

Decision Support Unit (DSU)

Mid-Term Evaluation (MTE) of PSD programme

Final Report

31st May 2018

Acknowledgements

The lead author of this report is Terence Beney (PSD Component Lead, and Sector Lead for River Transport (RT) and Access to Finance (A2F) – Individuals) under the direction of Stephen Jones (MTE Director) and support of Marcus Jenal (QA Consultant for MTE of PSD programme). The Oxford Policy Management (OPM) Project Manager is Andrzej Dabkowski. The other members of the team were Paul Zille (ÉLAN Component Lead, and Sector Lead, Agriculture Perennials and Renewable Energy (RE)), Hamish Colquhoun (DSU Team Leader, and Value for Money (VFM) Assessment), Pierre Grega (Leader, Political Economy Context Analysis), Jonathan Mitchell (PSU Project Director and Sector Lead, Agriculture Non-Perennials and A2F – Small- and Medium-Sized Enterprises (SMEs), Tim Mitchell (literature review), Arlette Nyembo (DSU Democratic Republic of Congo (DRC) Coordinator), and Johan Verhaghe (Fieldwork Coordinator).

The MTE team would like to thank all organisations and individuals who provided information and assistance, especially during the team's mission to DRC. This includes key informants and participants in Focus Group Discussions (FGDs) that were held in September and October 2017 in Kinshasa and the former provinces of Equateur, North and South Kivu and Katanga.

We thank the staff of the Department for International Development (DFID) for their support and assistance and, particularly, the staff of ÉLAN and Essor, whose help with programming meetings, sharing information and ideas was exceptional.

Disclaimer

This report has been prepared by the e-Pact consortium for the named client, for services specified in the Terms of Reference and contract of engagement. The information contained in this report shall not be disclosed to any other party, or used or disclosed in whole or in part without agreement from the e-Pact consortium. For reports that are formally put into the public domain, any use of the information in this report should include a citation that acknowledges the e-Pact consortium as the author of the report.

This confidentiality clause applies to all pages and information included in this report.

This material has been funded by UK aid from the UK government; however, the views expressed do not necessarily reflect the UK government's official policies.

This evaluation is being carried out by OPM under e-Pact. The project manager is Andrzej Dabkowski. The Project Director is Jonathan Mitchell and the remaining team members are listed above. For further information contact Andrzej.Dabkowski@opml.co.uk. The contact point for the client is Lubna Ghneim (L-Ghneim@dfid.gov.uk).

e-Pact	Level 3, Clarendon House 52 Cornmarket Street Oxford OX1 3HJ United Kingdom	Tel +44 (0) 1865 207300 Fax +44 (0) 1865 207301 Email admin@opml.co.uk Website www.opml.co.uk
--------	--------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Executive summary

This document presents the main findings and conclusions of the Mid-Term Evaluation (MTE) of DFID DRC's Private Sector Development (PSD) programme. The PSD MTE component was formative and examined the validity of the rationale for the overall PSD design concept and how effectively this has been implemented and performed in practice, including the effect of key decisions that have been made, how effectively it has been managed, and the performance of the Decision Support Unit (DSU).

The evaluation is structured around five Evaluation Questions. It was implemented around three components: a Theory of Change analysis, a management and organisational assessment and a value for money assessment. The main sources of data for the PSD MTE were the evaluation reports of the two component projects.

PSD programme design

The model presented in the PSD programme business case was an innovative one, based on complexity thinking, which is appropriate for the DRC context. The approach eschews the standard linear approach to programming and, instead, provides clear programme-level impact and outcome statements with intervention-level planning being adaptive and opportunistic based on continuous strategic learning. Key constraint areas were identified as part of a dynamic 'problematique' taking a systemic view on DRC's economy. The definition of constraint areas leaves enough room for adjustment within the scope of project components. The logic of the business case is judged to be valid and appropriate.

In alignment with the principles of complexity thinking, the business case provided very broad guidance (a 'compass') on the focus of the PSD programme that is intended to guide exploratory interventions. The initial portfolio of interventions included a flexible facility to work in business environment reform, the establishment of a 'Making Markets Work for the Poor' (M4P) programme, investment in an access to finance fund to enable banks to lend to micro, small and medium-sized enterprises (MSMEs), and establishing an anti-corruption pact. Yet, the current operationalisation of the design is flawed. Not all of the components have been operationalised and the ones that have are not designed in line with the principles of the business case. The projects are implemented almost as complete silos. The overall programme management is inadequate and does not live up to the set goal of continuous learning and adaptation.

PSD programme implementation

There is little evidence of the complexity thinking underlying the original business case following through into PSD programme implementation and management. This holds true for ÉLAN, but even more for Essor and the way DFID manages the overall programme. The tendency to adopt a linear approach based on predicted results has been reinforced by DFID's imposition of a results monitoring system based on the regular monitoring of impact indicators to judge the projects' performance. The damaging effect of this is reinforced by DFID's intended use of a payments by results (PbR) mechanism.

In ÉLAN's intervention logic, while valid, the market development approach has in most cases been defined rather narrowly, focusing on initiating pilot interventions with commercial partners. The intervention logic lacks a vision on how interventions reach beyond these partners to achieve broader market systems changes (MSCs). While running a large number of pilots allowed the

project to achieve impact-level results relatively quickly, it has not yet led to significant systemic changes. This strategic choice has been incentivised by DFID's focus on impact-level results to assess the project's performance. Yet, the project is well managed and adaptive and responds well to changes in the context.

The logic behind **Essor**'s theory of change is coherent with current literature. However, the effectiveness of the project's design is undermined by a number of factors. A key flaw in the setup of the project is the lack of integration within the PSD programme, exemplified in the assumption that a business environment reform (BER) project on its own will achieve poverty reduction. On a more fundamental level, it is questionable whether a BER project makes sense in a context as fragile as the DRC. Further, Essor is lacking fundamental capacities, arrangements and processes to successfully manage the project implementation. There is little evidence of opportunism or flexibility, or even responding to demands from stakeholders. The ability of the project to learn and adapt is hampered by weak internal management and the virtual absence of reliable monitoring information.

Some aspects of the role of **the DSU** are clear and have been operationalised successfully. This includes more routine and well-defined tasks like the verification exercises or the annual reviews. Other tasks need further clarification or need to be reconsidered as a whole, such as the suggested establishment of an independent review panel. After a difficult start, processes and relations between the DSU and DFID have improved substantially.

DFID's management of the PSD programme has contributed to the problems outlined above. First, the way the different parts of the programme were contracted is problematic. Second, although this would be difficult given the institutional arrangements, DFID could have required more meaningful coordination between ÉLAN and Essor. Third, DFID's focus on achieving the targeted impact measures without paying enough attention to the pathways incentivises the projects to short-cut systemic change to achieve quicker and better-attributable – though less sustainable and scalable – impact, and reduces the projects' ability to learn and adjust.

The staggered launch of the component projects

ÉLAN and Essor are designed to be complementary elements necessary to achieve the intended results of the PSD programme. This is elaborated on in the PSD business case and supported by the literature on M4P and BER. Yet, evidence from the field shows negligible meaningful coordination and an absence of a coordination facilitation function. Given this reality, even if the projects had been launched at the same time, if nothing else changed, it is unlikely that coordination would have taken place, leading to the same result.

In light of contributions made by the DSU to the two projects since its launch, it seems reasonable to suggest that the belated launch of the unit did impact negatively on the ability of ÉLAN and Essor to make course corrections and achieve impact. The DSU's potential contributions fall into three major categories: measurement, implementation efficiency, and project impact.

Changes in the strategies of two donors led to the decision to omit the access to finance component of the PSD programme. It is apparent, however, that ÉLAN managed to compensate for the levels of access to finance immediately required in its implementation models, while Essor was not hampered in an obvious way by the omission. However, ÉLAN's struggle to achieve expansion of its pilots and a systemic response could partly depend on the lack of access to finance for MSMEs.

Value for money (VFM)

The DSU only started in August 2016 and has since made a slower than expected start to its activities. Initial activities have placed a higher burden on implementing projects than necessary and for some deliverables the quality has fallen short of expectations. Given these concerns the DSU's VFM would seem to be off track. Nevertheless, there is a reasonably appropriate VFM framework in place which already seems to have had some influence in guiding the project in how to address the first year's implementation challenges.

The PSD portfolio was designed in such a way that its overall VFM should be more than the sum of its parts. Currently, however, the VFM for two of the components of the PSD programme appears to be off track. However, there is still time and significant potential for a greater complementarity across all three projects.

The main cross-cutting issues that were addressed in the PSD programme were gender, poverty and anti-corruption. The first two are essentially mainstreamed throughout the portfolio, while anti-corruption is specifically addressed as part of Essor.

Recommendations

The following recommendations are provided for DFID's consideration. They are separated into recommendations on the PSD programme management and recommendations for project components. The latter are thought to augment the recommendations in the individual project MTE reports, adding an overall programme perspective.

PSD programme strategy

- DFID should continue with market development investments in the DRC beyond the current phase of the PSD programme. For the remainder of this phase, it needs to take into account the recommendations proposed in the MTEs of its component projects to improve current performance and design of follow-on activities. For the next phase, it should go back to the original programme design, which is compelling but still untested, and reassess how the idea of an adaptive and learning approach to market development could be put in practice, taking into account the lessons from the current experience.
- For the remainder of this phase, DFID should evaluate options to enable better facilitation of collaboration and complementarity as well as learning and adjustment in the spirit of the original business case. Strengthening learning between the component projects is already part of the DSU's terms of reference and should be given the necessary priority. For future phases, additional incentives for collaboration between the project components should be assessed, for example by using a programme-wide theory of change (TOC) which merges the individual projects' TOCs and logframes on the top (impact) levels with each component project contributing to these impact objectives.
- For the next phase, DFID should revisit how project performance is assessed. The MTE clearly argues that focusing on net attributable income change (NAIC) creates some perverse incentives. In the case of ÉLAN, it incentivises the implementer to seek impact directly from the pilots, rather than through market system change. In the case of Essor, NAIC of poor beneficiaries is far removed from the actual project interventions and should not be its main focus. A more balanced performance measurement model that combines mixed measures needs to be devised, which also takes into account and values market systems changes achieved by the projects rather than focusing only on quantitative impact targets. While the first phase of ÉLAN is coming to a close soon, ÉLAN 1.2 would offer the opportunity to explore

different measures of project performance. In Essor, such measures could be introduced if a logframe revision for the current phase was done.

- It is recommended that the payment by results arrangement be scrapped. Consequently, the independent review panel that the DSU was to set up to make recommendations on payments by results should not be established.
- Strategic and management oversight of the PSD programme needs to be improved, ideally during the current phase. DFID's capacity should be augmented by reducing the administrative burden it has assumed in order to effect oversight, by increasing the capacity of the DFID team, or for a next phase of the programme, by appointing a service provider to assist with PSD management, based on precedents of outsourcing followed in other DFID missions.
- The priority of addressing cross-cutting issues – in particular gender, poverty-focus and working with the government – should be strengthened in the overall programme learning activities to generate a better picture of how the programme as a whole contributes to changes in these issues.

PSD component projects

- Essor should, as far as possible already in the remainder of the current phase, be adjusted to include elements of a flexible facility that not only reviews and adjusts workstream portfolios regularly, but also allows Essor to scan for and respond rapidly to opportunities that arise for BER intervention. In general, its interventions need to be broader and respond better to the needs identified from enterprise consultations and those that support ÉLAN to achieve expansion and response in relation to its successful pilots.
- Possibly already for the current phase, but certainly for ÉLAN 1.2 and future phases, the management arrangements between DFID and the implementer have to be improved to allow the project to become more agile. For example, the approval threshold for ÉLAN expenditure must be adjusted to allow for responsive decision making by the senior management team and avoiding inordinate delays contingent on DFID approval.
- As it is currently designed, the PSD programme should allow for broader access to finance mechanisms employed in ÉLAN. The fit is functional and also addresses issues of sustainable market systems change related to access to finance.
- DFID should review the DSU's terms of reference for the current phase informed by the findings of the MTE, performance against the performance improvement plan and the experience gained so far. Particular attention should be paid to the resources assigned by the service provider to the DSU.
- DFID should consider replacing the final evaluation of the PSD programme with a series of evaluation activities that can track project impact between the close of the service providers' contract and the final year in which impact is to be measured. This increases the likelihood of identifying attributable results. This has already been agreed in principle by DFID. Now, the specific responsibilities of the DSU need to be agreed on.

Table of contents

Acknowledgements	i
Executive summary	i
PSD programme design	i
PSD programme implementation.....	i
The staggered launch of the component projects	ii
Value for money (VFM)	iii
Recommendations	iii
List of abbreviations	vii
1 Introduction	1
1.1 Overview and the MTE report structure	1
1.2 The PSD programme and its development context	1
1.3 Summary of the evaluation approach	2
1.3.1 Objectives and evaluation questions.....	2
1.3.2 Target audience and dissemination strategy.....	3
1.3.3 MTE method, implementation and limitations.....	3
2 MTE Findings	6
2.1 PSD Programme design	6
2.1.1 Underlying logic and identification of key constraints	6
2.1.2 Design of the PSD programme components	7
2.2 PSD programme implementation	8
2.2.1 Implementation and management of the component projects	8
2.2.2 Omission of the access to finance component	14
2.2.3 Staggered implementation of the PSD Programme.....	15
2.2.4 Value for money of the PSD Programme	17
2.3 Assessment of cross-cutting issues	18
3 Conclusions	20
4 Lessons and recommendations	22
4.1 Lessons	22
4.2 Recommendations	23
4.2.1 PSD programme strategy	23
4.2.2 PSD component projects	24
Annex A: Excerpts from the MTE Inception Report	25
Annex B: Assessment of the DSU	26
Is the role of the DSU appropriately and clearly delimited within the programme structure?	26
Is the DSU likely to deliver value for money?	29
How appropriate is the DSU Value for Money framework?	29
How effectively is the DSU value for money framework used to inform project management?	30
To what extent is the DSU on track to deliver value for money?	30
How can the DSU value for money framework be strengthened?	31
Has the late launch of the DSU impacted on the ability of the projects to make informed course corrections and mitigate risks?	32
Improving measurement.....	32

Improving implementation effectiveness	33
Improving impact	34
How can the DSU improve performance and enhance the value for money it delivers?	35

List of abbreviations

ASI	Adam Smith International
BER	Business environment reform
DFID	UK Department for International Development
DRC/RDC	Democratic Republic of Congo
DSU	Decision Support Unit
KII	Key Informant Interview
M4P	Making markets work for the poor
MRM	Monitoring and results measurement
MSMEs	Micro, small and medium-sized enterprises
MTE	Mid-term evaluation
MSC	Market systems changes
NAIC	Net attributable income change
OPM	Oxford Policy Management
PbR	Payment by results
PIP	Performance improvement plan
PSD	Private sector development
PwC	PricewaterhouseCoopers
RE	Renewable energy
SME	Small and medium-sized enterprise
TOC	Theory of change
TOR	Terms of reference
VFM	Value for money

1 Introduction

1.1 Overview and the MTE report structure

This document presents the main findings and conclusions of the Mid-Term Evaluation (MTE) of DFID DRC's Private Sector Development (PSD) programme. The PSD programme has three components:

- ÉLAN RDC, a £50 million, five-year market systems development (MSD) project, implemented by Adam Smith International (ASI);
- Essor, a £35 million, five-year flexible facility aiming to improve the DRC's business enabling environment, implemented by PricewaterhouseCoopers (PwC);
- The Decision Support Unit (DSU), which supports the other projects with annual reviews, evaluations, learning and adaptation activities, intended to improve implementation and increase impact. The DSU is implemented by Oxford Policy Management (OPM).

For ÉLAN RDC and Essor, separate reports were elaborated by the DSU. This report covers the evaluation of the overall PSD programme and also looks at the performance of the DSU. The performance of the DSU was assessed by two external consultants who had not been part of the consortium implementing the DSU. The specific findings about the DSU performance are presented in Annex B. The responses to the general evaluation questions covering the overall PSD programme were elaborated by the external consultants in collaboration with the DSU staff and are presented in the main body of this report.

