

1. Overview

Kenya Market Trust (KMT)	2012-2016	
Audit visit dates	14-19 September 2015	
Overall final ratings ¹	MUST	440/500 = 88%
	RECOMMENDED	89/120 = 74%
Coverage	Partial Audit Included Inputs, Seed, Water, Livestock and Dairy Sectors Excluded Cotton and Aquaculture Sectors	
	All control points checked	
DCED Standard	Version VII, April 2015	

Signed:

KMT

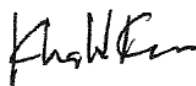
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¹ An overall rating of 100% implies that the project meets the compliance criteria and has a strong measurement system of acceptable quality within the boundaries of what the programme has set itself to measure, not that it has a perfect measurement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

Acronyms

CEO	Chief Executive Officer
COO	Chief Operating Officer
DCED	Donor Committee for Enterprise Development
KMT	Kenya Market Trust
K&R	Knowledge and Results
KRS	Knowledge and Results system
KRT	Knowledge and results team
IA	Impact Assessment
IM	Intervention Manager
IP	Intervention Plan
M4P	Making Markets Work for the Poor
MAP	Market Assistance Program
MP	Measurement Plan
MRM	Monitoring and Results Measurement
QA	Quality Assurance
RM	Results Measurement
WEE	Women's Economic Empowerment

2. Key Audit Findings

Articulating the Results Chain	
Results chains are articulated for each intervention. There is evidence supporting the logic of the results chains. Staff and co-facilitators can describe results chains and give examples of how they are used. Systemic change is outlined and included in the results chains and other supporting documents. There is a system for reviewing results chains. Key partners can describe the logic of the intervention.	For some interventions, the logic linking some of the boxes in the results chain is not fully clear and sufficiently detailed. Risk of displacement for beneficiaries, where appropriate, is not documented.
Defining Indicators of Change	
There are relevant indicators for each results chain box. Common impact indicators are included. Staff can describe indicators and use them to inform implementation. Qualitative information is collected and utilised to understand how and why changes have (or have not) happened. Indicators are included to assess sustainability. Impacts are projected for key quantitative indicators to appropriate dates.	For some interventions, a few indicators are not tightly defined and other relevant ones are occasionally missing. Occasionally, indicators of sustainability are not included for all relevant market players. The MRM manual does not have a documented guideline on how to collect qualitative information; measurement plans do not include all qualitative information collected. In some interventions, some assumptions and sources of assumptions for projections are not documented. Occasionally projections do not match assumptions or are inconsistent with supporting calculations.
Measuring Changes in indicators	
There are plans to collect baseline data for interventions. When appropriate, baselines have been collected. Detailed measurement plans exist to collect information. Measurement of indicators mostly conforms to good practice. The program has a system to understand gender-differentiated results by both disaggregating them by gender and conducting specific studies to understand the impact of increased income on household dynamics.	In a few cases, the measurement plans refer to the baseline studies which are not appropriate and cannot be used to establish the baseline status of the target beneficiaries. For a few interventions, timing, tools or sources in the measurement plan are not specific, appropriate or are sometimes missing. In the case of water impact assessment, it is not clear how figures for aggregated income are derived.
Estimating Attributable Changes	
A plan for estimating attributable changes is included in each Intervention plan. The plans include assessing causal links along the results chain.	In a majority of cases, the methods chosen to assess attribution do not sufficiently take into account the counterfactual and are not appropriate for assessing attributable changes in net income or other higher level impact changes such as yields, water-borne diseases and etc.
Capturing Wider Changes in the System or Market	
In the MRM manual and the measurement plans, there are plans in place to measure systemic change for interventions which also take attribution into account.	The measurement plans do not include assessment of impacts on indirect beneficiaries.

