December 2024.

2.2 Key features of the results measurement system

RSMEDP's MRM system is based on the Swisscontact's monitoring and results measurement system and is guided by the RSMEDP MRM Manual, which includes local contextualised guidance. The system was designed in the inception phase and developed throughout the project phase in line with the requirement of the DCED Standard.

Based on constraints analysis and project documents, RSMEDP developed a 'Functional Strategy', which helps the team to analyse changes through a helicopter lens and to see the linkages between the intervention logic and strategy for each function (see Chapter 3 on how RSMEDP interventions are organised). During the intervention design state, concept notes were developed. The concept notes include information on background research, underlying constraints, business model, potential partners, sustainability analysis, key assumptions, risks of displacement and the budget. Once a concept note was approved, the project team developed the intervention plan which included background information, a results chain, an MRM plan, a calculation sheet which includes projection and actual results, an AAER framework and a sheet that summarises information from the intervention review meeting. The intervention plan is a key document for intervention management.

Monitoring information is mainly collected from partners (triangulated with ASPs and SMEs, field visits and outcomes assessment. Impact assessments are conducted for mature interventions to assess impacts on target beneficiaries. Information on results and assessment reports is stored in the evidence folders linked to the MRM plan. Quantitative information is also stored in eMON (Web-based monitoring system). For assessing system changes, RSMEDP plans to utilise both a system-wide perspective (strategy table and helicopter lens assessment) and trace system changes influenced by the intervention (AAER framework).

RSMEDP has a system of bi-monthly intervention reviews to discuss progress based on information on results and adapt interventions accordingly. RSMEDP reviews its overall economic development, functional strategy and program portfolios annually. It uses information on results to adjust resource allocation and revise strategies as a key part of the annual planning process.

2.3 Evolution of the results measurement system

In December 2023, RSMEDP commissioned a pre-audit review of its results measurement system in the Market Development component. The review identified strengths and gaps related to the compliance of the system with the DCED Standard. Since then, RSMEDP has been working to address the gaps identified in order to achieve compliance with the Standard.

3. Summary of the Audit Process

RSMEDP was audited under Version 8 of the DCED Results Measurement Standard, published in April 2017.

The sample selection for the audit is a two-stage process. The first stage is to select the systems.

- I. System selection: RSMEDP does not have a sub-sector focus. The project works on cross-cutting functions that support rural SMEs to improve their financial management and access to finance. Currently, the project covers three functions: Financial Knowledge and Skills, Investment in Machinery and Technology and Market Access and Marketing. To meet the minimum requirement of the Standard², all functions are selected.

The audit reviewed a representative sample of all current and past interventions in these functions, excluding pilots that were discontinued after initial engagement with partners. The number of interventions per sector was selected as follows:

- II. Intervention selection: For the "Financial Knowledge and Skills" and "Market Access and Marketing" functions, there are two qualified interventions or less. So, for these two functions, all interventions were selected to meet the minimum requirement of the Standard³. For Investment in Machinery and Technology, there are three qualified interventions. Two were chosen at random, using a website that generates random numbers (www.randomizer.org).

The interventions selected can be seen in the table below:

Table 1: Interventions Selected for the Audit

Function	Code	Intervention name	Total Budget (CHF)	Start date	Expected end date	Intervention status
Financial Knowledge and Skills	1.1-2-4	Capacity building of Accounting Service Providers and Extension of Financial Advisory Services	295,900	22/2/2022	1/12/2024	On-going
Financial Knowledge and Skills	1.5	Establish sector specific financial advisory and A2F information and services	225,684	22/2/2023	1/12/2024	On-going
Investment in Machinery and Technology	2.4	Facilitate graduation and bankability of micro-grants awardees with Enterprise Georgia	316,387	1/5/2022	1/9/2024	Completed
Investment in Machinery	2.6	Establish improved performance monitoring	83,906	1/10/2022	1/12/2024	On-going

² The total sample size should be the square root of the total number of systems (with a minimum of 3).