The remainder of this chapter provides a brief description of the PSD programme and a summary of the evaluation approach. Chapter 2 presents the findings of the MTE about the PSD programme. Chapter 3 presents conclusions and Chapter 4 recommendations.

Additional information is included in the annexes. Annex A contains relevant excerpts of the MTE Inception Report which guided the PSD MTE. Annex B contains the full independent assessment of the DSU.

1.2 The PSD programme and its development context

The overarching PSD programme has its design presented in its business case, with the intended **impact** 'to improve the incomes of the poor', and the intended **outcome** 'access to financial services, well-functioning markets, and an enabling business environment that fosters economic opportunities for poor people' (business case, p. 2).

The business case lists a number of 'constraints' that affect private sector development in the DRC. These constraints include credit constraints; corruption; complexity and costs of compliance; infrastructure, logistics and access to land; conflict and confidence; coordination failures; and lacking capacity. Collectively, these constraints inhibit the 'growth and recovery' of the private sector in the DRC, and consequently entrap the poor in chronic poverty without escape mechanisms. The PSD programme's theory of change argues, therefore, that addressing these constraints will enable access to financial services, well-functioning markets, and an enabled business environment that will 'foster economic opportunities for the poor' (outcome), and in turn

these outcomes will result in 'improved the incomes of the poor' (impact). A more in-depth description of the political and institutional context in which the component projects have been operating can be found in the Political Economy Context Analysis (PECA) report that was part of the MTE and is annexed to the Essor MTE report.

The PSD programme was designed with four components: business environment, access to finance, corruption, and market development. The Essor project started out with a focus on the business environment reform (BER), but its design includes a flexible facility to address access to finance and corruption issues. ÉLAN's design, in turn, focuses on market systems development.

The component projects are exhaustively described in the respective MTE reports, which will not be repeated here. The descriptions include anticipated impact, outcomes and outputs, target groups, timescale, geographical coverage, and the extent to which the intervention aimed to address issues of equity, poverty and exclusion (see Section 2 in the respective reports).

A comprehensive analysis of the context of the PSD programme should also be sought in the programme component MTE reports and particularly the sector and case studies that are annexed to those reports, as well as the political economic context analysis annexed to the Essor MTE report.

1.3 Summary of the evaluation approach

1.3.1 Objectives and evaluation questions

The purpose of the MTE is to identify any constraints or risks to the achievement of the objectives of the PSD programme and to recommend corrective actions where these are required. Hence, the MTE aimed to make an assessment of the extent to which the PSD programme is on course to achieve its objectives. As ÉLAN and Essor are the drivers of the results of the PSD programme, these project evaluations were at the centre of the effort. The PSD MTE component examined the validity of the rationale for the overall PSD design concept and how effectively this has performed in practice, including the effect of key decisions that have been made, how effectively it has been managed, and the performance of the DSU. The main data sources for the PSD MTE were the evaluations of ÉLAN and Essor.

The specific objectives of the PSD MTE Component were to:

1. Assess the appropriateness of the overall PSD design;
2. Examine how the way the PSD has been implemented has impacted on performance;
3. Examine the effectiveness of the overall PSD management arrangements;
4. Assess the extent to which the PSD programme is providing value for money (aggregating the findings from the ÉLAN and Essor VFM assessments with an assessment of the DSU's VFM).

These objectives were operationalised as five evaluation questions, following the OECD-DAC evaluation criteria of relevance, effectiveness, and efficiency:

1. To what extent is the PSD appropriately designed to achieve its objectives? [Relevance]
2. What are the consequences of omitting the access to finance component originally envisaged for the PSD? [Effectiveness]

3. How has the staggered implementation of programme components impacted on the effectiveness of the PSD programme? [Effectiveness]
4. To what extent are the management arrangements for PSD conducive to effective programme performance? [Efficiency]
5. Is the DSU likely to deliver value for money?

1.3.2 Target audience and dissemination strategy

The primary target audience for the mid-term evaluation report is DFID DRC, as the contractor of this deliverable. The evaluation report will fulfil their accountability obligations, but also provide evidence-based recommendations for corrective actions that address any constraints or risks to project results, in alignment with the overarching purpose of the exercise. It will allow DFID to ensure accountability requirements and inform future strategies with regard to PSD in DRC.

The report's secondary audiences are the two project components, ÉLAN and Essor. The service providers' perspectives on the utility of the evaluation process for their projects was considered when the evaluation was designed, and it is anticipated that the report will thus be of value for learning. This aligns with the overarching purpose of the MTE – to make recommendations for corrective actions to improve project results. Importantly, the use of the MTE for service providers is enhanced by the function of the DSU within the PSD programme. The evaluation report will not just be disseminated to service providers, but the DSU, under its Learning and Adaptation Support Workstream, will actively engage with them on the findings, and provide technical support to facilitate learning, and course corrections, if and as necessary.

Additional audiences that may benefit from the evaluation findings include service providers, private sector partners and government counterparts, other donors and service providers implementing private sector development initiatives, and the development community more broadly. While the MTE is not executed expressly for these additional audiences, they are considered in the reporting and dissemination plan.

The DSU's Learning and Adaptation Support Workstream will engage with service providers and deploy an internal and external dissemination and communication strategy to enhance evaluation utility.

1.3.3 MTE method, implementation and limitations

In order to address the evaluation questions, the MTE was implemented as three components:

PSD Theory of Change analysis, which primarily drew on the MTEs of both ÉLAN and Essor. In addition, it included a review of design and supplementary documentation, as well as conversations with DFID and interviews with Adam Smith International staff that were involved in the early design processes for the PSD programme. Interview data from current project staff was also used to inform the analysis of how the theory of change deviated in implementation from the original intent articulated in the business case. This analysis responded primarily to evaluation question 1.

PSD management and organisational assessment, which again drew extensively on the MTEs of both ÉLAN and Essor. Furthermore, it included interviews with staff of all component projects – ÉLAN, Essor and the DSU. In addition to responding to the analysis of evaluation questions 2, 3

and 4, the data allowed for a more in-depth assessment of DSU and DFID performance as enabling or constraining of PSD performance and impact.

PSD value for money assessment, which has been assessed through combining the findings of the VFM assessment for ÉLAN, Essor and the DSU.

Table 1 gives an overview of which component was used to address which evaluation question.

Table 1 MTE components vs. evaluation questions

Research Activity	MTE Component		
	ÉLAN	Essor	PSD Value for money assessment
A. Theory of Change Analysis	X	X	X
B. Project Performance Review	X	X	
C. Intervention Case Studies	X	X	
D. Management and Organisational Assessment	X	X	X
E. Value for Money Assessment	X	X	X
F. Political Economy Context Assessment			X

As can be seen from Table 1, the main sources of data for the PSD MTE are the respective evaluations of ÉLAN and Essor. The evaluations of these two component projects, and the value for money assessment, used a portfolio of research activities, as presented in Table 2.

Table 2 Research activities by MTE component

Research Activity	Evaluation Questions				
	1 Project Design	2 Omission of access to finance	3 Staggered Implementation	4 Management Arrangements	5 Value for Money
PSD Theory of Change Analysis	X				
PSD Management and Organisational Assessment		X	X	X	
PSD Value for Money Assessment					X

For the interviews specifically performed for the PSD component report and the assessment of the DSU, interview guides were developed. As these were largely semi-structured and unstructured qualitative interviews, the guides were not field-tested in advance. The interview guides as well as interview transcripts can be provided on request. The detailed methodologies adopted by the MTEs of the project components are described in the respective reports.

As with the MTEs of the component projects, implementing the principles of the Paris Declaration – ownership, alignment, harmonisation, managing for results and mutual accountability – was challenging for the overall PSD evaluation. As this MTE to a large extent relies on data collected through the other components' MTE, no additional efforts were made for the PSD component to be in line with these principles. Details about how the principles were used to guide the component projects' MTEs can be found in the respective MTE reports.

Relying on the data collection for the project components' MTEs done by the DSU might have introduced some bias into the evaluation of the overall PSD programme. Particularly because the other components were evaluated by DSU staff, the assessment of the DSU contribution to the performance of the PSD programme needs to be as independent as possible from the people engaged in the DSU. To mitigate for that bias, the DSU hired two consultants who had not previously been part of its operations. The assessment of the DSU (now provided as Annex B to this report) was first reported on in a separate report and submitted in draft form to DFID without the DSU having any exposure to it ahead of this first submission. Care was taken to preserve the two consultants' independence regarding this aspect of the PSD MTE. The writing team did not engage with the service provider on DSU-related evaluation findings prior to the first submission, and the two draft reports were only integrated after DFID had acknowledged receipt of the DSU standalone report.

2 MTE Findings

2.1 PSD Programme design

2.1.1 Underlying logic and identification of key constraints

The model presented in the PSD programme business case was an innovative one, based on complexity thinking, which is appropriate for the DRC context. The approach eschews the standard linear approach to programming and, instead, provides clear programme-level impact and outcome statements with intervention-level planning being adaptive and opportunistic based on continuous strategic learning. Key constraint areas were identified as part of a dynamic 'problematique' taking a systemic view on DRC's economy. The definition of constraint areas leaves enough room for adjustment within the scope of project components. The logic of the business case is judged to be valid and appropriate.

The interviews performed during the MTE confirm that the diagnosis informing the business case was comprehensive, based on the more reliable data sources available at the time, and reflects a sound analytical approach. Moreover, the key constraints areas identified are to some extent confirmed in a number of studies performed as part of the MTE, including the literature review on Market Systems Development approaches (a separate report that is submitted together with the MTE reports) and the updated, independent political economy analysis (Essor MTE Report, Annex E).

The logic underlying the business case and subsequent design was innovative and pioneering. The approach is based on the intuitively sensible proposition that private sector development in DRC is a complex problem with a fragile polity, weak institutional arrangements with divergent aims, endemic conflict, and economic and financial crises. The constraints to private sector development are numerous, complicated and in continual flux – and therefore unknowable. As a consequence, development should avoid imposing 'best practice' solutions from elsewhere and simplifying reality into a linear process of plan and implement. Rather, development should be adaptive and opportunistic and pilot a diverse range of ideas, amplify what works, and drop what does not.

DFID was supported in the development of the business case by some of the thought leaders on complexity-sensitive approaches to development and the design process was published as a case study in a study supported by DFID.¹ The logic behind the design is in line with current thinking advocated by organisations that are part of the 'Doing Development Differently'² movement and is also coherent with recent thinking about achieving systemic change in market systems development published as part of a BEAM Exchange research programme funded by DFID.³

¹ The business case was a pilot under DFID's programme 'An Initial Application of Complex Systems Tools to Aid Delivery' and has been written up in Ramalingam, Ben, Laric, M. and Primrose, J. (2014) 'From best practice to best fit: Understanding and navigating wicked problems in international Development', *Overseas Development Institute Working Paper*

² See <http://doingdevelopmentdifferently.com>

³ BEAM stands for 'building effective & accessible markets'. The BEAM Exchange is a knowledge and learning platform for market development practitioners. See Cunningham, S. & Jenal, M. (2016) *Rethinking systemic change: economic evolution and institutions. The BEAM Exchange*. See also <https://beamexchange.org/practice/research/systemic-change/systemic-change-market-systems-development/>

The business case defined the four broad constraint areas of access to finance, market development, business environment, and corruption, rather than restricting the interventions to a number of narrowed-down, prescribed priority constraints. These constraint areas were defined following a systemic analysis of the interconnections of various constraints identified during the diagnoses for the business case and became part of the 'problematique': an illustration of how the various constraints interrelate in a systemic way. The intention was to design a flexible and adaptive programme that would test what changes are possible and be able to react to opportunities that arise.

Given the pioneering character of the logic championed by the PSD business case and PSD programme design, there is no prior experience that could be used to verify its suitability. It is coherent in its logic and in line with the most advanced thinking on how to tackle 'wicked' and complex problems in dynamic and conflict-affected contexts. It would, thus, present a great opportunity to test the appropriateness of such a flexible design and the plausibility of the underlying assumptions. This never happened, though, due to flaws in both operationalisation and implementation of the original design, as alluded to in the next sections.

2.1.2 Design of the PSD programme components

In alignment with the principles of complexity thinking, the business case provided very broad guidance (a 'compass') on the focus of the PSD programme that is supposed to guide exploratory interventions. The initial portfolio of interventions included a flexible facility to work in business environment reform; the establishment of an M4P programme; investment in an access to finance fund to enable banks to lend to MSMEs; and establishing an anti-corruption pact. Yet, the current operationalisation of the design is flawed. Not all of the components have been operationalised and the ones that have are not designed in line with the principles of the business case. The projects are implemented almost as complete silos. The overall programme management is inadequate and does not live up to the set goal of continuous learning and adaptation.

The selection of interventions for the initial PSD portfolio in the business case was moderated by an understanding of what might be feasible, particularly in terms of business environment reform, and is assessed to be valid. The M4P component (which became ÉLAN) was guided towards an opening portfolio of rice, river transport, mobile money, coffee and micro-hydro-electricity. The access to finance component (which was dropped) was to focus on building the capacity of Congolese financial institutions to target MSMEs and to crowd-in domestic and international private lenders. Finally, the flexible facility (which became Essor) was to implement interventions on business environment reform including OHADA, access to finance and anti-corruption on an 'as needed' basis.

While the ideas behind the design and the initial prioritisation of interventions are judged to be sound – even though sector selection for ÉLAN might have to be reassessed given the changed context – the design's operationalisation was flawed from the start. Specifically, by proposing contracting the M4P component to one large service provider and the flexible facility to a competitor, without strong overarching programme management capacity, the level of coordination and collaboration needed to work with an integrated and at the same time adaptive portfolio of interventions was always likely to be inadequate. This is in stark contrast to the principles expressed in the business case, of which many have not been followed through into early implementation.

This exposes one central assumption behind the business case that did not hold true. It stated as one of its core principles that 'Strategic oversight of national programmes should be kept in-house to utilise the Embassy's influence and to ensure programme parts are integrated'. It assumed thereby that the capacity was indeed available in-house to oversee and manage the programme, which turned out not to be the case.

One of the weaknesses thus emerging in the design was that the crucial strategic oversight and management function was not adequately thought through and provided for. If the necessity of such a function had been recognised, the capacity of DFID DRC could have been assessed and supplemented appropriately in anticipation of the PSD's launch or, alternatively, the function could have been outsourced to a management unit with the capacity to provide it. It should have been the responsibility of this programme management function to maintain a coherent understanding of the dynamics in the 'problematique' and the connected overarching theory of change compass. This would have led to a better integration of the component projects and built the basis for decisions on adapting these projects. While currently the DSU is tasked to provide a learning function for the PSD programme, this is not enough if there is nobody to retain ownership of the overall Theory of Change and continuously integrate this learning effort into a process of dynamic adaptation.

2.2 PSD programme implementation

2.2.1 Implementation and management of the component projects

There is little evidence of the complexity thinking underlying the original business case following through into PSD programme implementation and management. This holds true for ÉLAN, but even more for Essor and the way DFID manages the overall programme. The tendency to adopt a linear approach based on predicted results has been reinforced by DFID's imposition of a results monitoring system based on the regular monitoring of impact indicators to judge the projects' performance. The damaging effect of this is reinforced by DFID's intended use of a payment by results (PbR) mechanism. The DSU has had a slow and difficult start but has by now successfully implemented some of its activities. Other tasks need further clarification or need to be reconsidered as a whole.

ÉLAN

In ÉLAN's intervention logic, while valid, the market development approach has in most cases been defined rather narrowly, focusing on initiating pilot interventions with commercial partners. The intervention logic lacks a vision on how interventions reach beyond these partners to achieve broader market systems changes (MSCs). While running a large number of pilots allowed the project to achieve impact-level results relatively quickly, it has not yet led to significant systemic changes. This strategic choice has been incentivised by DFID's focus on impact-level results to assess the project's performance. Yet, the project is well managed and adaptive and responds well to changes in the context.