Tracking Programme Costs	
All costs are tracked annually and cumulatively. The direct costs are tracked for each sector and intervention.	
Reporting Results	
There is a documented system to aggregate results at program level, across interventions, and sectors. The system takes overlap into account within and across sectors. The results are publicly published.	The basis for adjusting for overlap is not documented. The reported results in the annual report are only estimates, based on assumptions and early sign of impact assessments; these are not sufficiently rigorous and do not take attribution into account. The annual report does not clearly explain which elements of the reported results are measured (e.g. access outreach) and which parts are still estimates (e.g. benefit outreach, net income). There is only a small footnote to indicate that these figures are estimates. In addition, the report does not clearly explain how the estimates are derived. Furthermore, the annual report also includes reported results against the highest-level logframe impact indicator: Change in Human Development Index. However, it is not possible to attribute changes in this indicator to KMT interventions. Private contributions are not clearly acknowledged in the annual report. Costs are not publicly published.
Managing the System for Results Measurement	
The MRM system is institutionalized. All staff have access to a MRM manual. Staff have had formal and informal training on MRM tailored to KMT. Staff can explain how they used or will use the information for decision-making. Tasks and responsibilities for results measurement are well documented. There are sufficient resources to support the results measurement system. The program systematically checks the quality of its MRM activities and outputs.	Some vacancies still exist in key positions of KMT, which could have impacted the management and quality control of the measurement system.

3. Brief Review of the Programme and Measurement System

Focus of KMT

Kenya Markets Trust is a non-profit organization that seeks to transform the performance of key agricultural markets and basic service sectors so that they can function better and improve the lives of those participating in them whether as producers, employees or consumers. The program was established in 2012 in response to the growing importance of markets as a mechanism for economic growth and poverty reduction in Kenya. Together with its core institutional partner, Adam Smith International (ASI), KMT is currently implementing the Kenya Market Assistance Programme (MAP).

MAP is funded by the UK Department for International Development (DFID), Gatsby Charitable Foundation (GCF) and the Embassy of the Kingdom of Netherlands. MAP forms the core focus of KMT's operations. The main focus of MAP is on agricultural markets, although the programme also includes a basic services component designed to address inefficiencies in the delivery of clean safe, potable water to low income Kenyan households.

The program was scheduled to conclude in 2016. KMT has submitted a proposal for funding from DFID's International Climate Fund (GBP 20m) and other DFID sources (GBP 10m). In addition, GCF has, subject to internal GCF approval, indicated that an additional GBP 5 million will be made available to KMT over the next 5 years. The KMT uses the making markets work for the poor (M4P) approach to poverty reduction.

KMT-MAP is currently operational in five sectors: Inputs, Seeds, Dairy, Water, and Livestock.

Objectives of MAP

KMT-MAP aims to:

- Increase the household incomes of small scale farmers and entrepreneurs by an average of 10%
- Create additional employment with predominantly rural jobs on farm and off farm
- Contribute to greater resilience among households in marginal and vulnerable areas of Kenya helping households adopt more effective risk management strategies for dealing with shocks, including the effects of climate change.
- Trigger lasting, systemic changes in the market systems around these sectors to reduce constraints to growth and to increase sectors' capacity to innovate and deal with competitive, regulatory, social and environmental pressures, so that the benefits for the poor will sustain and expand in time.

Key elements of the MRM System

KMT uses its results measurement system to learn what works, what doesn't and why- making adjustments along the way to improve and maximise results for each sector and portfolio overall.

KMT-MAP starts with a sector analysis and the subsequent sector strategy. Once the strategies are finalized, the team focuses on identifying partners, and generating and designing interventions that would increase sector competitiveness and stimulate growth - from which the poor will ultimately benefit as entrepreneurs, consumers or employees. KMT-MAP works with partners to develop and agree on a partnership agreement outlining each party's role and responsibilities and contribution brought to the partnership. In some interventions KMT-MAP has contracted co-facilitators to implement a few parts of MAP. Co-facilitators include Technoserve, SNV Kenya, Agri-Experience and Mercy Corps. Technoserve is leading the implementation of the dairy strategy, SNV Kenya leads implementation of the water strategy and Agri-Experience leads implementation of MAP's seed

sector strategy. Mercy Corps has the responsibility for facilitating better livestock and water markets in Wajir in Northern Kenya.