³ All interventions are audited if there are two or fewer.

and Technology		and communications practices at Rural Development Agency				
Market access and Marketing	3.4	Shape the Growth Hubs-implementation with Enterprise Georgia	218,991	1/7/2022	1/12/2024	On-going

The audit scored against all control points. However, selected compliance criteria in the Standard were not applicable and were not scored. Specifically:

- Compliance criteria 3.6.2 could not be scored because RSMEDP has not spotted any unintended effects yet.
- Compliance criteria 4.2.3 and 4.2.7 could not be scored because the MRM system does not include an assessment of impacts on indirect beneficiaries.
- Compliance criteria 4.2.5, 6.3.1 and 6.3.2 could not be scored because system changes have not occurred yet.

4. Summary of Findings

RSMEDP scored 91% (544 out of a possible 600 points) for 'must' compliance criteria and 92 % (194 out of a possible 210 points) for 'recommended' compliance criteria. As noted above, some compliance criteria in the Standard are not applicable to RSMEDP and were not scored. Hence, the maximum 'must' and 'recommended' scores have been adjusted to exclude the compliance criteria that were not scored.

Table 2 summarises the scores for each section of the DCED Standard. Detailed scores are outlined in Annex 1.

*Table 2: Scores by DCED Standard Section
(disaggregated mandatory and recommended compliance criteria)*

		Total maximum	Total actual	%
Section 1: Articulating the results chain	Must	80	78	98%
	Rec	15	15	100%
Section 2: Defining indicators and other information needs	Must	80	68	85%
	Rec	45	34	76%
Section 3: Measuring attributable change	Must	205	189	92%
	Rec	70	70	100%
Section 4: Measuring systemic change	Must	N/A	N/A	N/A
	Rec	40	35	88%
Section 5: Tracking costs and impact	Must	55	50	91%
	Rec	20	20	100%
Section 6: Reporting results and costs	Must	50	42	84%
	Rec	20	20	100%
Section 7: Managing the results measurement system	Must	130	117	90%
	Rec	N/A	N/A	N/A
Totals	Must	600	544	91%
	Recommended	210	194	92%

The following sub-sections outline the scores for each control point and summarise the findings according to the strengths and weaknesses of each section. More detailed findings for each function are outlined in **Annex 2**.

4.1 Section 1: Articulating the results chain

Table 3: Score: Articulating the results chain

No.	Control points	Must/ Rec	Std max. score	Actual score ⁴
1.1	An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each intervention.	M	20	18
1.2	Each intervention results chain is supported by adequate research and analysis	M	15	15
1.3	Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities.	M	25	25
1.4	The intervention results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	M	20	20
1.5	Each intervention results chain is supported by adequate research and analysis on gender.	R	5	5
1.6	Each results chain is supported by research and analysis that considers the risk of displacement.	R	10	10

Strengths	Weaknesses
All interventions reviewed have results chains. They are mostly logical and sufficiently detailed.	The results chains have minor discrepancies in logic and detail.
Critical assumptions are documented in the concept notes and intervention plans. Staff can explain. The functional strategy explains the link between an intervention and the strategy for each function. Concept notes explain the rationale underlining the logic of results chains.	
Staff can explain the logic of results chains. Staff can explain how they use the results chains during the design, monitoring and review of interventions.	
The results chains are reviewed at least on a semi-annual basis. The changes made and reasons for making changes are documented in the intervention plan.	
Gender baseline assessment and GESI strategy are utilised to guide the design of the interventions and assessments.	
Risks of displacement are documented in the concept notes and intervention plans. Staff can explain why there is no risk of displacement.	

⁴ The actual scores have been rounded up. If the deductions are less than 0.5 points, the scores are rounded up to full points.