The ÉLAN MTE has found that the project has had significant success in securing the adoption and adaptation of pilot interventions across several sectors, working effectively with generally appropriately chosen partners. The fundamental structure of the intervention logic of ÉLAN is valid in principle (ÉLAN MTE Report, Annex D, Section D.2.1). However, the market systems

development approach used has in most cases been defined rather narrowly – focusing largely on single commercial partner pilot interventions. Interventions generally remain on the level of improving transactions on the micro level. Very few interventions seek to directly change the deeper structures of the market systems – which should consider both market related and non-market related constraints to business growth. This has implications for the sustainability of pilots and broader systemic change. Indeed, the evidence from sector studies points to a mixed picture with respect to the prospects of realising sustainable impact (ÉLAN MTE Report, Annex D, Section D.4.1).

The different strategies pursued in different sectors reflect the differing constraints and opportunities manifested across different sectors and a DFID results framework that prioritises very rapid delivery of impact-level results. ÉLAN has been demonstrably opportunistic and adaptive. The choice of a strategy that focuses almost exclusively on implementing a rather large number of pilot initiatives with commercial partners partly reflects the lack of responsiveness of the institutional levels in the markets in DRC and the chaotically disenabling business environment in general. It can, however, also be traced back to a narrow and at the same time limited understanding of how to achieve MSCs. This can be concluded from the fact that the ÉLAN theory of change (TOC) does not reflect a detailed vision on how the focus on running pilot initiatives would lead to MSCs. The whole process of piloting an innovation with a single pilot partner, moving to a point of sustainability within one firm and then expanding and replicating the innovation throughout the economy, is contained within a single step in the project intervention logic. In other words, the project's TOC pays insufficient attention to how the step from adoption of a change in an individual company will lead to MSCs. Furthermore, MSCs have been defined as an output delivered at the level of the firm, rather than an outcome delivered at the level of the market system. There are even inconsistencies in how MSCs are defined and, hence, a discrepancy in how they are used in different interventions (ÉLAN MTE Report, Annex D, Section D.2.1).

The strategy to focus on impact-level results has been further incentivised by the focus of DFID on monitoring impact-level results as an indication of ÉLAN's performance, rather than focusing on market systems changes (see the section on DFID below) – and then compounded by including a PbR mechanism in the project contract.

Within this strategy, ÉLAN's processes to initiate, test and drive partnerships and initiatives are, however, efficient and effective. The initiation of some 170 interventions during the four years of implementation is testament to this highly productive and adaptive programme (ÉLAN MTE Report, Annex D, Section D.6). The focus on running large numbers of pilots enabled the project to deliver rapid impact-level results in a challenging environment.

Yet, not surprisingly, ÉLAN is struggling to achieve the intended MSCs. The evidence from sector studies points to a mixed picture with respect to the prospects for achieving planned MSCs (ÉLAN MTE Report, Annex D, Section D.4.1). While the project-supported firms succeed, others – without this support – cannot implement the innovations because the initial reason or constraint why change had not happened naturally is still there. This may well explain the failure of ÉLAN to achieve 'expansion' or 'response', where non-pilot firms adopt the innovations in successful pilots. In this sense, some parts of the ÉLAN portfolio have more of a resemblance to an enterprise development project than to a market systems development project. There are, however, recent indications that this narrow view of MSCs is being broadened (ÉLAN MTE Report, Annex D, Section D.3.1). In the absence of significant MSCs it is highly unlikely that ÉLAN will be able to meet the project's NAIC impact targets under the most plausible assumptions associated with existing interventions (ÉLAN MTE Report, Annex D, Section D.4.2).

The complexity-sensitive approach taken in the business case requires programmes to be managed adaptively and, to an extent, ÉLAN is a demonstration of this. The project has changed sectors as circumstances, and their understanding of the opportunities, has shifted. The portfolio of six sectors in late 2017 only includes two of the sectors originally prioritised in 2013. Also, within sectors, ÉLAN has agilely shifted focus from mobile money to branchless banking within the access to finance portfolio, for instance. The adaptive and opportunistic management style of the project is exemplified by the fact that 36 of the 76 current interventions are less than one year old (ÉLAN MTE Report, Annex D, Section D.2.3).

Essor

The logic behind Essor's theory of change is coherent with current literature. However, the effectiveness of the project's design is undermined by a number of factors. A key flaw in the setup of the project is the lack of proper integration within the PSD programme, exemplified in the assumption that a BER project on its own will achieve poverty reduction. On a more fundamental level, it is questionable whether a BER project makes sense in a context as fragile as the DRC. Further, Essor is lacking fundamental capacities, arrangements and processes to successfully manage the project implementation. There is little evidence of opportunism or flexibility or even responding to demands from stakeholders. The ability of the project to learn and adapt is hampered by weak internal management and the virtual absence of reliable monitoring information.

The PSD programme was originally designed as an integrated programme. However, this integration has broken down in the design of the component projects (as mentioned in Section 2.1.2 above). This is most visible when looking at Essor. While the MTE of Essor finds that the project's intervention logic and TOC assumptions are at least partially supported by theoretical frameworks and evidence from international experience, it also states that BER is not sufficient in itself to impact poverty reduction, particularly in relation to conflict-affected environments like DRC. There is a lack of evidence of a direct link between BER and poverty reduction. BER is normally more effective when part of a broader package (Essor MTE Report, Annex C, Section C.1.1). Yet, rather than complementing ÉLAN and remaining true to the integrative approach suggested by the PSD business case, Essor's implementation logic and logframe are designed in such a way that it needs to show direct poverty reduction impact on its own. Beyond that, there is a more basic question of whether a BER project makes sense in a context as fragile and unstable as the DRC. The Essor MTE finds that the political context of DRC does not favour BER (Essor MTE Report, Annex C, Section C.1.2). This finding undermines a substantial number of assumptions that underlie Essor's TOC.

Beyond the problems with Essor's implementation logic and TOC, Essor has not demonstrated that it has capacity or has put in place the organisational arrangements needed to implement the project successfully. The Essor MTE found that the project has suffered from inconsistent management since its inception. Further, Essor has learned little from the adaptability or demand focus of its sister project. Instead of providing a flexible facility, it has not been designed around the principles of an adaptive facility with overreaching objectives, and flexible interventions. The Essor MTE has used the principles from the PSD business case, integrated with a set of guidelines from the literature, to describe features of an adaptive facility and found that, from the outset, Essor deviated from this vision, which has undermined the successful implementation of the project. Indeed, the MTE found that Essor has no operational processes in place to ensure its portfolio is trimmed and/or expanded strategically over time to achieve its objectives (Essor MTE Report, Annex C, Section C.2.1).

Being able to learn and adapt requires reliable data on what is changing. The verification exercise done on the recently adopted MRM system, however, rated over two-thirds of its indicators 'red' and the remainder 'amber', which indicates that the quality of the results needs to be strengthened before the MRM can be used as a monitoring tool (Esson MTE Report, Annex C, Section C.2.1).

The project has drifted a very long way from its conception in the business case and both the way it is designed and the shortcomings in management and implementation mean that it contributes only a limited amount to achieving the aspirations of the PSD programme.

The DSU⁴

Some aspects of the role of the DSU are clear and have been operationalised successfully. This includes more routine and well-defined tasks like the verification exercises or the annual reviews. Other tasks need further clarification or need to be reconsidered as a whole, such as the suggested establishment of an independent review panel. After a difficult start, processes and relations between the DSU and DFID have improved substantially.

The role of the DSU is conceptualised in its terms of reference as a set of concrete tasks and their associated deliverables due to be delivered to DFID over the period of the PSD programme implementation. A sub-set of these tasks have been delivered on already, and are scheduled to be repeated, for the PSD and each of its component projects. This includes verification of reported results on a six-monthly basis, annual reviews against logframe output targets, the MTE and the development of VFM metrics. A further sub-set of tasks has not been delivered on, in two instances because the service provider and DFID do not appear to share a consensus on the terms of their delivery, as explained below.

- In terms of continually reviewing the 'problematique', there seems to have been a mutual misunderstanding of what the task required. There have been significant changes in the conception of this work from earlier drafts of the DSU inception reports, where the assessment was essentially reduced to reviewing the project component's TOCs. The final inception report of the DSU demonstrates a broader conception that includes a wider continuous assessment of the context, stakeholders, and theories of change. This conception seems to be in line with the PSD business case, which asks for continuous learning at the tactical and strategic levels involving frequent re-assessments of the context and current interventions.
- The function of the DSU with regard to the independent review panel has been the most problematic element to agree on with DFID. DFID and the DSU disagree on who is responsible for constituting the review panel, and the terms of reference as they stand are not explicit in this regard. The difficulty is primarily related to the fact that the panel was intended to make recommendations on performance-based payments of the service providers. According to DSU staff interviewed for the MTE, the DSU questions the validity of such a role, given, first, that the terms of performance-based payment arrangements are confidential and the panel would therefore not be adequately sensitised to make legitimate recommendations; and second, that the rigour of the MRM for ÉLAN, and presumably for Essor when it is finally functional, is unlikely to be adequate for the objectivity requirements of a performance-based payment arrangement. Also, discussions on this issue have been deprioritised due to the poor initial performance of the DSU (see below). More fundamentally, however, it should be added at this

⁴ This section presents a summary of the extended assessment of the DSU, which is presented in Annex B.

point that this MTE is recommending against using a payments by results mechanism in general.

A final area which requires more clarity is the role of the DSU in the 'monitoring' of project results after the close of service provider contracts. This is particularly pertinent in terms of ÉLAN, where the bulk of projected achievements against impact-level indicators are anticipated well past the service provider's exit. While the terms of reference require the DSU to verify reported results, no results will be reported by the project to verify after 2018. While DFID has a public duty for credibly reporting the impact of tax-payer funded investments, the practical limitations of meeting that requirement in the case of the PSD programme need to be accommodated. The DSU's role in meeting this obligation needs to be more clearly, but reasonably, defined. The decision by DFID to extend ÉLAN by 18–24 months has taken some urgency out of this issue. Also, some progress on this matter has been achieved recently in discussions between the DSU and DFID, who have essentially agreed that the measurement of post-project results should take a more evaluative rather than a monitoring perspective.

The relationship between the DSU and DFID has had further problematic moments. In addition to the contested interpretation of some of the DSU's terms of reference, DFID was dissatisfied with the unit's early performance – including the quality of the inception report, the availability of the remote management team and aspects of the first annual review process – and the DSU was put on a performance improvement plan (PIP). There has also been some dispute on the extent to which the DSU is to exercise independence on particular tasks (where independence is not explicitly mandated in its terms of reference), and when it is to incorporate DFID's requirements more directly.

Since the difficult inception period, however, the DSU has streamlined its leadership arrangements, intensified the use of its in-country presence, has been delivering against the performance improvement plan, and is managing its relationship with DFID more attentively. The imminent review of the PIP will present DFID's assessment of the extent to which the DSU performance has proven satisfactory over the recent implementation period.

The DSU's relationship with the PSD component projects has proven cooperative to date, and each of the service providers has taken care to ensure that the DSU can deliver on its terms of reference. Although project representatives note that the DSU activities have been burdensome to accommodate, a workable routine is emerging and the DSU is adding value as intended. Project representatives do not feel ambivalent about the apparently contrasting roles of the DSU as both independent evaluator and provider of learning and support, as one might have expected.

DFID

DFID's management of the PSD programme has contributed to the problems outlined above. First, the way the different parts of the programme were contracted is problematic. Second, although this would be difficult given the institutional arrangements, DFID could have required more meaningful coordination between ÉLAN and Essor. Third, DFID's focus on achieving the targeted impact measures without paying enough attention to the pathways does incentivise the projects to short-cut systemic change to achieve quicker and better-attributable – though less sustainable and scalable – impact, and reduces the projects' ability to learn and adjust.

DFID is not well organised to manage a fast-moving and adaptive programme. The organisation is institutionally (and necessarily) risk-adverse and focused on following bureaucratic procedure

rather than making rapid and responsive decisions. The projects struggle with the two-month time lags sometimes required to approve comparatively small expenditure decisions. This is exacerbated by the restrictions placed on DFID staff in Kinshasa on visiting interventions and the relatively short duration of expatriate postings in DRC, which serve to undermine the institutional knowledge DFID can build up and retain about the programme they are financing.

The decision, made in the business case, to split the M4P and 'flexible facility' into two commercial contracts made it a near-certainty that two competitor service providers would manage the implementation of these two components. This institutional arrangement imposed a burden for coordination on DFID which is inherently difficult to overcome – as experience has proven. This has been compounded by a staggered implementation of the three programme components: ASI was appointed to start implementing ÉLAN in January 2014, PwC started implementing Eссор in May 2015, and the DSU commenced work in September 2016.

These procurement delays have meant that the three components of the PSD programme have only been in place at the same time for a little over two years. Even if there had been a meaningful relationship between ÉLAN and Eссор (which is not the case, as elaborated in Section 2.2.3), the fact that PwC arrived in the DRC several years after ASI started work would have complicated coordination. The fact that the DSU only moved into implementation (beyond the 2½ year procurement delay, mainly for reasons of its own making) a year before ÉLAN's implementation is due to end in December 2018, has constrained the ability of the Unit to stimulate learning between the project components. The lack of coordination between ÉLAN and Eссор is, however, not just a consequence of the staggered start of the projects, but also of the lack of a clear mechanism to incentivise and facilitate this coordination.

There are concerns about how DFID uses the results system to manage service provider performance. For ÉLAN, our concern is that DFID is monitoring impact-level results as a proxy for project performance, which is in principle incorrect. In this context, this means a focus on NAIC (net attributable income change; an impact measure over which the project should have limited control), rather than on market system change (an output, over which the project has a degree of control). A natural response to this results framework would be for a supplier to seek out short and mechanistic results chains with which to pilot interventions, to shorten the trajectory between project activities and impacts; thus short-cutting market systems changes that take longer to manifest in impact measures but are generally seen as more sustainable. This is not what ÉLAN has done in general, which ironically means that some of the most impressive and systemic interventions, such as in the A2F with branchless banking and the CMA, scarcely register on the 'results' framework. This problem was explicitly recognised by DFID in the annual review of the PSD programme performed in March 2016⁵: 'Pressure to achieve impact and outcome level logframe targets have meant our market development component (Elan) has sometimes focused on shorter results chains with specific businesses rather than the wider market.' Nevertheless, the ÉLAN MTE finds that the problem still persists.

For Eссор, our concern is that the current workstreams will not achieve the intended impact on low-income groups. So, either the workstreams or the indicators will need to change.

This focus on achieving the targeted impact measures without paying enough attention to the pathways not only incentivises the projects to short-cut systemic change to achieve quicker and better-attributable – though less sustainable and scalable – impact, it also reduces the projects'

⁵ http://iati.dfid.gov.uk/iati_documents/5376619.odt

ability to learn and adjust. This is most visible in the case of ÉLAN, which has a small and hard-working MRM team that is collecting a great deal of valuable evidence that could be used to inform the adaptation of interventions and a broad-based learning process. However, because of the pressure to demonstrate 'results' it would appear that the space for adaptation and learning has been systematically narrowed.

2.2.2 Omission of the access to finance component

Changes in the strategies of two donors led to the decision to omit the access to finance component of the PSD programme. It is apparent, however, that ÉLAN managed to compensate for the levels of access to finance immediately required to a certain extent in its implementation models, while Essor was not hampered in an obvious way by the omission. However, ÉLAN's struggle to achieve expansion of its pilots and a systemic response could partly depend on the lack of access to finance for MSMEs.

