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# Common Monitoring System for Proyectos de Integración Productiva

**Final Version**

Prepared for:

Inter American Development Bank

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# 1 Introduction

Funded by the Inter-American Bank (IDB), “Proyectos de Integración Productiva” (PIPs) aim to improve the competitiveness of small enterprises in Latin America. These projects are based on the premise that small enterprises can lower transaction costs and benefit from economies of scale by working collectively with other enterprises. The target population of PIPs is micro, small and medium-sized enterprises (MSMEs) that belong to industrial clusters selected by Executing Agencies because of their potential to contribute to regional economic development.

Project Directors, funding agencies and other stakeholders are interested in learning more about the experience of these projects and improving their performance over time. This requires a rigorous monitoring and evaluation system. To this end, Nexus Associates was retained to develop a common monitoring system based on a common set of indicators, data collection procedures, and an internet-based application to capture and report results. The system will enable Project Directors and IDB managers to monitor the performance of projects and identify potential areas for improvement. It is important to note that Executing Agencies might also be able to use this system to generate information required by IDB in progress reports, management reports and evaluation reports.

For the monitoring system to be useful, all Executing Agencies must understand, agree upon and use the indicators, definitions and procedures described in this manual. This manual was formulated based on an extensive review of project documents, discussions with project staff, and the experience of the team in similar consulting assignments.

The manual is divided into seven sections. Following this introduction, Section 2 presents a program logic model for PIPs. Section 3 provides definitions for key elements of the model and Section 4 presents a typology that can be used to classify PIP activities. Section 5 includes the process and outcome indicators that should be used by all Executing Agencies using the agreed definitions and typologies. Section 6 outlines the data collection procedures and includes a set of templates that Executing Agencies should use to collect data needed to calculate the agreed indicators. The final section, Section 7, provides an overview of the website that will be developed to capture and report results from each of the Executing Agencies.