4.2 Section 2: Defining indicators of change and other information needs

Table 4: Score: defining indicators of change and other needs

No.	Control points	Must/ Rec	Std max. score	Actual score
2.1	There is at least one relevant indicator associated with each change described in the results chain(s).	M	10	9
2.2	Qualitative information on how and why changes are occurring is defined for each intervention.	M	30	22
2.3	A small number of indicators at the impact level can be aggregated across the programme.	M	20	20
2.4	There are specific indicators that enable the assessment of sustainability of results.	M	10	8
2.5	Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	10	10
2.6	There are specific indicators that enable the assessment of gender differentiated results.	R	10	10
2.7	Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	R	35	24

Strengths	Weaknesses
There are indicators for all of the changes in the reviewed results chains. The indicators are mostly specific and relevant to the specified changes.	For all interventions reviewed, there are a few discrepancies in relevance, specificity and sufficiency of defined indicators.
In the outcome assessments, the questions on how and why changes are occurring are normally included.	Qualitative information on how and why (or why not) changes have occurred is not defined under the "qualitative information needs" column in the MRM plan.
Impact indicators are defined for all interventions reviewed.	
There are indicators in the MRM plan to assess the likelihood of sustainability for most market actors.	For a couple of interventions, the indicators to assess the likelihood of sustainability for some actors are missing.
Staff understand the indicators and how they illustrate progress of the interventions.	

All relevant indicators are GESI disaggregated. The perceived changes in decision-making by women are included in outcome assessments and/or impact assessments.	
Projections are made for some key quantitative indicators with documented assumptions. Assumptions are mainly based on discussions with partners and project experiences. The projections are reviewed on an annual basis.	For some interventions, projections for impact indicators are missing. Calculations for some boxes in the results chains are incorrect. When projections are reviewed, the results are not updated in the projection sheet.

4.3 Section 3: Measuring attributable change

Table 5: Score: Measuring attributable change

No.	Control points	Must/ Rec	Std max. score	Actual score
3.1	Baseline information on all key indicators is collected.	M	60	60
3.2	Monitoring information on all key indicators is collected.	M	60	56
3.3	Impact assessment is conducted to assess attributable changes in all key indicators in the results chains using methods that conform to established good practice.	M	60	48
3.4	The programme implements processes to use information from monitoring and results measurement in management of interventions and decision making.	M	25	25
3.5	The programme has a system for assessing and understanding differentiated results by gender.	R	60	60
3.6	The programme monitors to identify unintended effects.	R	10	10

Strengths	Weaknesses
Baseline information for all indicators is defined or collected or planned to be collected, mainly using recall methods.	
There are monitoring plans for all interventions. The plans are mostly appropriate. The attribution method (BACO) at the market level is appropriate. Monitoring information is mainly collected from partners' records and triangulated with service providers and SMEs. Additional information is also collected through monitoring visits and outcome assessments. Quantitative information is compiled and documented in eMon (Web-based Monitoring System) and intervention plans.	There are some discrepancies in the monitoring plans. The mean of verification is missing from MRM plans. For some interventions, timings for information collection for some boxes are not correct.

For impact assessments conducted, the sample size and sampling methods are adequate. The attribution method is mostly sufficient to deal with external factors.	The information on business performance and net income is less accurate due to how the questions are formulated.
Staff use information from the MRM system during the review processes.	
GESI disaggregated information is collected for relevant indicators. Outcomes and/or impact assessments include questions to assess perceived changes in decision-making.	
Staff are instructed to look for unintended effects and document them in the observation diaries.	

4.4 Section 4: Capturing wider changes in the system or market

Table 6: Score: capturing wider changes in the system or market

No.	Control points	Must/ Rec	Std max. score	Actual score
4.1	The programme has an overall plan for assessing systemic changes at programme level.	R	10	5
4.2	Systemic changes are assessed at market systems level and beneficiary level using appropriate methods.	R	30	30

Strengths	Weaknesses
MRM Manual and functional strategy document outline an overall plan for assessing system changes.	The system does not include an assessment of impacts on indirect beneficiaries.
Systemic changes are assessed from both a system and intervention angle. At system level, strategy tables are made for each of the functions are used to show their pathways to system change. Based on strategy tables, helicopter lens assessment plans are developed to assess the broader changes in the system. At intervention level, the AAER framework is utilised to assess systemic changes.	