The situation for companies in DRC trying to get access to finance is still difficult. The political economy analysis conducted for this MTE describes a very poor access to finance environment, which offers very few options for business funding. Large enterprises tend to have easier access to finance (97% have a bank account and 22% obtained a credit line) as compared to medium-sized enterprises (95% have a bank account and 18% obtained a credit line) and small enterprises (50% have a bank account and 10% obtained a credit line). In the informal sector, only 7% of entrepreneurs borrowed from financing institutions. Family and relatives usually finance the creation and launch of the informal economic activity. Development finance initiatives in DRC have also faltered, with few options available to finance enterprise as a result. Funding structures like SOFIDE offer very little support to SMEs, and have no investments from international financial institutions. In 2012 the Congolese state injected US\$20 million into SOFIDE as an advance for the recapitalisation of the company. This advance enabled the medium-term financing operations to be taken over, but at a much slower pace than before 1990. Today SOFIDE reports that it is financing some 70 investment projects with an average amount of US\$350,000.

In the original business case, DFID planned to invest £10 million into the Fund for Inclusive Finance (FPM) to improve financing options for micro, small and medium-sized enterprise (MSME) firms. This component of the PSD design was eventually dropped, even though it could have increased liquidity in the SME financing market in DRC. This may have reduced the constraints on project partners and non-partners in obtaining the finance to invest in PSD-inspired projects.

The reasons for dropping the component mainly related to changes in donor strategies and priorities. A first obstacle for the component was identified in the second annual review of the PSD programme, conducted in March 2014,⁶ which stated that 'a new DFID-wide policy requiring central management of such investments has meant a delay in starting this project'. The intention was, however, to continue with the component and to design a joint management approach for this intervention between DFID DRC and DFID's Private Sector Department. Subsequently, the component was restructured such that DFID DRC was to become an indirect investor in the FPM via a grant arrangement with the German development finance institution KfW, which entailed significant delays (annual review February 2015⁷). The annual review performed in March 2016 speaks about near completion of the arrangement with KfW,⁸ although it also states that 'it has

⁶ http://iati.dfid.gov.uk/iati_documents/4508105.odt

⁷ http://iati.dfid.gov.uk/iati_documents/4907180.odt

⁸ http://iati.dfid.gov.uk/iati_documents/5376619.odt

been extremely difficult to finalise an agreement with KfW for support to the Congolese institution "FPM" for the access to finance component'. According to information from DFID staff interviewed during the MTE, the arrangement with KfW finally fell through due to a change in KfW's strategy in DRC.

The consequences for the component projects vary. ÉLAN's model is based on co-financing of pilots, some of which have required additional external capital to support, which ÉLAN has facilitated. ÉLAN has employed loan guarantee financing and capacity building on both sides of the transaction to bring private sector finance institutions into partnership – an approach consistent with the proposed additional financing facility. In fact, without an access to finance mechanism, ÉLAN has achieved some notable successes launching pilots that ease private sector credit providers into the market, with a higher potential for sustained market systems change in this regard. ÉLAN senior management suggested in interviews, however, that more could have been achieved had they been allowed to employ additional mechanisms, such as returnable capital facilities.

In Eссор's case, it is not apparent that any of its workstreams were hampered by the lack of support by DFID in access to finance.

Whether there was an overall effect on the achievability of the PSD programme results is difficult to answer conclusively. It is, however, plausible that a lack of access to finance is one of the reasons, though definitely not the only one, that contributes to ÉLAN's struggle to achieve scale with its pilots.

2.2.3 Staggered implementation of the PSD Programme

The late launch of Eссор

ÉLAN and Eссор are designed to be complementary elements necessary to achieve the intended results of the PSD programme. This is elaborated on in the PSD business case and supported by the literature on M4P and BER. Yet, evidence from the field shows negligible meaningful coordination and a lack of a coordination facilitation function. Given this reality, even if the projects had been launched at the same time, if nothing else changed, it is unlikely that coordination would have taken place, leading to the same result.

As alluded to earlier, the business case employs the logic of complex systems in the design of the PSD programme. It makes it quite clear that none of the identified constraints can be resolved in isolation and all of them ultimately affect the poverty impact envisioned by the PSD programme. Indeed, the business case insists that '[m]yriad idiosyncratic and interrelated features are both causes and effects of an underdeveloped economy in DRC. Tackling any one of these problems in isolation is unlikely to unlock private sector development; the system as a whole must change' (DFID PSD Programme Business Case, p. 12).

While the business case is making a fairly theoretical argument, the MTE has also revealed some more 'down-to-earth' arguments for the importance of coordination between the different components. For example, the importance of BER as a complementary intervention to M4P in a conflict-affected environment was also confirmed by the literature review conducted for the MTE. Furthermore, the ÉLAN MTE found that: 'it is clear that a number of interventions would have very much broader and more sustainable – and possibly deeper – impact if enterprise behaviour change was supported by broader regulatory change' (ÉLAN MTE Report, p. 69).

Therefore, one could conclude that the delay in the launch of Eссор reduced the likelihood that ÉLAN would achieve the intended result. In reality, however, the evidence collected during the MTE points to a different conclusion: even if the projects had started together, there is no mechanism to facilitate the intended complementarity as described in the business case. This was confirmed by both the ÉLAN and the Eссор parts of the MTE:

- From the ÉLAN MTE: 'Generally, there is no structured coordination between ÉLAN and Eссор to enhance performance. There is some evidence in the A2F Consumer work-stream of a degree of information exchange for the insurance and leasing interventions' (ÉLAN MTE Report, p. 69).
- From the Eссор MTE: 'Eссор management have spoken of regular communication and coordination with the ÉLAN project, but there is little concrete evidence of this, in spite of substantial overlap in the sectors and thematic areas in which the two projects operate. ... There have been some isolated instances of cooperation, for example on the coffee export tax' (Eссор MTE Report).

The way the business case's TOC compass was put into practice was essentially reductionist – the antithesis of a complexity view. The elements were untangled and the projects mandated to improve them separately – particularly the market development and BER aspects. This is evident in that ÉLAN takes an approach that is too strongly informed by the micro level of business models and individual economic actors, while Eссор, on the other hand, is too focused on top-down BER reforms that lack grounding in an understanding of business realities and needs. This shows a fundamental misunderstanding of the complex dynamics in an economy, which was the basis for the originally chosen approach to designing the PSD programme.

So, in effect, it was not the late launch of Eссор that constitutes the biggest obstacle to achieve the intended collaboration, but rather the missing coordination and facilitation function, which arguably could have been taken up by the DSU.

The late launch of the DSU

In light of contributions made by the DSU to the two projects since its launch, it seems reasonable to suggest that the belated launch of the unit did impact negatively on the ability of ÉLAN and Eссор to make course corrections and achieve impact. The DSU's potential contributions fall into three major categories: measurement, implementation efficiency, and project impact.

Improving measurement: The ÉLAN MTE and the verification exercise performed by the DSU observe shortcomings in the implementation of ÉLAN's monitoring and results measuring (MRM) system. The Eссор MTE and verification exercise, in turn, raise concerns about the measurability of Eссор's performance using the current logframe indicators. A further critique of the current performance measurement frameworks of both projects raised by the DSU relates to the appropriateness of NAIC as prime target measure to evaluate the projects' effectiveness. Unfortunately, the DSU's recommendations are unlikely to be adopted with sufficient lead time to add full value to the projects' MRM system, at least during the remainder of ÉLAN, and subsequently add to the quality of its results reporting. Earlier verification exercises by the DSU might have meant that the recommendations could be drawn up in a more timely manner.

Improving implementation effectiveness: Improving the validity and reliability of measured results should improve implementation effectiveness, as management decisions are increasingly based on real data. In addition to the contribution the DSU may have made in this regard, however, it is also plausible to suggest that the DSU may have made a useful formative contribution to the adaptive implementation of both ÉLAN and Eссор. Based on the inputs it has made through activities to date, including the verification exercises and the MTE, there are various ways the DSU could have contributed formatively, for example through supporting the development of theories of change, supporting strategy, intervention design and rationalisation, and supporting improvements in the projects' value for money.

Improving impact: A DSU positioned to offer inputs earlier in ÉLAN and Eссор's project lifecycles would have facilitated a more critical reflection on their project design and target projections. For ÉLAN, this could have entailed a critical reflection on a project design which sets the bulk of target-based achievement outside of the project lifespan. Such reflection would have been beneficial. For Eссор, this could entail strengthening its flexibility and adaptability. On the level of the overall PSD programme, the DSU could have contributed to more concerted efforts across PSD projects, facilitating more systematic interactions within or beyond its current terms of reference, leading to a better use of synergies and likely making the overall impact greater than the sum of the individual projects' impact.

2.2.4 Value for money of the PSD Programme

VFM of the DSU⁹

The DSU only started in August 2016 and has since made a slower than expected start to its activities. Due to performance issues described earlier, the DSU was placed on a performance improvement plan, resulting in a restricted focus on only essential tasks in its terms of reference, exacerbating the slowed delivery. Initial activities have placed a higher burden on implementing projects than necessary, and for some deliverables the quality has fallen short of expectations. Given these concerns the DSU's VFM would seem to be off track. Nevertheless, there is a reasonably appropriate VFM framework in place which already seems to have had some influence in guiding the project in how to address the first year's implementation challenges.

Assessment of the overall VFM for the PSD Programme

The overall PSD portfolio's VFM is currently largely the sum of its constituent elements. The specific MTE reports for ÉLAN and Eссор have set out that VFM for Eссор appears to be off track while ÉLAN's VFM has been more positive. This report sets out why the VFM for the DSU to date is off track. For both the DSU and Eссор, an important explanatory factor has been the slow progress in implementation – in the latter case exacerbated by the delayed procurement process for the project. Both projects have also delivered less effective activities than could have been expected, although both have also shown some signs of improvement and acceleration in recent months. For ÉLAN, which has maintained a far stronger pace of implementation, the biggest issue has been more strategic, with a focus on short-term results seeming to come at the expense of capturing and ensuring longer-term impact.

The PSD portfolio was originally designed, however, in such a way that its overall VFM should be more than the sum of its parts. As described earlier, there have been only modest successes in the

⁹ A detailed assessment of the VFM of the DSU is provided in Annex B.

collaboration between ÉLAN and Eссор, alongside various imperfections set out elsewhere in this report. The DSU's late and subsequently slow start, coming on stream towards the end of the implementation period for both projects, has reduced the overall potential complementarity across the portfolio. There is nonetheless still time and significant potential for a greater complementarity across all three projects.

2.3 Assessment of cross-cutting issues

The main cross-cutting issues that were addressed in the PSD programme were gender, poverty and anti-corruption. The first two are essentially mainstreamed throughout the portfolio, while anti-corruption is specifically addressed as part of Eссор.

Poverty reduction is a strong focus of both component projects. Both projects have to report poverty reduction in the form of NAIC and poverty outreach on impact level. While ÉLAN can report considerable success in targeting the poor population, Eссор has been struggling to do so. As secondary evidence collected for the MTE suggests, Eссор is not an exception. BER projects in general are not geared towards showing direct poverty impact (see Section 2.2.1 above), but are rather seen to strengthen the economy, with the poor population benefiting further down the line from a more productive economy. Nevertheless, BER programmes can also work towards a business environment that fosters inclusion rather than unconditional growth. To what extent Eссор has done so has not, however, been assessed as part of the MTE.

The extent to which gender was addressed by the component projects has been discussed in the respective evaluation reports. Some selected points on what the projects have achieved and how well they are reporting against it include:

- The extent to which the benefits of ÉLAN's interventions and related MSCs are traceable to low-income producers, consumers and women is mixed. In the renewable energy (RE) and perennial agriculture sectors, such benefits are clearly discernible; in the non-perennial agriculture and river transport sectors, far less so. Specific interventions targeting women producers (in coffee) have yielded strong and sustainable gender-specific impact. Women appear to represent a significant proportion of beneficiaries of RE partnerships. Beyond these sectors, the limited participation of women in ÉLAN interventions is notable. Women are excluded from many productive enterprises in DRC (ÉLAN MTE Report, Annex D, Section D.3.5).
- In Eссор, only one workstream – anti-corruption – has designed interventions that focus on the unique needs of woman entrepreneurs. Yet, the political context is one in which the interests of MSMEs, the poor and women have little influence in the policy process and Eссор could help them find a voice (Eссор MTE Report, Annex C, Section C.1.3).
- Overall, Eссор's progress in the gender and inclusion space has been (a) slow, even taking into account the challenges of working in the DRC context, and (b) not well measured (see previous point about disaggregated data). Notable too is the fact that at a workstream level, most of the Eссор gender-related activities focus on training and sensitisation, with less focus on the concrete and facilitative actions which are likely to produce more transformative change (Eссор MTE Report, Annex C, Section C.1.3).
- ÉLAN systematically tracks the impact of all its interventions on both women and men. Certain interventions have focused exclusively on women beneficiaries (see the Twin Perennial Agriculture case study), with a view to testing business models which overcome the structural

exclusion of women from participating in and benefiting from high-potential markets (ÉLAN MTE Report, Annex D, Section D.3.5).

- For ÉLAN, there is no explicit reporting on equity – the fairness in the distribution of a project's benefits – in the VFM framework. Although the breakdown of indicators by province does give a limited understanding of the geographical equity of the project's benefits, there is scope for direct coverage of more detailed income, gender and geographical data on beneficiaries (ÉLAN MTE Report, Annex D, Section D.7.1).
- Eссор has made reasonable efforts to report against issues of gender equity. The 2016 VFM report considered three aspects where Eссор might have an influence – (i) the proportion of those participating in meetings, trainings and workshops that were female, which was under but close to 50%; (ii) the proportion of policies, laws and regulations discriminating against women that Eссор had reviewed or drafted – which was 0% at the time; and (iii) a baseline for the number of new businesses registered that were female-owned (18%). In 2017, the quarterly reports and logframe targets suggested that greater attention has been placed on addressing specific BER issues for women (Eссор MTE Report, Annex D, Section D.2).
- In practice, although Eссор's performance indicators are meant to be disaggregated by sex, and although poor populations and, especially, women are meant to be the primary beneficiaries of its interventions, there is little evidence that most of its interventions are designed specifically to benefit women. There is, furthermore, no gender indicator in the logframe (Eссор MTE Report, Annex C, Section C.1.3).

In summary, the way cross-cutting issues are addressed in the PSD programme, both in the component projects' design and in their implementation, is mixed. There is a potential role for the DSU to strengthen this aspect. This has, however, not been a priority of the DSU so far.

3 Conclusions

The following conclusions can be drawn from the assessment of the overall PSD programme:

- **A market systems reform programme is feasible and beneficial, even in a challenging context such as the DRC.** While both the Eссор and ÉLAN MTEs document numerous challenges to implementation, both also note successes. The successes are more apparent with ÉLAN, but the limited success of Eссор is equally attributable to implementation performance as to design and context issues. If the recommendations in the MTE reports are addressed the performance of both the markets development and business environment reform projects is likely to improve, and the justification for a PSD explored in the business case remains valid.
- **In its operationalisation, the PSD design deviated from the original flexible, adaptive approach intended, with potentially detrimental effects to project performance.** The recognition during the design phase of the suitability of an adaptive programme based on continuous learning and reflection was not seen through to implementation. The Eссор MTE in particular suggests that this lack of adaptability has constrained the project's performance, and may continue to constrain it in the future. While ÉLAN's model is adaptive to some extent, the implementation has become routine and to a certain extent rigid. There are management processes that significantly curtail its ability to respond, the threshold for expenditure approvals by DFID being an example. The extent to which a more flexible model would work in a market development mechanism in the DRC context is not clear.
- **In its implementation, the PSD deviated from the intended design of a programme that integrates business environment reform, market systems development and access to finance.** The validity of the PSD theory of change that looked to a portfolio of complementary projects to maximise impact was not tested, in part because the component projects were not implemented in an integrated way. One of the reasons for this was staggered implementation, resulting from awarding the component projects to different service providers, in award processes that were not run simultaneously. Another reason was the lack of a management function that coordinated systematic exchange and coordination as well as common learning. The access to finance component has never been launched. While its impact on the achievement of the overall PSD results is difficult to assert, there is no compelling evidence to suggest that the omission of the access to finance component significantly undermined the separated impact of the other component projects of the PSD.
- **While the business case provides a theory of change in the form of a compass to provide guidance, the PSD programme failed to use it as an overarching TOC that would guide strategic learning and adjustment as well as mechanisms for facilitating coordination, collaboration and joint learning that would have improved the concerted impacts of component projects.** While the business case clearly intended for a PSD programme that would maximise impact through concerted and collaborative activities as required, no mechanisms were put in place to ensure that this was facilitated. The DSU was tasked to review the 'problematique' and also support the projects in their learning efforts, but this activity was for various reasons not prioritised as part of the DSU's deliverables. Whether the current design of the function as provided in the DSU inception report will live up to the aspirations in the business case remains to be seen. Without any provisions made it is no surprise that the intended collaboration between two service providers who are competitors in other arenas did not occur.