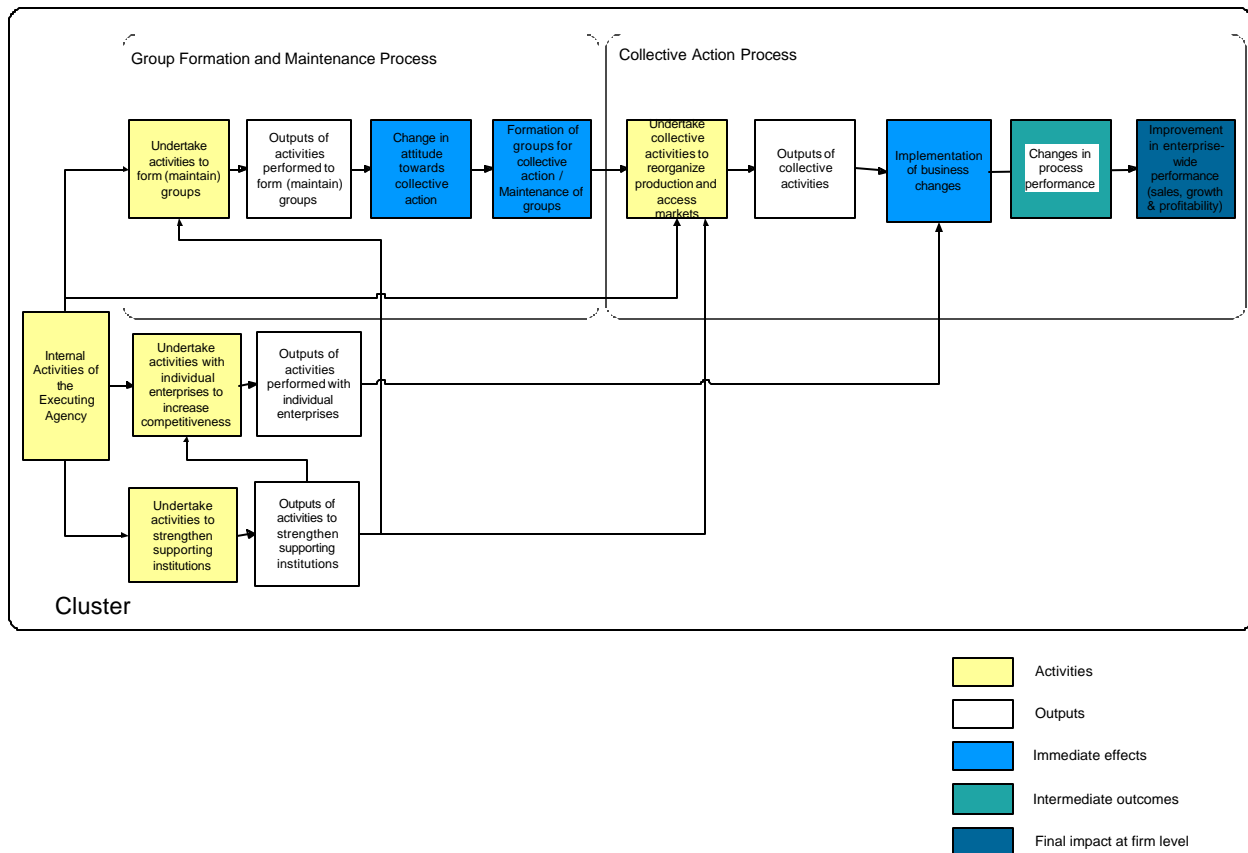
## 2 Program Logic Model and Dynamics

### 2.1 Basic model

PIPs share the common goal of increasing the competitiveness of participating enterprises through collective action even though the particular industry focus and mix of activities varies across the projects. Moreover, all projects share a common underlying logic in terms of the sequence of cause and effect relationships that link specific activities to intended outcomes.

As illustrated in Figure 1, PIPs work with enterprises in designated clusters. In general, these projects tend to be divided into two processes. The first process – **Group Formation and Maintenance** -- involves a set of activities that provide general information about collective action, train owners/managers of enterprises in the dynamics of collective action, assist enterprises to identify common needs, and organize participating enterprises into groups in order to undertake collective action. Each of these activities has specific outputs. These activities are intended to change the attitude of owners/managers as reflected in increased levels of trust among entrepreneurs and a positive view of collective action as a means of enhancing competitiveness (immediate effect). In turn, changed attitudes are expected to lead to changes in behavior (immediate effect) as manifested in a commitment by enterprises in the designated cluster to participate in collective action as a group according to a specific plan. This process also includes activities to maintain the group during the life of the project (i.e., elaboration of annual budget, formulation of group rules, etc.)

**Figure 1. Common Program Logic Model for PIP**



The second process -- **Collective Action** -- involves the implementation of activities specified in the group action plan. PIPs may undertake different types of activities such as training, consulting, trade shows, and business networking in which participating enterprises work together to achieve shared objectives. In turn, these activities are expected to result in changes in attitudes and behavior (specific actions) of participating enterprises in direct response to collective action (immediate effect). To a great extent, these changes revolve around changes in production and/or access to markets. Companies are expected to benefit from these changes in terms of improved performance on various dimensions such as volume, unit cost, product quality, and turnaround time (intermediate outcome). Finally, it is expected that such improvements will result in overall gains in enterprise-wide performance as reflected in higher sales and profitability (final impact).

Although this basic model applies to the majority of PIPs, there are some cases in which Agencies provide assistance to individual enterprises. This individual action (see definition in next section, page 8) is observed mainly in projects where a clear separation between PIP and the other Agencies' projects does not exist. Figure 1 shows how the assistance to an individual enterprise could result in similar immediate effects, intermediate outcomes and/or final impacts. Moreover, the model also illustrates the activities performed by some PIPs to strengthen supporting institutions that provide services to participating enterprises.

Finally, the model has included activities that are internal to the PIPs such as general management, administration and auditing. While the cost of these internal activities will be captured in the Common Monitoring System, the system will not require Executing Agencies to track the performance of these activities.