4.5 Section 5: Tracking costs and impact

Table 7: Score: Tracking costs and impact

No.	Control points	Must/ Rec	Std max. score	Actual score
5.1	Costs are tracked annually and cumulatively.	M	20	20
5.2	Programme-wide impact is clearly and appropriately aggregated.	M	35	30
5.3	Costs are allocated by major component of the programme.	R	20	20

Strengths	Weaknesses
Costs are tracked annually and cumulatively.	
There is a system for aggregating results across interventions and functions for reporting. The reported figures can be traced from interventions to aggregation sheets and to annual and semi-annual reports.	A couple of entry errors were detected during the audit. The data entry into the aggregation sheet is done manually. Hence, there is a potential for entry errors. Quality assurance of the aggregation process is not adequate.
Costs are allocated to each intervention and used to calculate the relative value for money for each intervention.	

4.6 Section 6: Reporting costs and results

Table 8: Score: Reporting costs and results

No.	Control points	Must/ Rec	Std max. score	Actual score
6.1	The programme produces a report at least annually which describes results to date.	M	50	42
6.2	Results of gender impact are reported.	R	10	10
6.3	Results of systemic change are reported.	R	N/A	N/A
6.4	Results are published.	R	10	10

Strengths	Weaknesses
RSMEDP produces annual and semi-annual reports that describe results to date. The reports include quantitative and qualitative information on progress and achievements, and explanations on how and why changes are occurring or not. The annual reports also include an update on stakeholder assessments which outlined their potential involvements.	Some of the reported impacts are based on outcomes assessments, which are conducted with less rigour than impact assessments. However, this is not clearly mentioned in the reports. In addition, the contributions of other programmes and actors to the results reported are not clearly mentioned.

The reports include gender disaggregated data. Qualitative information on GESI related results is also included.	
Systemic change has not occurred yet.	
The annual reports are publicly available through RSMEDP's website.	

4.7 Section 7: Managing the system for results measurement

Table 9: Score: Managing the system for results measurement

No.	Control points	Must/ Recommended	Std max. score	Actual score
7.1	The programme has a clear system for using information from the results measurement system in management and decision-making.	M	30	30
7.2	The system is supported by sufficient human and financial resources.	M	50	44
7.3	The system is well managed and integrated with programme management.	M	50	43

Strengths	Weaknesses
The MRM Manual describes the system to channel information on results into intervention and strategy management. Staff were able to explain the system for using information to manage interventions, intervention strategies and the entire portfolio. The system is appropriate, and staff is actively using it.	
There is one dedicated staff member for MRM. MRM activities related to intervention implementation (e.g. intervention plan development and monitoring) are appropriately assigned to implementing staff. In addition, staff understand their roles and responsibilities related to MRM. Financial resources are sufficient.	The workload of MRM staff is already stretched.
The MRM Manual and guidelines outline an adequate quality control system for most elements of the MRM system. They provide adequate checks on the intervention plans, data collection and assessments. MRM is included in all relevant job descriptions and is well-integrated into human resource management.	Quality control of the projection and aggregation process is not adequate.

5. Summary of key areas for improvement

Key areas for improvement are summarised below:

- Ensure that all results chains are logical and sufficiently detailed.
- Ensure that all indicators are clear and relevant to the specified change in the results chain boxes, including units for quantitative indicators.
- Ensure that sufficient and specific qualitative indicators/information needs on how and why changes happen or do not happen are included in the MRM plan.
- Ensure that there are relevant sustainability indicators for all market actors involved in the business model.
- Ensure that calculations for projections are correct and document the source of assumptions.
- Ensure that monitoring methods and timing are properly reflected in the MRM plans.
- Ensure that impact assessments closely examine the causal links from behavioural changes to performance changes, and from performance changes to financial benefits and job creation.
- Strengthen the quality control of data entry into the aggregation system.
- Indicate the proportion of reported results that is based on estimates from outcome assessments.
- Ensure that all public and private partners that have contributed to RSMEDP's reported achievements are acknowledged clearly in the annual reports.
- Ensure that sufficient human resources with appropriate skills are allocated to manage MRM-related activities.

Annexes

(provided as separate documents)

1. Overall and function specific ratings
2. Function specific findings
3. List of documents reviewed
4. List of interviews conducted