- **Deviation from the original adaptive, integrated design was exacerbated by a narrow focus on impact measurements that distorted performance incentives, further undermining effective implementation.** The MTEs of both projects analyse the inappropriateness of a focus on NAIC and other quantitative measures as the ultimate measure of programme performance. It distracts ÉLAN from programming decisions that prioritise market system changes and long-term, sustainable impacts, and lacks credibility as a measure of Essor's interventions almost entirely.
- **Findings and recommendations of the verification exercise and MTE make it clear that there is currently no valid basis of measurement that would allow for payment by results.** This finding brings into question the necessity for an independent review panel, as stipulated in the DSU terms of reference.
- **Ineffectiveness in DFID's management of the PSD programme exacerbated ineffective implementation.** With the underperformance of Essor, the slow inception of the DSU, and emerging concerns about the ability of ÉLAN to deliver to targets after project close, DFID DRC appears to have taken on additional, unexpected oversight responsibilities. The limited capacity of the DFID team to manage the associated administrative burden has constrained the responsiveness of ÉLAN, Essor's meeting of milestones and other PSD management-related decisions. Key decisions are yet to be made, such as how to assess ÉLAN results after project close, how to proceed with ÉLAN's follow-on activity, and how to go about rationalising Essor. Under these circumstances the need to extend DFID's capacity seems urgent. DFID requires additional capacity to effectively manage and oversee an adaptive, flexible facility PSD made up of multiple component projects.
- **A Decision Support Unit is necessary to support effective implementation of the PSD and strengthen the achievement of impacts.** With the completion of the first full round of DSU activity, in accordance with the terms of reference, it is apparent that the role of the DSU is well conceived. Both the verification exercise and the MTE have identified project design, implementation and measurement issues that require significant redress. The challenge of coherent implementation of the PSD programme across its component projects shows that the DSU has an important role in ensuring that learning is taking place across the component projects and with DFID.

4 Lessons and recommendations

4.1 Lessons

With its PSD programme, DFID DRC has launched a bold attempt to design and implement a forward-looking and innovative approach to economic development in the conflict-affected and dynamic environment of the DRC. The ideas and proposed approach are in line with thought leaders' attempts to do development differently, aligned with a newly emerging better understanding of how economies function and change.

While the original attempt presented in the business case was bold and innovative, the operationalisation and implementation defaulted back to a risk-averse (instead of experimental), results-driven (instead of problem-driven) and linear (instead of adaptive and flexible) way of doing development. There are a number of reasons for this, which are explored in this report. They include the fact that the original architects of the business case were no longer based in DRC when the component projects were awarded and implementation started. Institutional knowledge was missing and ideas were lost in translation from business case to project. Management and oversight capacity at DFID was not in a position to hold true to the original intentions as they were more demanding to manage as a default approach, in which oversight is reduced to ensuring compliance with logframes and counting impacts. It becomes obvious when reading through the annual reviews of the PSD programme that DFID has been struggling with the operationalisation of the flexible programme. It also shows that the resource environment was challenging, with a risk of that money might be taken away from activities that did not clearly allocate it against identified results. One suggestion for dealing with this was introducing a payment by results (PbR) arrangement with the implementer, which in the assessment of this MTE is precisely the wrong direction to go. An approach that is based on learning and adjustment needs more involvement and engagement, and the ability to make quick decisions based on reliable information. It also needs the ability to admit failure, learn from it, and move on.

There are different ways this programme could have been turned into what it was originally intended to be. One option was that the DFID country office would be able to take on the responsibility it was entrusted with by its own business case: 'Strategic oversight of national programmes should be kept in-house to utilise the Embassy's influence and to ensure programme parts are integrated.' Another option would have been to tender out a facility that would manage the whole programme budget in a flexible way, subcontracting the component project or even smaller pieces flexibly. This arrangement would have been more appropriate to test the assumptions behind the business case. From a complexity perspective, it might not have been wise to put all eggs in two big baskets: ÉLAN and Essor. Exploring options in complex contexts is about strategically placing a larger number of smaller bets, learning from the ones that fail and augmenting the ones that work. A version of this approach is reflected in ÉLAN's implementation model; however this effort, too, evolved into a routinised version of an innovative exemplar. At a PSD level, for example, the 'smaller bets' approach could have been tried by awarding initially smaller grants to different local and international players with the idea of testing hypotheses and theories of change with a specific scope. These would generate more contextual evidence of what works and what does not. Smaller grants allow for a wider spread of the risk and allow for more things to be tried. Once the evidence provides a better picture of what works effectively, the grants could become bigger and used to scale up ideas that were proven to work in the DRC context. The

adherence to the original business case principles and continuous updating of the 'problematique' and the TOC compass could be ensured with a strong monitoring and learning function.

Considering gender as a cross-cutting issue in implemented has had mixed success. ÉLAN has put considerable effort into ensuring that its interventions address gender constraints. Certain interventions have focused exclusively on women beneficiaries. ÉLAN's manuals have been shared beyond the project and generated some attention in the international market systems development community. More recently, also in Essor, greater attention has been placed on addressing specific BER issues for women. As women are excluded from many productive enterprises in DRC, enhancing women participation and benefit for women is both a challenge but at the same time requires specific attention. Collaborating with other DFID interventions that focus on women, as has been discussed as an option for ÉLAN 1.2, can strengthen the project's grasp on the topic.

4.2 Recommendations

The following recommendations are provided for DFID's consideration. They are separated into recommendations on the PSD programme management and recommendations for project components. The latter are thought to augment the recommendations in the individual project MTE reports, adding an overall programme perspective.

4.2.1 PSD programme strategy

- DFID should continue with market development investments in the DRC beyond the current phase of the PSD programme. For the remainder of this phase, it needs to take into account the recommendations proposed in the MTEs of its component projects to improve current performance and design of follow-on activities. For the next phase, it should go back to the original programme design, which is compelling but still untested, and reassess how the idea of an adaptive and learning approach to market development could be put in practice, taking into account the lessons from the current experience.
- For the remainder of this phase, DFID should evaluate options to enable better facilitation of collaboration and complementarity as well as learning and adjustment in the spirit of the original business case. Strengthening learning between the component projects is already part of the DSU's terms of reference and should be given the necessary priority. For future phases, additional incentives for collaboration between the project components should be assessed, for example by using a programme-wide TOC which merges the individual projects' TOCs and logframes on the top (impact) levels with each component project contributing to these impact objectives.
- For the next phase, DFID should revisit how project performance is assessed. The MTE clearly argues that focusing on NAIC creates some perverse incentives. In the case of ÉLAN, it incentivises the implementer to seek impact directly from the pilots, rather than through market system change. In the case of Essor, NAIC of poor beneficiaries is far removed from the actual project interventions and should not be its main focus. A more balanced performance measurement model that combines mixed measures needs to be devised, which also takes into account and values market systems changes achieved by the projects rather than focusing only on quantitative impact targets. While the first phase of ÉLAN is coming to a close soon, ÉLAN 1.2 would offer the opportunity to explore different measures of project performance. In

Essor, such measures could be introduced if a logframe revision for the current phase was done.

- It is recommended that the payment by results arrangement be scrapped. Consequently, the independent review panel that the DSU was to set up to make recommendations on payments by results should not be established.
- Strategic and management oversight of the PSD programme needs to be improved, ideally during the current phase. DFID's capacity should be augmented by reducing the administrative burden it has assumed in order to effect oversight, by increasing the capacity of the DFID team, or for a next phase of the programme, by appointing a service provider to assist with PSD management, based on precedents of outsourcing followed in other DFID missions.
- The priority of addressing cross-cutting issues – in particular gender, poverty-focus and working with the government – should be strengthened in the overall programme learning activities to generate a better picture of how the programme as a whole contributes to changes in these issues.

4.2.2 PSD component projects

- Essor should, as far as possible already in the remainder of this phase, be adjusted to include elements of a flexible facility that not only reviews and adjusts workstream portfolios regularly, but also allows Essor to scan for and respond rapidly to opportunities that arise for BER intervention. In general, its interventions need to be broader and respond better to the needs identified from enterprise consultations and those that support ÉLAN to achieve expansion and response in relation to its successful pilots.
- Possibly already for the current phase, but certainly for ÉLAN 1.2 and future phases, the management arrangements between DFID and the implementer have to be improved to allow the project to become more agile. For example, the approval threshold for ÉLAN expenditure must be adjusted to allow for responsive decision making by the senior management team and avoiding inordinate delays contingent on DFID approval.
- As it is currently designed, the PSD programme should allow for broader access to finance mechanisms employed in ÉLAN. The fit is functional and also addresses issues of sustainable market systems change related to access to finance.
- DFID should review the DSU's terms of reference for the current phase informed by the findings of the MTE, performance against the PIP and the experience gained so far. Particular attention should be paid to the resources assigned by the service provider to the DSU.
- DFID should consider replacing the final evaluation of the PSD programme with a series of evaluation activities that can track project impact between the close of the service providers' contract and the final year in which impact is to be measured. This increases the likelihood of identifying attributable results. This has already been agreed in principle by DFID. Now, the specific responsibilities of the DSU need to be agreed on.

Annex A: Excerpts from the MTE Inception Report

Decision Support Unit

Extracts from Mid-Term Evaluation of DFID's
Private Sector Development Programme in the
Democratic Republic of Congo: Inception Report
(Revision II)

This evaluation is being carried out by OPM under e-Pact. The project manager is Jenny Congrave. The Project Director is Jonathan Mitchell and the remaining team members are listed above. For further information contact jenny.congrave@opml.co.uk. The contact point for the client is L-Ghneim@dfid.gov.uk.

e-Pact	Level 3, Clarendon House 52 Cornmarket Street Oxford OX1 3HJ United Kingdom	Tel +44 (0) 1865 207300 Fax +44 (0) 1865 207301 Email admin@opml.co.uk Website www.opml.co.uk
--------	--------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------

Executive summary

This is the Inception Report of the mid-term evaluation (MTE) of DFID DRC's Private Sector Development (PSD) programme which aims to increase the incomes of one million people in the Democratic Republic of Congo by 2023. The programme is based on three projects:

- ÉLAN RDC, a £50 million, five-year market development project, implemented by Adam Smith International;
- Essor, a £35 million, five-year flexible facility aiming to improve the DRC's business enabling environment, implemented by PwC; and
- The Decision Support Unit (DSU), which supports the other projects with annual reviews, evaluations, learning and adaptation activities, intended to improve implementation and increase impact. The DSU is being implemented by Oxford Policy Management (OPM).

The **purpose** of the MTE is to identify any constraints or risks to the achievement of the objectives of the PSD programme and to recommend corrective actions where these are required. The **objectives** of the PSD MTE are to:

1. Assess progress towards achieving the objectives of the PSD programme.
2. Assess how accurately and appropriately results are being reported and how effectively this information is being used.
3. Test the extent to which design assumptions have proved to be valid, and the programme is relevant to the needs of principal stakeholders and intended beneficiaries and to the context of implementation.
4. Assess the extent to which the PSD programme is being effectively implemented and managed and is likely to provide value for money.
5. Identify the main lessons from implementation to date.
6. Inform the design of the Final Evaluation of the programme.
7. Propose recommendations to address any problems identified and to improve programme performance.

The evaluations of ÉLAN and Essor will provide standalone MTE reports and findings for each project, but will also contribute to the evaluation of the PSD as a whole. The latter will, in addition to the findings from the ÉLAN and Essor evaluations, involve an assessment of issues about the design and management of the programme as a whole as well as issues specific to the role of the DSU.

The following categories of Evaluation Questions (EQs) mapped to appropriate DAC criteria have been developed following discussions with key stakeholders:

- Project Design – *Relevance*
- Progress Towards Results – *Effectiveness*
- Measurement and Reporting – *Efficiency*
- Management and Organisation – *Efficiency*
- Value for Money – *Efficiency*

Detailed specific EQs within these categories have been developed for each MTE Component (ÉLAN, Essor, PSD), based on agreed priority issues for each component. There is a significant difference in the emphasis of the EQs between ÉLAN and Essor, reflecting the considerably greater implementation progress of the former, and the priority to understand and overcome the implementation constraints that Essor has faced.

Evidence for the MTE will be obtained through six types of Research Activity. These will be applied within a common conceptual framework adapted to the specific issues facing MTE Component.

The **Theory of Change Analysis** will assess how appropriately each project and the programme as a whole is designed to achieve its objectives. This will include assessing the validity of the intervention logic and the key design assumptions, their consistency with available evidence, and the extent to which they are holding during implementation.

The **Project Performance Review** will provide an assessment of the extent to which ÉLAN and Essor have achieved results, focusing in particular on the Outcome level (achievement of improved market systems and environment for businesses). It will build on the findings of a separate results verification exercise being carried out by the DSU.

Intervention Case Studies will provide evidence on the extent to which key assumptions in Theories of Change appear to be holding, to assess the likely impact of the interventions, and to obtain a more detailed understanding of issues and lessons emerging. Reflecting the different structures and levels of progress of ÉLAN and Essor, for the former project, case studies will focus on a sample of completed and mature pilot projects and will include data collection from intended project beneficiaries. For Essor, with fewer interventions and less progress with implementation, case studies will cover all seven workstreams but will focus on interviews with key partners and stakeholders, with less emphasis on obtaining information from intended beneficiaries.

Management and Organisational Assessments for ÉLAN, Essor, and the PSD Programme as a whole will examine how effectively management arrangements have performed in contributing to ensuring planned results are achieved. These will include reviewing: (i) The extent to which management structures and staffing have been appropriate to needs; (ii) the extent to which results frameworks have appropriately measured and incentivised actions and priorities; (iii) the extent to which processes for engagement with stakeholders have been effective in building commitment and ensuring stakeholder perspectives and interests inform implementation; (iv) the effectiveness of cross-programme coordination arrangements; and (v) the extent to which monitoring and evaluation systems have enabled lessons to be learned and actions taken to improve implementation.

Value for Money Assessments will review the quality of VFM frameworks and the extent to which VFM is being achieved. The approach will be based on a framework for VFM evaluation that OPM has recently developed and applied in other DFID projects.

A **Political Economy Context Assessment** will examine the main political and institutional factors in DRC that are relevant to understanding progress in implementation and the achievement of results of the PSD programme and the ÉLAN and Essor projects. It will test some overarching assumptions of the Theory of Change, particularly those related to stakeholder engagement, political commitment, and the institutional environment in DRC.

The management structure for the MTE includes a Lead for each Component who will ensure that Findings from different sources of evidence are synthesised as answer to the MTE Component EQs, and a Technical Lead for each Research Activity who will ensure the consistency and technical quality of analysis across the Components.

Following completion of design, the MTE will be implemented through a Preparation Phase during which details of the methodology will be finalised, desk reviews of documentation completed, and logistic planning completed. This will be followed by an MTE Mission to DRC (of up to three weeks from 25 September) for primary data collection, and then a process of drafting and report finalisation.

5 PSD programme MTE design

5.1 Objectives and scope of the evaluation

The PSD Component examines the validity of the rationale for the overall PSD design concept and how effectively this has performed in practice, including the effect of key decisions that have been made, how effectively it has been managed, and the performance of the DSU. The PSD component will where necessary draw on the findings of the ÉLAN and Essor MTEs.

The specific objectives of the PSD MTE Component are to:

1. Assess the appropriateness of the overall PSD design;
2. Examine how the way in which PSD implementation has occurred has impacted on performance;
3. Examine the effectiveness of the overall PSD management arrangements;
4. Assess the extent to which the PSD programme is providing value for money (aggregating the findings from the ÉLAN and Essor VFM Assessments with an assessment of DSU's VFM).