Once the partnership is signed, all information regarding each intervention is included in an Intervention Plan (IP). The IP includes key information about the intervention, such as, among others: results chain, measurement plan or the business model. Once the intervention activities have started, the KMT-MAP team focuses on monitoring those activities and measuring outcomes and impact. Data are collected and results aggregated. The program has developed a strong system of learning and knowledge management. Quarterly portfolio review meetings which last for 2-4 days are a forum for discussion, to learn from what worked well and what not.

KMT-MAP aggregates its results across its sectors and interventions and reports them through quarterly and annual reports to its donors. Regular monitoring is conducted by KMT-MAP staff, co-facilitators and its partners. Baseline studies are also conducted for each intervention or for a group of interventions. Dipsticks² are conducted about one year into implementation and Impact Assessment (IA) usually after two years. Sector wide reviews, 'deep dives', are also commissioned to review the sector strategies and intervention designs.

KMT-MAP reporting

KMT-MAP produces Quarterly reports and Annual reports. These documents include overall aggregated information as well as breakdown information by sector. The Annual report is publicly available. At the sector level, quarterly report & action plans are produced (internal documents).

Intervention Plans keep track of what is taking place in each intervention within a sector. They are internal working documents which are constantly updated with monitoring information and plans for future monitoring based on KMT-MAP's work and changes in the sector. Information from these documents is also used in developing the Sector level and Program level reporting documents.

Cross-Cutting Themes

KMT-MAP has gender as crosscutting theme that it incorporates in its programming. The program has pursued a focus on gender. It commissioned a study on gender at the beginning of its implementation to better learn where the issues are, and is planning to commit another follow up study to continue in this way by incorporating a gender approach into its operations and assessing progress.

Management and KRT Structure

A CEO manages KMT and heads the team responsible for implementing MAP. The Knowledge and Results Team (KRT) is headed by a Knowledge and Results Lead who coordinates the activities of the Knowledge and Results Managers. These managers are each responsible for two sectors. The team is supported by two K&R officers. The entire team along with co-facilitators is responsible for implementation of the Knowledge and Results system (KRS).

Each sector has a Sector Lead who reports to either the Agribusiness/Livestock Director or the Chief Operating Officer. Each sector has a number of Intervention managers (IM). Each IM works in one or two interventions and they have RM responsibilities as well as other responsibilities related to managing interventions.

² The term Dipstick is used to refer to any study of early signs of impact

Managing the System

KMT-MAP uses a series of methods to share information within the team. A quarterly portfolio review meeting is held in which all sector teams gather and review the progress of the sectors and interventions in each sector.

History of Applying the DCED Standard

KMT has developed a Result Measurement System based on the DCED Standards. It was a requirement mentioned in the Business Case of MAP. From the design phase (2011-12), KMT initiated development of internal human resources and mobilized external assistance to set up the system. In 2012-13, KMT focused on adopting the tools for measurement, to achieve compliance with the DCED Standard. Prior to requesting this audit, KMT contracted a pre-audit review that was conducted by two consultants familiar with the DCED Standard in August 2014.

4. Summary of the audit process

This audit was a partial audit. It covered all interventions in five active sectors (Livestock, Dairy, Water, Inputs and Seed). It excluded two inactive sectors (Cotton and Aquaculture). The audit has reviewed representative samples of the scope. By calculating the square root (rounded up) of the five sectors, the auditors determined that three sectors should be reviewed. A two-stage selection process was used, at sector and intervention level.