5.2 PSD Theory of change

The overarching Private Sector Development (PSD) programme has its design presented in its Business Case (no date), with the intended **impact** stated 'to improve the incomes of the poor', and the intended **outcome** being 'access to financial services, well-functioning markets, and an enabling business environment that fosters economic opportunities for poor people' (Business Case, p. 2).

The Business Case presents a 'complexity-based private sector development' theory of change, on the premise that 'complexity theory states that, in complex settings, the future is inherently unpredictable to a high degree of accuracy' (Business Case, p. 11). A 'compass' was designed to 'guide a responsive, iterative, and non-linear programming approach' to the programme. The compass is in the form of a circle with the impact at the centre and the outside of the compass as the starting point for all interventions, moving from the outside towards the centre. Our presentation of the TOC in graphic form is provided at the end of this narrative.

As referred to in the ÉLAN TOC above, the Business Case provides a number of 'constraints' that underlie private sector development in the DRC. These constraints include the following:

- Credit constraints
- Corruption
- Complexity and costs of compliance
- Infrastructure, logistics and access to land
- Conflict and confidence
- Coordination failures
- Capacity

Collectively, these constraints inhibit the 'growth and recovery' of the private sector in the DRC, and consequently entrap the poor in chronic poverty without escape mechanisms. The PSD's theory of change argues, therefore, that by addressing these constraints, this will enable access to financial services, well-functioning markets, and an enabled business environment that will foster economic opportunities for the poor' (outcome), and in turn these outcomes will result in 'improved incomes for the poor' (impact).

Problem: thus, the problem that the PSD programme aims to address, as with the component projects, is understood as the following:

- Private sector development in the DRC is constrained by various factors that collectively inhibit growth and prevent poor people from accessing economic opportunity, thus precluding them from increased income and trapping them in poverty.

Inputs: in order to address this problem, the PSD programme was designed around four main inputs to address the complex set of constraints (Business Case, p. 13). These inputs include the two projects thus far commissioned under the PSD:

- Access to finance
- Market development (ÉLAN – making markets work for the poor [M4P])
- Business environment reform (Eссор – improving the business environment through improved implementation of OHADA and a set of other legal and regulatory reforms)
- Anti-corruption.

Assumption: these inputs assume that by addressing the main constraints to private sector development in the DRC, they will result in the recovery and growth of the private sector.

These specific 'interventions' are noted as constituting part of the opening portfolio of interventions for the PSD programme, though they are expected to evolve and shift over time as the programme is implemented and as contextual needs and dynamics change. At the time of the DSU's inception, only two of the four interventions have been commissioned as projects thus far – ÉLAN and Eссор.

Outputs: as the Business Case does not provide a clear articulation of the programme's outputs, these are consolidated from the two commissioned projects discussed above, with an assumption of programme coherence that would allow for consolidated outputs around similar intervention efforts between the two projects. These include:

- Pro-poor market innovations supported & developed
- Regulatory framework enhancement tools supported & developed
- Enhanced capacity & information provision supported.

In addition to these outputs, and based on the articulation of the complexity-based programme elements developed in the Business Case (p. 15), we have also included a 'space' within the theory of change to include additional elements intended to guide the programme's complexity-based responsiveness:

- **Flexible Facility** – to respond quickly to emerging opportunities and provide ongoing intervention planning
- **Decision Support Unit** – to provide a system for continually reviewing the 'problematique' and to provide continual monitoring and evaluation to determine whether interventions are working in concert to influence the 'problematique'.

These elements have been included in the programme's TOC in an 'enablement' zone around the inputs and outputs, providing a basis for the pursuit of both towards the programme's success.

And while no intermediate outcome is identified in the Business Case's presentation of the PSD TOC, we have included this in our understanding of the TOC to provide more elucidation in the interim between the aspects of interventions that a programme controls (outputs) and the subsequent results of those interventions (outcome). This was seen to be particularly useful and important in more explicitly articulating the causal pathways in the PSD TOC.

Intermediate outcome: the intermediate outcome primarily hinges on the idea of the adoption or take-up of the outputs supported by the programme by programme stakeholders or beneficiaries (regulators, partner market actors, etc). This is the first step necessary towards achieving an outcome, though it does not yet result in the achievement of the outcome. Thus we see three main indicators of output adoption by programme stakeholders:

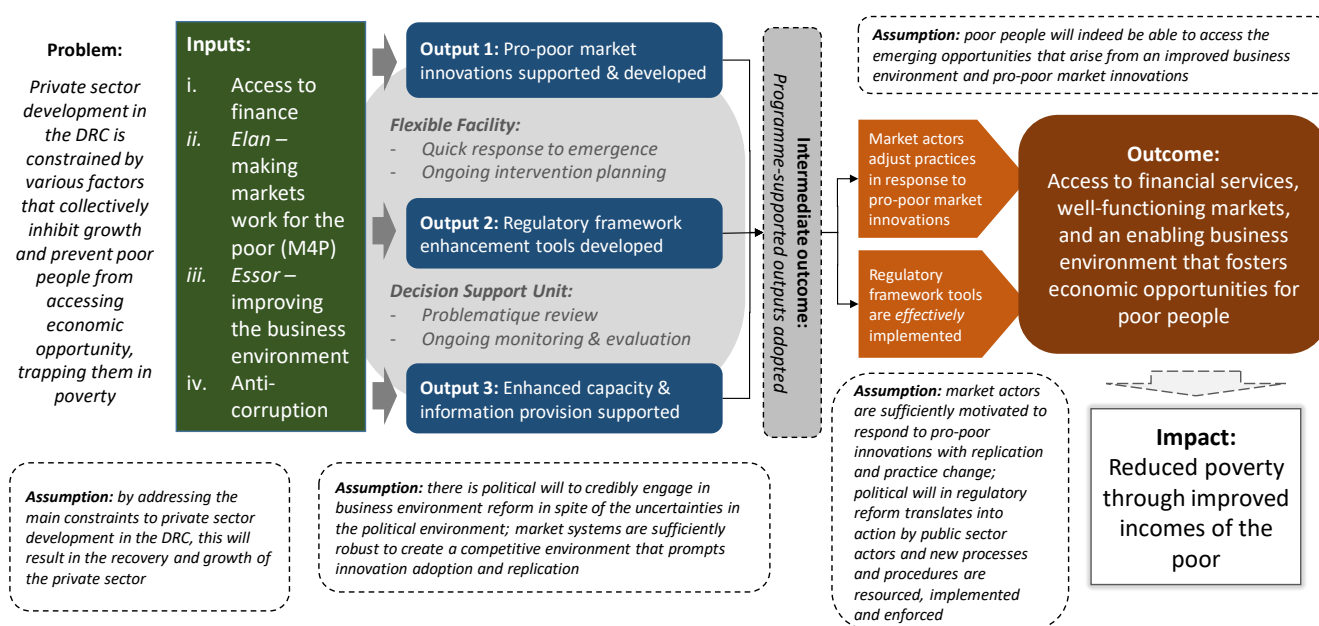
- Market actors mimic pro-poor market innovations;
- Regulatory framework tools adopted;
- Enhanced capacity & information utilised.
 - **Assumption:** these intermediate outcomes assume that there is political will to credibly engage in business environment reform in spite of the uncertainties in the political environment;
 - **Assumption:** these intermediate outcomes assume that market systems are sufficiently robust to create a competitive environment that prompts innovation adoption and replication;
 - **Assumption:** these intermediate outcomes assume that market actors are sufficiently motivated to respond to pro-poor innovations with replication and practise change;
 - **Assumption:** these intermediate outcomes assume that political will in regulatory reform translates into action by public sector actors and new processes and procedures are resourced, implemented and enforced.

Outcome: the outcome for the PSD programme is understood to rest on two pillars: wider market actors adjust practices in response to pro-poor market innovations, and regulatory framework tools are effectively implemented, thereby encouraging access to financial services, well-functioning markets, and an enabling business environment that fosters economic opportunities for poor people.

- **Assumption:** this outcome assumes that poor people will indeed be able to access the emerging opportunities that arise from an improved business environment and pro-poor market innovations

Impact: the impact for the PSD programme is 'reduced poverty through improved incomes of the poor'.

While the Business Case's presentation of the theory of change is in the form of a circular 'compass', this nevertheless follows a process of interventions collectively contributing towards a common goal (i.e. the impact). In the same way we have reflected our understanding of the TOC in the graphic below, which follows a similar process of change (albeit appearing linear rather than within a circular diagram).

Figure 1 DSU's understanding of PSD programme's TOC

5.3 Evaluation questions and framework

5.3.1 Approach for developing the evaluation questions

The PSD MTE EQs were developed in discussion with DFID DRC during the MTE Inception Mission. The main focus is on the following issues:

- The appropriateness of the overall design of the PSD programme to achieve its objectives in the context of DRC, including the structure of proposed programme components and the role of the DSU;
- The consequences of deviations from the originally planned process of implementation – specifically the omission of the originally planned Access to Finance component, and the pattern of implementation under which ÉLAN started earlier than Eссор, and establishment of the DSU was delayed until 2016.
- The overall assessment of Value for Money, based on summarising the findings of the ÉLAN and Eссор Value for Money Assessments, along with an assessment of the Value for Money provided by the DSU.

The specific EQs are set out in Box 4.

5.3.2 Evaluation questions

Box 1: PSD programme evaluation questions

Programme Design

1. To what extent is the PSD appropriately designed to achieve its objectives? (Relevance)

- i. To what extent did the PSD design accurately identify the key constraints to private sector activity?
- ii. To what extent did the PSD design appropriately scope and prioritise the key constraints to be addressed, given budget limitations and known risks?
- iii. How appropriate was the PSD design to address the key constraints identified and prioritised?
- iv. Was the adoption of the market systems approach appropriate for the DRC context and reaching the most vulnerable beneficiaries?

Progress Towards Results

2. What are the consequences of omitting the access to finance component originally envisaged for the PSD? [Effectiveness]

- i. Has the lack of the access to finance component constrained the performance of the ÉLAN and Essor?
- ii. Has lack of access to finance been effectively compensated for by the other PSD projects or other interventions?

3. How has the staggered implementation of programme components impacted on the effectiveness of the PSD programme? [Effectiveness]

- i. Has the delay in launch of projects substantially impacted the likelihood of achieving intended results?
- ii. Has the late launch of the DSU impacted on the ability of the projects to make informed course corrections and mitigate risks?

Management and Organisation

4. To what extent are the management arrangements for PSD conducive to effective program performance? [Efficiency]

- i. Is the role of the DSU appropriately and clearly delimited within the programme structure?
- ii. Are the processes of oversight, accountability, communication, coordination and support between programme components and with DFID and other stakeholders appropriate and effective?

Value for Money [Efficiency]

5. Is the DSU likely to deliver Value for Money?

- i. How appropriate is the DSU Value for Money framework?
- ii. How effectively is the DSU Value for Money framework used to inform project management?
- iii. To what extent is the DSU on track to deliver value for money?
- iv. How can the DSU Value for Money framework be strengthened?
- v. How can the value for money that DSU delivers be enhanced?

5.4 PSD Theory of change analysis

Since it does not appear that the overall rationale for the PSD programme and its structure has been reviewed since the original design in the PSD Programme Business Case, a review of documentation and interviews with DFID staff (including some who may no longer be in post but who were involved in earlier decision-making) will be required in order to understand the thinking

and analysis underlying original design decisions and how implementation has proceeded and with what rationale. A background note summarising the main features of the design and implementation process will be produced based on this information to inform the PSD Theory of Change and the Management and Organisational Assessments.

The rationale for the PSD programme as set out in Section 5.2 above will be reviewed with DFID DRC staff in order to highlight critical assumptions. In addition, a short review will be undertaken of experience and literature that has been produced since the PSD programme was originally conceived on emerging lessons and best practice for the design and implementation of comprehensive PSD programmes in conflict-affected contexts with weak institutions. Evidence will be sought from both DFID and other organisations.

The Political Economy Context Assessment (summarised in Section 2.5.6) will be the main research activity for examining the validity of key design assumptions related to engagement with the DRC government and the feasibility of effective engagement with and support to the private sector.

5.5 PSD management and organisational assessment

This exercise will principally examine the consequences of the omission of the planned Access to Finance component and of the staggered implementation of the components. It will also include an assessment of the role and performance of the DSU. It will be carried out through a review of documentation and KIIs. A detailed approach for this assessment will be developed during the MTE Preparation Phase.

5.6 PSD value for money assessment

The PSD Value for Money Assessment will focus on the adequacy of the DSU VFM framework, and evidence on the VFM so far provided by the DSU (in line with the current framework set out in Table 3). This will be carried out using the approach set out in section 2.5.5. The overall VFM of the PSD programme as a whole will be assessed through combining the findings of the VFM assessment for ÉLAN, Essor and DSU.

Table 3 DSU Value for Money framework indicators

Economy
<p>Category 1</p> <ul style="list-style-type: none"> • Average daily fees of personnel (national, international); • Average daily expenses of personnel (national, international); • Expenses as a percentage of total personnel costs; • Programme Management costs as a percentage of total project costs. <p>Category 2:</p> <ul style="list-style-type: none"> • No-cost value added services (number of days of services at no cost to DFID); • Direct savings (fees and expenses reduced from what would ordinarily have been incurred); • Cost-sharing with other DFID or donor workstreams (savings achieved through joint procurement of assets, shared services or joint activities).
Efficiency
<ul style="list-style-type: none"> • Cost per results verification exercise; • Cost per annual review; • Reporting burden of Eссор and ÉLAN for compliance with DSU requirements as a proportion of their total management costs.
Effectiveness
<ul style="list-style-type: none"> • Qualitative assessment of the extent to which specific components of ÉLAN and Eссор have improved their performance as a result of DSU analysis and guidance; • Qualitative assessment of the impact of each key DSU deliverable on ÉLAN and Eссор performance relative to the cost of the deliverable.
Cost-Effectiveness
<ul style="list-style-type: none"> • Cost per pound of additional Net Attributable Income Change achieved by ÉLAN and Eссор because of DSU analysis and guidance.

A.1 PSD Evaluation Matrix

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
Project Design			
1. To what extent is the PSD Programme appropriately designed to achieve its objectives?			
1.i To what extent did the PSD design accurately identify the key constraints to private sector activity?			
<ul style="list-style-type: none"> • KILs with DFID staff involved in design • Literature review on constraints to private sector in DRC • PSD Business Case and ÉLAN and Eссор designs • KILs with DRC government, researchers, private sector representative and other development agencies 	<ul style="list-style-type: none"> • Theory of Change Analysis (including ÉLAN and Eссор) • Political Economy Context Assessment 	<ul style="list-style-type: none"> • PSD design presents clear and coherent analysis of constraints that is consistent with available evidence, highlights key assumptions, and identifies additional research needs for any further analysis to test assumptions 	
1.ii To what extent did the PSD design appropriately scope and prioritise the key constraints to be addressed given the budget limitations and known risks?			
<ul style="list-style-type: none"> • PSD Business Case and ÉLAN and Eссор designs • KILs with DFID staff involved in design 	<ul style="list-style-type: none"> • Theory of Change Analysis (including ÉLAN and Eссор) • Management and Organisation Assessment • Political Economy Context Assessment 	<ul style="list-style-type: none"> • PSD design presents clear justification of scope and priorities that is consistent with evidence 	
1.iii To what extent was the PSD design appropriate to address the key constraints identified and prioritised?			
<ul style="list-style-type: none"> • Overview of programme performance • DSU design documentation • Findings from Political Economy Context Assessment (evidence from literature and interviews) 	<ul style="list-style-type: none"> • Theory of Change Analysis (including ÉLAN and Eссор) • Project Performance Review • Political Economy Context Assessment 	<ul style="list-style-type: none"> • Programme has achieved planned results • Implementation challenges encountered successfully overcome • Any failures in implementation or results achievement not the result of design features 	

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
1.iv Was the adoption of the market systems approach appropriate for the DRC context and for reaching the most vulnerable beneficiaries?			
<ul style="list-style-type: none"> Assessment of ÉLAN performance and impact achieved (including verification exercise) Evidence from secondary data sources (reviewed in the Political Economy Context Assessment) of the key features of the most vulnerable population and their engagement with markets 	Theory of Change Analysis (including ÉLAN) Political Economy Context Assessment ÉLAN case studies ÉLAN VFM Analysis	<ul style="list-style-type: none"> Evidence that ÉLAN is achieving sustainable benefits for most vulnerable target beneficiaries in a way that provides VFM compared to feasible alternative interventions (to be defined) 	

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
Management and Organisation			
2. What are the consequences of omitting the 'access to finance' component originally envisaged for the PSD Programme?			
5.i How has the lack of the 'access to finance' component constrained the performance of ÉLAN and Eссор?			
<ul style="list-style-type: none"> Information on implementation and results performance PSD design documentation – assumptions about how access to finance component would contribute to achievement of results KIIs with DFID, ÉLAN and Eссор staff KIIs with other stakeholders involved in access to finance 	<p>Theory of Change Analysis (ÉLAN, Eссор, PSD)</p> <p>Project Performance Reviews</p>	<ul style="list-style-type: none"> Comparison of trajectory of actual implementation and results for ÉLAN and Eссор with intended trajectory including access to finance component 	
2.ii Has the lack of the 'access to finance' component been effectively compensated for by the other PSD projects or other interventions?			
<ul style="list-style-type: none"> Information on implementation and results performance PSD design documentation – assumptions about how access to finance component would contribute to achievement of results KIIs with ÉLAN and Eссор staff KIIs with other stakeholders involved in access to finance 	<p>Theory of Change Analysis (ÉLAN, Eссор, PSD)</p> <p>Project Performance Reviews</p>	<ul style="list-style-type: none"> Effective implementation of actions by ÉLAN and Eссор to compensate Effective implementation of actions by other development partners to compensate 	
3. How has the staggered implementation of programme components impacted on the effectiveness of the PSD Programme?			
3.i Has the delay in launch of projects substantially affected the likelihood of achieving intended results?			
<ul style="list-style-type: none"> Information on implementation and results performance PSD design documentation – assumptions about how access to finance component 	<p>Theory of Change Analysis (ÉLAN, Eссор, PSD)</p> <p>Management and Organisation Assessment</p>	<ul style="list-style-type: none"> Comparison of trajectory of actual implementation and results with intended trajectory focusing on results related to planned synergy between projects 	

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<ul style="list-style-type: none"> would contribute to achievement of results KIIs with DFID, ÉLAN and Eссор staff 	Project Performance Review		
3.ii How has the late launch of the DSU affected the ability of the project to make informed course corrections and mitigate risks?			
<ul style="list-style-type: none"> Review of documentation on DSU KIIs with DFID, ÉLAN and Eссор staff Analysis of effectiveness of lesson-learning and risk management experience 	PSD Theory of Change Analysis (related to role of the DSU) Management and Organisation Assessments (ÉLAN, Eссор, PSD)	<ul style="list-style-type: none"> Examples of any gaps in lesson learning or risk mitigation Assessment to extent to which earlier launch of DSU might have addressed these gaps 	
4. To what extent are the management arrangements for the PSD programme appropriate to achieve planned results?			
4.i Is the role of the DSU appropriately and clearly defined within the programme structure?			
<ul style="list-style-type: none"> Review of documentation on management arrangements and role of the DSU. KIIs with DFID, ÉLAN and Eссор staff 	Theory of Change Analysis Management and Organisation Assessment	<ul style="list-style-type: none"> DSU role clearly understood and regarded as appropriate and useful by DFID, ÉLAN and Eссор staff 	
4.ii Are the processes of oversight, accountability, communication, coordination and support between programme components and with DFID and other stakeholders appropriate and effective?			
<ul style="list-style-type: none"> Review of documentation on structures and procedures related to oversight, accountability, communication and support KIIs with DFID, ÉLAN and Eссор staff KIIs with other stakeholders (including DRC government) Annual Reviews 	Management and Organisation Assessment	<ul style="list-style-type: none"> Judgement criteria to be defined in design of Management and Organisation Assessment 	

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
Value for Money			
5. Is the PSD Programme likely to deliver value for money?			
5.i [ÉLAN 6]			
5.ii [Essor EQ 3]			
5.iii Is the DSU delivering Value for Money			
5.iii a How appropriate is the DSU VFM framework?			
<ul style="list-style-type: none"> DSU's VFM framework and related documentation Key informant interviews 	VFM Analysis: <ul style="list-style-type: none"> Criteria based review of VFM framework and related documentation Content analysis of key informant interviews 	<ul style="list-style-type: none"> VFM framework complies with appropriateness and utility criteria of review protocol Key informant interview data consistently confirms the appropriateness and utility of the VFM framework 	None anticipated
5.iii b How effectively is the DSU VFM framework used to inform project management?			
<ul style="list-style-type: none"> DSU's VFM framework and related documentation DSU's standard operating procedures Key informant interviews 	VFM Analysis: <ul style="list-style-type: none"> Criteria based review of VFM framework, related documentation and SOPs Content analysis of key informant interviews 	<ul style="list-style-type: none"> Examples of decisions Procedures to include VFM results integrated into project management, and consistently utilised implemented Key informant interview data consistently confirms that VFM results are utilised in project management 	None anticipated
5.iii c To what extent is the DSU on track to deliver value for money?			
<ul style="list-style-type: none"> DSU's expenditure data Secondary data on results achievement from DSU's MRM system 	VFM Analysis: <ul style="list-style-type: none"> Cost per results achieved (valid units to be determined, in accordance with VFM guidelines) 	<ul style="list-style-type: none"> Costs incurred justified by magnitude of results achieved Performance against VFM targets for selected indicators 	Potentially limited by quality of data in the MRM system, and the extent to which expenditure data is captured at sufficiently granular level, and by extent to which current VFM framework is judged to be appropriate.

Annex B: Assessment of the DSU

The document provides an assessment of the DSU's performance as part of the PSD programme MTE. While some of the main points have already been added to the main PSD MTE report, it is provided in a more extensive version as an annex, as it had been agreed that the contents would be withheld from the implementing consortium of the DSU until the report had been shared with DFID. The report was developed by two consultants who had not been part of the regular DSU staff.

Is the role of the DSU appropriately and clearly delimited within the programme structure?

Some aspects of the role of the DSU are clear and have been operationalised successfully. This includes more routine and well-defined tasks like the verification exercises or the annual reviews. Other tasks need further clarification or need to be reconsidered as a whole, such as the suggested establishment of an independent review panel. After a difficult start, processes and relations between the DSU and DFID have improved substantially.

The DSU's role and deliverables

The role of the DSU is conceptualised in its terms of reference as a set of concrete tasks and their associated deliverables due to be delivered to DFID over the period of the PSD programme implementation. A sub-set of these have been delivered on already, and are scheduled to be repeated, for the PSD and each of its component projects. These include:

- The verification of reported results on a six-monthly basis;
- Annual reviews against logframe output targets;
- Mid-term and final evaluations (of which this report forms a part);
- The development of VFM metrics.

A further sub-set has not been delivered on (in two instances because the service provider and DFID do not appear to share a consensus on the terms of their delivery). This sub-set includes:

- Collation and dissemination of key lessons learnt through the programme, with examples of best practice and innovation.
- Analysis of the risk registers for the different components of the PSD programme, together with recommendations where needed on how these could be strengthened.
- Recommendation from an independent review panel (which will be established to support the DSU) as to the achievement of programme results by the different components. These recommendations will use the information gathered through the verification exercise, and make judgements as to whether the criteria for results-based payments have been met by the various programme components.
- Continually reviewing the 'problematique' – i.e. the understanding of the constraints to private sector development in DRC. This involves collating and analysing data collected by the different project components as well as external sources. It may also involve additional short-term research of specific issues.

In terms of the first two, the collation and dissemination of lessons learnt is planned to take place as a follow-up of the evaluation processes, while the updating of the risk registers is hampered by the fact that these do not exist as a formal management tool for either component projects.

The final two tasks in this sub-set have proven contentious. In terms of continually reviewing the 'problematique', there seems to have been a mutual misunderstanding of what the task required. There have been significant changes in the conception of this work from earlier drafts of the DSU inception reports, where the assessment was essentially reduced to reviewing the project component's TOCs. The final inception report of the DSU demonstrates a broader conception that includes a wider continuous assessment of the context, stakeholders, and theories of change. This conception seems to be in line with the PSD business case, which asks for continuous learning at the tactical and strategic levels involving frequent re-assessments of the context and current interventions. Also, with the benefit of the MTE findings about the usefulness of the DSU presented below, there is an argument to be made for preferring the broader function. So, while the MTE argues in favour of the broader conception, it is in any case an aspect of the DSU's role that has not been adequately defined as yet.

The function of the DSU with regard to the independent review panel has been the most problematic to agree on with DFID. DFID and the DSU disagree on who is responsible for constituting the review panel, and the terms of reference as they stand are not explicit in this regard. The difficulty is primarily related to the fact that the panel was intended to make recommendations on performance-based payments of the service providers. According to DSU staff interviewed for the MTE, the DSU questions the validity of such a role, given, first, that the terms of a performance-based payment arrangements are confidential and the panel would therefore not be adequately sensitised to make legitimate recommendations; and second, that the rigour of the MRM for ÉLAN, and presumably for Essor when it is finally functional, is unlikely to be adequate for the objectivity requirements of a performance-based payment agreement and may therefore represent a legal risk. These observations are largely speculative, because nothing is known about the performance-based payment arrangements in question. Also, discussions on this issue have been deprioritised due to the poor initial performance of the DSU (see below).

More fundamentally, however, the question of whether a payment by results (PbR) arrangement in the context of market systems development in DRC is workable in principle has also been raised by the ÉLAN MTE report and needs to be taken into account when reviewing this issue. At this point, this MTE is recommending against using a PbR mechanism in general. Further, the MTE agrees with the DSU's assessment that, under these circumstances, an independent review panel may not be appropriate.

A final area which requires more clarity is the role of the DSU in the monitoring of project results after the close of service provider contracts. This is particularly pertinent in terms of ÉLAN, where the bulk of projected achievements against impact-level indicators are anticipated well past the service provider's exit. While the terms of reference require the DSU to verify reported results, no results will be reported by the project to verify after 2018. While DFID has a public duty for credibly reporting the impact of tax-payer funded investments, the practical limitations of meeting that requirement in the case of the PSD programme need to be accommodated. The DSU's role in meeting this obligation needs to be more clearly, but reasonably, defined, within these parameters. These considerations now also need to take into account the ÉLAN MTE's findings that it is not plausible that the results that are projected for after the project closes will be reached without further support. The decision by DFID to extend ÉLAN by 18–24 months has taken some urgency out of this issue. Also, some progress has been achieved on this matter recently in discussions between the DSU and DFID, who have essentially agreed that the measurement of post-project results should take a more evaluative rather than a monitoring perspective.

Processes between the DSU, component projects and DFID

The DSU's relationship with the PSD component projects has proven cooperative to date, and each of the service providers has taken care to ensure that the DSU can deliver on its terms of reference. The DSU has also conscientiously developed close channels of communication between senior staff in ÉLAN and Eссор 'to try and anticipate potential problems and resolve them *ex ante*', as one of the managers involved put it. In its engagement with projects, the DSU claims to communicate an understanding of the pressures under which projects operate and attempts to schedule activities in a manner that balances project and DSU priorities. Although project representatives note that DSU activities have been burdensome to accommodate, a workable routine is emerging and the DSU is adding value as intended. Project representatives do not feel ambivalent about the apparently contrasting roles of the DSU as both independent evaluator and provider of learning and support, as one might have expected, although the MTE is the first full evaluation conducted by the DSU and an informed reflection on how successfully the DSU has balanced these roles will now be needed.

The relationship between the DSU and DFID has had more problematic moments. In addition to the contested interpretation of some of the DSU's terms of reference (discussed above), DFID was dissatisfied with the unit's early performance – including the quality of the inception report, the availability of the remote management team and aspects of the first annual review process – and the DSU was put on a performance improvement plan (PIP). There has also been some dispute on the extent to which the DSU is to exercise independence on particular tasks (where independence is not explicitly mandated in its terms of reference), and when it is to incorporate DFID's requirements more directly.

These performance-related matters had their genesis in the service provider's early management of the agreement. The DSU was hampered by having two centres of remote management, with Oxford based and South Africa based leadership not having committed to a workable delegation of responsibilities, and the in-country staff not being utilised for long periods. The lack of sufficient and consistent in-country engagement, although there was a small contracted staff contingent in Kinshasa, frustrated delivery on key early processes. The quality and timeliness of the inception report would have been improved through more consistent communication with DFID DRC and incorporating their inputs; the annual review process, which suffered from the knock-on effects of delays to the DSU inception, would have benefited from earlier, more consistent engagement with DFID DRC and the component projects. The process was further hampered by the fact that key experts could not secure visas to the DRC and conducted review activities remotely. This aspect compromised perceptions of process credibility, regardless of the quality of final deliverables. The annual review process has been described variously as poorly scheduled, fragmented, ill prepared-for and burdensome.

Since the difficult inception period, however, the DSU has streamlined its leadership arrangements, intensified the use of its in-country presence, has been delivering against the performance improvement plan, and is managing its relationship with DFID more attentively. The imminent review of the PIP will present DFID's assessment of the extent to which the DSU performance has proven satisfactory over the recent implementation period.

Is the DSU likely to deliver value for money?

How appropriate is the DSU Value for Money framework?

The DSU established a VFM framework in late 2016, which was first reported on as part of the 2016 Annual Review process in early 2017. This reporting only covered the Economy level and was based on projected rather than actual costs. Further data for other indicators were not available at the time. There have been no subsequent quarterly VFM reports, principally because the DSU moved onto a PIP from April 2016 and had to prioritise only specific activities as part of that process. The next report on VFM will be as part of the Annual Report for 2017 (i.e. in January 2018).

The framework has equivalent Economy indicators to that for Eссор and ÉLAN, which should allow for easy cross-project comparability. At the Efficiency level, there are two indicators which should enable assessments of the trajectory of specific output costs over time, namely the unit costs of conducting Annual Reviews and verifications exercises. Beyond that the remaining indicators are mostly expected to be qualitative. No indicators are included for Equity, given that the nature of the DSU's work is not directly relevant to the programme's overall equity performance.

Except for the Economy level, the DSU's framework is narrower than those for ÉLAN and Eссор. This reduced scope seems appropriate given the nature of the DSU as a support project to these other projects' implementation rather than a direct implementer itself.

The biggest challenge with the DSU's VFM framework is the dependence on qualitative and potentially subjective indicators for reporting against Efficiency and Effectiveness. Defining criteria and standards against which performance can be judged for these indicators would improve the rigour of reporting. However, it may prove more appropriate to first establish baselines for performance in the 2017 VFM report before determining how these criteria and standards might be defined.

The Efficiency indicator – 'Reporting burden of ÉLAN and Eссор for compliance with DSU requirements as a proportion of their management costs' – may prove ambitious to establish, depending on the willingness of the projects to make an estimate for this.¹⁰ Nevertheless, a qualitative assessment of this should be possible, with the key being to define a scale against which performance can be judged over time.

The VFM framework includes a cost-effectiveness indicator which will be extremely difficult to capture explicitly. That said, it is the most appropriate indicator because it relates to what the DSU's impact should be and ensures that the project's objectives are aligned with those of both Eссор and ÉLAN. The DSU's logframe has been developed subsequent to the VFM framework and includes an impact indicator which considers whether or not DSU recommendations are judged to have improved the overall project impact. Although in itself this will be highly subjective and only a binary assessment of specific recommendations, it will be a useful foundation for capturing the cost-effectiveness indicator. It should be possible to at least hypothesise potential figures of magnitude for some specific instances of where the DSU might have improved the impact of the portfolio.