According to KMT management structure, these sectors are managed by three units: Water, Livestock (Livestock and Dairy) and Agribusiness (Inputs and Seed). In order to cover all units, one sample sector was allocated to each unit. Given that KMT has three different operating models: using only KMT internal resources, subcontracting whole implementation to implementing partners and using both KMT and implementing partners' resources, it was important to cover all operating models. Water sector is implemented solely by implementing partner. Inputs sector was purposively selected since it is the only sector that implemented by using only KMT internal resources. For Livestock portfolio, the livestock sector was randomly selected.

For each sector, it is required to review at least a square root of the total number of interventions in a sector or all interventions are audited if there are 3 or fewer. Water sector has only three interventions. Hence, the audit covered all of them. For Inputs and Livestock, three interventions were randomly selected for each sector. The list of selected sectors and interventions is provided in the following table:

Sector	Interventions
Inputs	In-01a: Inputs Retailers Distribution System
	In-02: Input Firms Retail Improvement Support
	In-04: Increased Uptake of Lime and Soil Testing
Water	WT-01: Building Knowledge and Confidence of Market Actors in the Role of Private Sector
	WT-02: Enabling Environment and Creating Business Opportunities for Private Sector
	WT-03: Business Strategy Support to Private Operators
Livestock	Li-02: Finishing Services
	Li-05: Promotion of Index-based Livestock Insurance
	Li-06: Industry Voice

For each audited intervention, the audit reviewed the results chains, monitoring plans, projections, supporting calculations, major changes, relevant baseline studies and early signs of impact assessments and other relevant studies. The audit also considered the sector analysis, sector strategy, the sector logic, deep dives, the quarterly reports and other studies. For KMT as a programme, the audit reviewed the logframe, MRM manual, quarterly and annual progress reports, job descriptions, the organizational chart, business plan and the impact aggregation system. A full list of the documents reviewed is included as Annex 3.

For KMT as a programme, interviews were held with KMT's CEO, Portfolio Director, Knowledge and Results Lead, Knowledge and Results Managers and Head of Finance. For the selected interventions, interviews were held with the KMT's Sector Lead, Intervention Managers, Intervention Officers and Knowledge and Results Managers as well as Intervention Managers and M&E officers of SNV and Mercy Corp. In addition, interviews were held with selected partners and external research firms. The list of interviewees is included in Annex 4.

5. Detailed scoring of the Control Points

The program scored 440/500 points for the MUST control points and 89/120 for the RECOMMENDED control points. The maximum scores have been adjusted to exclude the "Not Applicable" compliance criteria. All compliance criteria were verified.

Control Point	M/R	Max. Score	Rating	Justification
Section 1: Articulating the Results Chain				
1.1 An appropriate, sufficiently detailed and logical results chain(s) is articulated explicitly for each of the interventions.	M	30	24	<ul style="list-style-type: none"> A results chain has been established for each intervention, linking activities to changes at impact level. For some interventions, the logic linking some of the boxes in the results chain is not fully clear, or sufficiently detailed.
1.2 Each results chain is supported by adequate research and analysis.	M	30	30	<ul style="list-style-type: none"> Assumptions are listed in the results chain and are documented.
1.3 Mid and senior level programme staff are familiar with the results chain(s) and use them to guide their activities; key partners can explain the logic of interventions.	M	30	30	<ul style="list-style-type: none"> Staff and co-facilitators are able to describe the results chains and how they have used them, or will use them, to guide their activities. Key partners can describe the logic of the intervention as articulated in the results chain.
1.4 The results chain(s) are regularly reviewed to reflect changes in the programme strategy, external players and the programme circumstances.	M	20	20	<ul style="list-style-type: none"> The results chains are reviewed at least quarterly during portfolio review meetings. Changes are documented in the IP - "Major changes" worksheet.
1.5 The results chain(s)	REC	10	10	<ul style="list-style-type: none"> Systemic change is outlined and