¹⁰ To avoid being a burden in itself, the projects should be asked just to make a very rough estimate.

How effectively is the DSU value for money framework used to inform project management?

The DSU's VFM framework was only established in December 2016. In 2017 the DSU carried out a relatively limited range of activities. Hence, there has been relatively little scope for the VFM framework to influence management decisions.

Considerations of Economy feature strongly in the management of project inputs. The design of the 2018 Annual Review plan, as well as the project's general implementation plans more broadly, have been shaped in particular by the Efficiency indicator for reducing the DSU's burden on ÉLAN and Essor. This is in sharp contrast to the experience of the 2017 Annual Review, the planning for which preceded the framework's development.

The structure of the VFM framework, in particular the Effectiveness indicators, has also informed the subsequent finalisation of the DSU logframe. The impact statement for the DSU is now in terms of the extent to which its recommendations improve the overall impact of the PSD portfolio. This has in turn informed the design of a critical sub-component of the DSU, which is its ongoing flexible support to the projects to ensure that recommendations can be usefully and effectively implemented.

To what extent is the DSU on track to deliver value for money?

Overall the DSU appears to be off-track to deliver good VFM. The DSU started later than originally planned for in the PSD business case, with its inception phase only beginning in August 2016. Its inception period has been slow, with poor performance across a number of deliverables. In May 2017 the project entered a six-month PIP period, forcing it to focus on only the most essential activities. The quality of deliverables during that period would seem to have improved, although clearly the DSU remains behind schedule – with key components not having begun implementation yet.

A VFM assessment by category is presented below.

Economy

Unit cost comparisons of consultants for the DSU show them to be broadly similar to those for ÉLAN and Essor on a like-for-like basis, but average daily personnel costs for the DSU are higher because of an increased use of short-term international consultants. This reflects the nature of the project, which mostly requires periodic inputs from individuals with high-level expertise. There have been efforts to increase the involvement of national and regionally based team members which could improve performance against Economy, although the data to demonstrate this are not yet available.

Efficiency

The main efficiency indicator that can be assessed at this stage of the project relates to the extent of the management burden the DSU has imposed on ÉLAN and Essor. There are no explicit criteria or standards set yet to evaluate the extent of this burden, and the projects have not yet reported on this. Nevertheless, it is possible to consider each key deliverable and qualitatively assess whether the burden was higher than it could have been.

For the 2017 Annual Review, two factors contributed to poor efficiency, leading to a heavy burden on the projects' time: (i) Key team members were unable to secure visas to enter the country so

had to conduct significant parts of the review remotely; (ii) Those team members that were in-country had limited prior knowledge of the projects or preparation time given they had to take on roles at short notice.

The 2017 ÉLAN results verification exercise similarly imposed a very heavy burden on ÉLAN's MRM team. To a large extent this burden was necessary to ensure that the validity of the project's results reporting could be assessed in full for the first time. Nevertheless, a sampled approach focused on the interventions making the greatest contribution to indicators would have greatly reduced this burden. The burden on the Essor MRM team from the 2017 Essor verification exercise, by contrast, would seem to have been more manageable, probably because the extent of results reported by the project was far less than those for ÉLAN.

Effectiveness

It is too early to be able to provide a rigorous or even deep analysis of the extent to which DSU deliverables are contributing to the portfolio's overall impact. For the 2016 Annual Review there would first need to be an assessment of the proportion of recommendations that have been adopted and an analysis of the extent to which these recommendations have improved the potential impact of the projects.

The first part of this will be assessed as part of the 2017 Annual Review; the second part will also initially be assessed at that point but will likely require a longer time period for a meaningful judgement to be made (e.g. one year after recommendation has been adopted). Nevertheless, feedback would suggest that the initial indications of effectiveness might be less than it could have been. The main concern is that there were no team members with strong Business Environment or Market System expertise in country for the review.

For the results verification exercise, the iterative process of developing the reports has shown already that both ÉLAN and Essor are implementing the recommendations for improving the quality of their results data. In Essor's case this has been particularly noticeable, with a full MRM system established for the first time in the project's lifetime. The value of a rigorous MRM system is likely to have a significant influence on the project's impact, to the extent that the project's management makes effective use of that information to adapt implementation. In ÉLAN's case the MTE has suggested that the verification exercise may have been less effective than it could have been because by having to cover every single project intervention it was not able to go into sufficient depth of analysis. Issues with the project's MRM system that have been found during the MTE process – and which are important for determining the extent to which it can effectively guide implementation decisions – did not come out from the verification exercise.

The final key deliverable of the DSU to date has been its Inception Report. This is supposed to have set out what the DSU intends to do for its implementation period. The quality of the first version of this report was poor and it was rejected by DFID. This contributed to the project being put on a PIP, which has restricted the scope of support activities that the DSU could provide. This has certainly reduced the overall potential for the DSU to be effective in 2017.

How can the DSU value for money framework be strengthened?

Substantial changes to the DSU VFM framework are not required. The key adaptation needed is to define criteria and standards against which performance for the qualitative indicators can be judged. This should be done at the point of reporting on 2017 performance, when an idea of each indicator's baseline will have been established.

Has the late launch of the DSU impacted on the ability of the projects to make informed course corrections and mitigate risks?

In light of contributions made by the DSU to the two projects since its launch, it seems reasonable to suggest that the belated launch of the unit did negatively impact on the ability of ÉLAN and Eссор to make course corrections and mitigate risks – although this is less obvious for Eссор given its immature monitoring and results measurement (MRM) system and generally weak manifested ability to course-correct. The DSU's potential contributions fall into three major categories: strengthening performance measurement, implementation efficiency, and project impact.

Improving measurement

Improving the quality of ÉLAN's MRM and reporting

The ÉLAN MTE Report notes that ÉLAN's MRM system is comprehensive – capable of capturing and presenting information on all relevant aspects of piloted projects, including diagnostics informing design, partnership arrangements, implementation records, and results. It continues, however, to observe some shortcomings in the system's implementation. These observations concur with the findings of a results verification exercise conducted by the DSU. Judging by ÉLAN's response to the verification exercise and its engagement in the MTE process – for example the updating of MRM content and producing a spreadsheet explicitly linking assumptions to indicator projections – the project appears to recognise the value of DSU inputs, even though these are not uncontested. Unfortunately, with the imminent close of the service-provider's contract at the end of 2018, the validated recommendations proposed in the MTE and verification exercise are unlikely to be adopted with sufficient lead time to add full value to ÉLAN's MRM system and subsequently to the quality of its results reporting.

Furthermore, augmenting subsequent verification exercises to include a review of measurement accuracy, as well as technically supporting ÉLAN's MRM team to improve measurement quality, are not possible in the remaining time frame. Hence, the potential offered through DSU's role to elevate the credibility of project reporting has clearly been curtailed by its belated launch.

Improving the appropriateness of Eссор's performance measurement framework

In contrast to ÉLAN, the Eссор MTE was not able to assess Eссор's MRM system as in its most recent incarnation it was only approved in November 2017, after the MTE fieldwork had already finished. Also, Eссор's logframe was only finalised in September 2017, when the MTE was already underway. Because of this delay, the DSU's verification exercise was only completed towards the end of the MTE process and had to deal with a number of limitations compared to the verification of ÉLAN's results. As a consequence, the Eссор MTE focused on an evaluation of the chosen logframe indicators, raising concerns about the measurability of Eссор's performance using the current logframe indicators. The DSU's support to the logframe development process escalated notably in the weeks preceding its approval and DSU's inputs were utilised in the final revision of the logframe that was approved. As can be seen in the MTE's assessment of Eссор's logframe, however, there is still vast room for improvement. It is likely that it could have been further improved if the DSU was involved earlier on in the discussions.

The results verification exercise was implemented in an iterative way alongside the elaboration of the logframe and establishment of Eссор's MRM system. The confidence ratings for Eссор's 16 assessed indicators were all medium or low. This again shows, as in the case of ÉLAN, that the

DSU's inputs to improve the appropriateness and reliability of Eссор's MRM system are sorely needed to improve the confidence in the results reported.

Improving impact measures

A central critique of the current performance measurement frameworks, raised in the MTEs of both the ÉLAN and Eссор projects, relates to the appropriateness of NAIC as the highest-order impact indicator and prime target measure to evaluate the project's effectiveness. The ÉLAN MTE recommends: 'where appropriate, review and replace the predominance of NAIC as the measure of project success with clearly defined sector definitions of MSC linked to measurable pro-poor impact' (ÉLAN MTE Report, p. iv). The Eссор report makes a similar recommendation.

The argument informing these recommendations is thorough and evidence based. Unfortunately, it arrives late in the project lifecycles of both ÉLAN and Eссор and is unlikely to adjust DFID's assessment of project performance to the degree that it arguably should. It is difficult to answer the question whether an earlier launch of the DSU would have enabled an earlier reflection on the appropriateness of the impact measures for the projects. The first results verification exercise implemented by the DSU did not flag NAIC as problematic, this only happened in the MTE. If the scope of the verification exercises was to be expanded from assessing the rigour of processes to looking more closely at the veracity of results, the critique of the NAIC might have emerged from that. If the DSU had been launched earlier, these extended verification exercises would have taken place earlier and the critique on the NAIC could have emerged as early as the second year of implementation. In any case, the MTE would have been carried out earlier and the NAIC critique would have emerged then, giving the project and DFID more time to implement the respective recommendations.

Improving implementation effectiveness

Supporting the development of theories of change

The inception report for the DSU tasks the unit with the continuous re-assessment of what is termed the 'problematique' – the evidence-based diagnostics informing the project-level TOCs. The MTEs of both Eссор and ÉLAN identified inadequacies in the project-level TOCs, as well as sector or workstream level and intervention level logics. While the development of robust TOCs is presumably the responsibility of the service providers implementing the projects, the findings of the ÉLAN and Eссор MTEs make apparent the value of an independent, critical function (where the predominant interest is not to demonstrate meaningful implementation as rapidly as possible). TOC weaknesses are shown in the MTEs to lead to implementation errors. Critical reflection on the underlying TOC, informed by an analysis of the problematique, would have exposed the severe constraints confronting the pilot design, and potentially added a pivotal perspective to the decision-making process.

The lack of coordination and cooperation establishing a productive complementarity between Eссор and ÉLAN is confirmed by both the Eссор and ÉLAN's MTEs. The reason is likely to be the absence of any deliberate efforts to facilitate coordination and cooperation. This includes the continuous application of the 'compass' as a TOC to guide explicitly how the complementarity would manifest. Coordinating and leading the use of a PSD TOC for learning and coordination is necessary and a task most appropriately assigned to the DSU, had the latter been launched early enough in the PSD lifecycle.

Supporting strategy, design and rationalisation

For both Essor and ÉLAN, the MTE findings and recommendations indicate the potential contribution of the DSU to improving sector or workstream strategies, the design of pilots, and the rationalisation over time of the project portfolios.

The Essor MTE proposes useful recommendations on workstream strategy as well as forthright proposals on portfolio rationalisation, based on evidence of progress. The ÉLAN MTE provides more detailed analysis informing recommendations on revising sector strategies, improving pilot design and rationalising the project portfolio. This is a function, in part, of the relative maturity of ÉLAN as a project, as well as the expertise available in the DSU. However, because of ÉLAN's maturity, these examples demonstrate the argument that the late launch of the DSU has impacted on the ability of the projects to make informed course corrections and mitigate risk.

ÉLAN's modus operandi of pilot partnerships is now an engrained routine. With the imminent close of the service provider's contract the DSU is advocating for a revision of ÉLAN's implementation practices in order to focus on maximising performance and preparing for project close-out, which requires more considered strategising for ensuring scale-up. This perspective is not apparent in the ÉLAN team. Having the DSU as an independent voice raising the prospect of an arguably necessary adjustment to implementation practices may prove useful to the project and to DFID. It may have been more consequential to introduce this strategic conversation earlier in the project lifecycle.

Supporting value for money

The DSU also made some headway in assisting both projects with improving their capacity for managing operations in a VFM-sensitive manner. One of the DSU's earliest support efforts was to develop VFM management frameworks in collaboration with both projects, based on recommendations emerging from the annual review exercise conducted in early 2017. The implementation of these frameworks would serve to test their suitability, and subsequent DSU support would result in adaptations to ensure a better fit to project realities. However, with the belated launch of the DSU, the time for framework development, testing and adaptation has been severely truncated, especially in the case of ÉLAN. Results from the MTE show the limited progress made in instituting a VFM management framework at either project.

While both projects acknowledge the necessity for a routine approach to tracking VFM, the implementing a VFM tracking solution is unlikely to out-compete the imperative of achieving logframe targets to time frame. It is reasonable to conclude that the belated launch of the DSU is responsible, at least in part, for the faltering effort to introduce VFM-sensitive management in the PSD projects.

Improving impact

Improving the impact of each project

For ÉLAN, a critical reflection on a project design that sets the bulk of target-based achievement outside of the project lifespan would have been beneficial. ÉLAN was already aware of and transparent about the traction that piloted practices were getting in the broader market systems. However, the substantial overestimation of the extent to which markets systems would expand and respond in the wake of piloted practices would have been identified as a flaw in project design to be addressed, far sooner than the MTE. As the recommendations proposed in the MTE suggest, facilitating a strategic discussion with ÉLAN could potentially have resulted in:

- Target adjustments
- A more credible scale-up strategy
- More substantial revisions in project design principles
- A better idea of how the DSU could keep tracking scale-up after project close

As Essor is not as advanced in its lifecycle as ÉLAN, the DSU might still have a chance to influence some of these points in that project, as they are certainly as important for Essor as they are for ÉLAN.

Improving the concerted impact of the PSD

As is obvious in ÉLAN and Essor's MTE reports, the coordination and complementarity between the two projects, as it was envisioned in the original PSD design, is negligible in reality. Yet, the MTE found clear evidence in its literature review that a strong emphasis on BER was a necessary feature of M4P interventions in conflict-affected environments like the DRC. It is therefore feasible to assume that, had the two projects coordinated their efforts in a more effective way, the synergies generated would have led to a potentially higher impact than the sum of the impacts of both projects.

If the DSU had been around earlier, it seems plausible that it would have raised the question about an overarching PSD TOC and been in a position to facilitate the use of the 'compass' as a basis for learning and adjustment in collaboration with both projects and DFID. This could have led to a recognition of the inappropriateness of a reductionist approach to achieve economic transformation and the importance of a systemic view over the whole PSD programme, requiring close collaboration between the programme components. If the assumptions in the original PSD design about the complexity of the economy and the subsequent need for a systemic TOC hold true, a concerted effort of the projects is likely to have led to a higher overall impact.

It is also plausible that the DSU, even within its current terms of reference, may have facilitated more joint activities and coordination between ÉLAN and Essor. For example, the requirement to review and document learning could have led to joint learning events.

How can the DSU improve performance and enhance the value for money it delivers?

The following recommendations are made for how the DSU's VFM could be improved:

- The methodological approach for the 2018 ÉLAN verification exercise should be re-designed based on a sampled approach that focuses on the interventions making the most important contributions to results, to ensure a smaller management burden for ÉLAN.
- Key activities, such as the Annual Review, should be planned well in advance and in collaboration with the implementing projects as well as DFID, to ensure that the potential management burden is limited where possible.
- Greater retention of key team members is critical. Continued engagement of the same consultants over time should ensure greater familiarity with the projects and so reduce the management burden of DSU activities, as well as potentially increasing the effectiveness of support activities with time. To achieve this, short-term experts should be increasingly engaged on longer-term contracts allowing for repeat inputs.
- The engagement of team members with high-level expertise in business environment reform and market systems is critical for the effectiveness of the DSU. The quality of recommendations and the likelihood of their adoption will both depend on this expertise.

- The DSU should ensure an increased presence within the DRC and sufficient flexibility within its budget to be able to provide *ad hoc* support to ÉLAN and Essor in the ongoing interpretation of key recommendations coming out of Reviews, Evaluations and other deliverables. This should be enabled by expanding the involvement of nationally and regionally based team members.