include the results of broader systemic change at key levels.				included in the results chains and other supporting documents.
1.6 The research and analysis underlying the results chain(s) take into account the risk of displacement.	REC	10	8	<ul style="list-style-type: none"> Risks of displacement for beneficiaries are considered where appropriate. However, they are not documented.
Section 2: Defining Indicators of Change				
2.1 There is at least one relevant indicator associated with each key change described in the results chain(s).	M	20	17	<ul style="list-style-type: none"> Indicators are established for all changes in the results chains. A few indicators are not appropriate. A few indicators are not tightly defined; other relevant ones are occasionally missing.
2.2 Information to be collected includes qualitative information on changes at various levels of the results chain.	M	20	17	<ul style="list-style-type: none"> Qualitative information is collected to understand why and how changes are happening. However, the MRM manual does not have a documented guideline on how to collect qualitative information; measurement plans do not include all qualitative information collected.
2.3 A small number of indicators at the impact level can be aggregated across the programme	M	10	10	<ul style="list-style-type: none"> There are common impact indicators assigned to each intervention.
2.4 There are specific Indicators that enable the assessment of sustainability of results.	M	20	18	<ul style="list-style-type: none"> There are appropriate indicators to assess the sustainability of results. However, occasionally these indicators are not defined for all market players.
2.5 Mid and senior level programme staff understand the indicators and how they illustrate programme progress.	M	20	20	<ul style="list-style-type: none"> Mid-level and senior-level staff can describe indicators and have used them to inform implementation.
2.6 Anticipated impacts are realistically projected for key quantitative indicators to appropriate dates.	REC	30	23	<ul style="list-style-type: none"> The impacts are projected for key quantitative indicators. However, these projections are occasionally not projected to the end of the intervention; often assumptions or sources of assumptions are missing. Occasionally, projections do not match assumptions or are inconsistent with supporting calculations
Section 3: Measuring Changes in Indicators				
3.1 Baseline information on all key indicators is collected.	M	20	17	<ul style="list-style-type: none"> Baseline information on key indicators is collected for interventions. However KMT-MAP do not carefully

				<p>consider which baseline values are already known and which ones in fact need to be collected. In many cases the measurement plans list methods for baseline data collection at activity or market system levels, even though the baseline values are already known.</p> <ul style="list-style-type: none"> In a few cases, the measurement plans refer to baseline studies which are not appropriate and cannot be used to establish the baseline status of the target beneficiaries.
3.2 Information for each indicator is collected using methods that conform to good research practices.	M	40	37	<ul style="list-style-type: none"> For each intervention, a detailed measurement plan is in place to guide collection of information. It specifies methods, timelines and who does what. Timing and tools or sources are sometimes not appropriate or missing. In the case of water intervention impact assessment, it is not clear how figures for aggregated income are derived.
3.3 Programmes have a mechanism for assessing and understanding differentiated results by gender.	M	20	20	<ul style="list-style-type: none"> The program has a system to understand gender differentiated results. Gender studies are planned for Q4 2015.
3.4 Programmes monitor to identify unintended effects.	REC	20	9	<ul style="list-style-type: none"> The program has a documented system to capture unintended effects. However the system is not fully implemented in practice.
Section 4: Estimating Attributable Changes				
4.1 Attributable changes in all key indicators in the results chains are estimated using methods that conform to established good practice.	M	50	25	<ul style="list-style-type: none"> A plan for estimating attributable changes is included in each Intervention plan. The plans include assessing causal links along the results chain. Methods chosen to assess attribution do not sufficiently take into account the counterfactual and are not appropriate for assessing attributable changes in net income or other higher level impact changes such as yields, water-borne diseases etc.
Section 5: Capturing Wider Changes in the System or Market				
5.1 The results of systemic change at key levels in the results chain(s) are assessed.	REC	20	13	<ul style="list-style-type: none"> In the MRM manual and the measurement plans, there are plans in place to measure systemic change for interventions which also take attribution into account.

				<ul style="list-style-type: none"> The plans do not include assessment of impacts on indirect beneficiaries.
Section 6: Tracking Programme Costs				
6.1 Costs are tracked annually and cumulatively.	M	20	20	<ul style="list-style-type: none"> All costs are tracked annually and cumulatively.
6.2 Costs are allocated by major component of the programme.	REC	20	20	<ul style="list-style-type: none"> The direct costs are tracked for each sector and intervention.
Section 7: Reporting Results				
7.1 The programme clearly and appropriately aggregates programme-wide impact at least annually.	M	30	27	<ul style="list-style-type: none"> KMT-MAP has a documented system to aggregate and report results. The system takes overlap into account within and across sectors. The basis for overlap corrections is not documented.
7.2 The programme produces a report at least annually which describes results to date.	M	30	20	<ul style="list-style-type: none"> The programme has an annual report with results of programme-wide impacts for the common impact indicators. The reported results in the annual report are only estimates based on assumptions and early sign of impact assessments which are not sufficiently rigorous and do not take attribution into account. However, the annual report does not clearly explain which parts of the reported results are measured (e.g. access outreach) and which parts are still estimates (e.g. benefit outreach, net income). There is only a small footnote indicating that these figures are estimates. In addition, the report does not clearly explain how the estimates are derived. The annual report also includes reported results against the highest-level logframe impact indicator: Change in Human Development Index. However, it is not possible to attribute changes in this indicator to KMT interventions. Private contributions are not clearly acknowledged in the annual report.
7.3 Results of systemic change are reported.	REC	N/A	N/A	<ul style="list-style-type: none"> Not applicable. Results of systemic change have not happened yet (only 'adopt' and 'adapt' reported).
7.4 Results are published.	REC	10	5	<ul style="list-style-type: none"> The results are publicly published. However, costs are not publicly published.

Section 8: Managing the System for Results Measurement				
8.1 The programme has a clear system for using information from the results measurement system in management and decision-making.	M	30	30	<ul style="list-style-type: none"> The programme has a clear system for results measurement through which findings are used in programme management and decision-making. Staff are able to explain how they use, or will use, the results of the MRM system to inform management decision-making.
8.2 The system is supported by sufficient human and financial resources.	M	20	18	<ul style="list-style-type: none"> The human and financial resource allocated are sufficient. Some vacancies still exist in key positions of KMT, which could have impacted the management and quality control of the measurement system. The MRM manual documents roles and responsibilities appropriately. Staff can accurately describe their roles and responsibilities related to MRM.
8.3 The system is well managed and integrated with programme management.	M	40	40	<ul style="list-style-type: none"> The MRM system is institutionalised. Staff and co-facilitators are trained periodically in MRM. Staff consider results measurement tasks as part of their jobs. There is an MRM manual which is used by staff. The program systematically checks the quality of its MRM activities and outputs.

6. Summary of areas with potential for improvement

Articulating the Results Chain

Ensure that results chains are fully logical, and have sufficient detail; changes in the results chain boxes are clearly described.

Document assessment of risks of displacement for beneficiaries where appropriate.

Defining Indicators of Change

Ensure that indicators assigned are sufficient and specific enough to measure changes in the results chain boxes.

Ensure that projections match assumptions, and that they are consistent with supporting calculations. Document sources of assumptions used for projections.

Measuring Changes in Indicators

Ensure that the measurement plans refer to appropriate existing baseline studies or appropriate timing for when the baseline information will be collected.

Support partners to implement the system to monitor for unintended effects.

Estimating Attributable Changes

Ensure that the attribution methods chosen will sufficiently deal with the counterfactual.

Capturing Wider Changes in the System or Market

Ensure that there is a system to assess impacts on indirect beneficiaries.

Reporting Results

Ensure that the basis for overlap correction is documented.

In the annual report, clearly state which parts of the results reported are already measured (e.g. access outreach) and which parts (e.g. benefit outreach and NAIC) are estimated based on assumptions or early sign of impact studies.

Annexes

1. Overall and market specific ratings
2. Sector specific findings
3. List of documents reviewed
4. List of Interviews