## **2.2 PIP Dynamics**

Once the common logic for PIPs has been understood, it is important to identify the various ways in which projects can be organized as shown in Figures 2 and 3 and discussed below:

- Each PIP operates under the direction of a specific Executing Agency which has entered into a contract with IDB to implement the project.
- Most PIPs operate within one country; however, some PIPs, such as the project managed by INCAE, operate in multiple countries.
- There may be several PIPs underway in a particular country. For example, ABE and AUCRÑA have entered into separate contracts with IDB for projects in Uruguay to work with companies in the Wine and Ñandú clusters, respectively.
- A particular PIP undertaken by an Executing Agency may involve one or more clusters. For example, while AUCRÑA focuses solely on the Ñandú cluster in Uruguay, PromPyme in Peru works with the tourism cluster in Cuzco and the garment cluster in Gamarra.
- A PIP can involve one or more groups of participating enterprises within a particular cluster. Each group in a particular cluster may be formed to pursue different activities and objectives.
- A single enterprise can participate in one or more groups at the same time.
- In some PIPs, enterprises can join a particular group at any time during the life of the project; however, group membership in other projects may be restricted as of a specific date or event.
- Executing Agencies may undertake other programs and projects in addition to the PIP.

It should be noted that the indicators that deal with coverage are based on the particular cluster(s) targeted in a specific PIP. As a result, Executing Agencies will need to keep track of certain data by each cluster. Similarly, PIPs that have more than one group of participating enterprises will need to track data by each group.

Agencies will also need to segregate activities undertaken under the PIP (along with associated revenues and expenses) from all other activities carried out under their control, i.e., organizations need to maintain a separate statement of accounts for the PIP.

Figure 2. PIP Dynamics When an Executing Agency Works with Only One Cluster

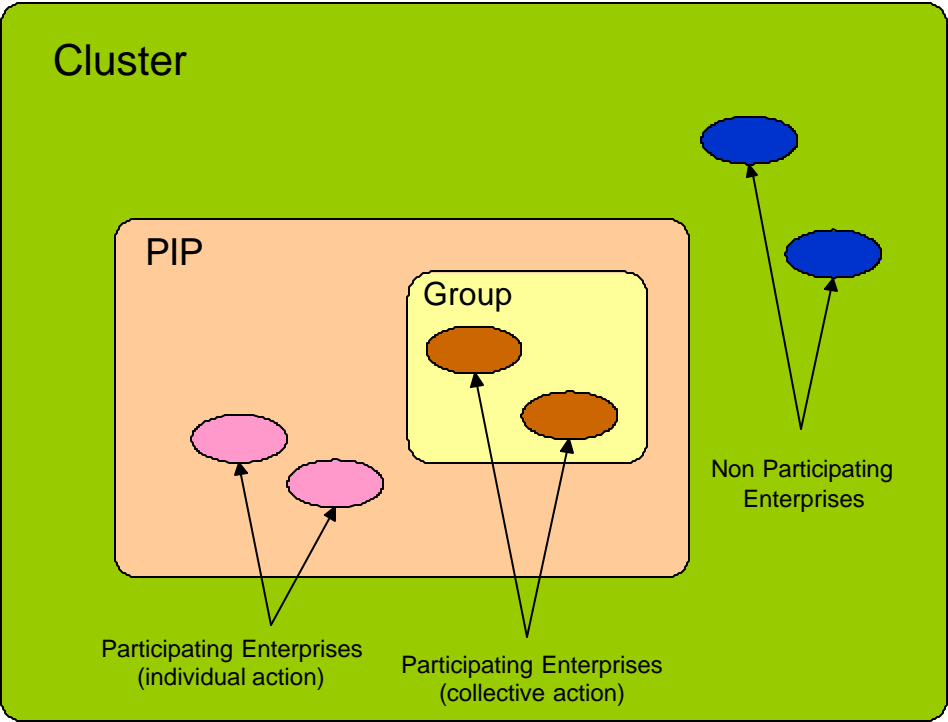
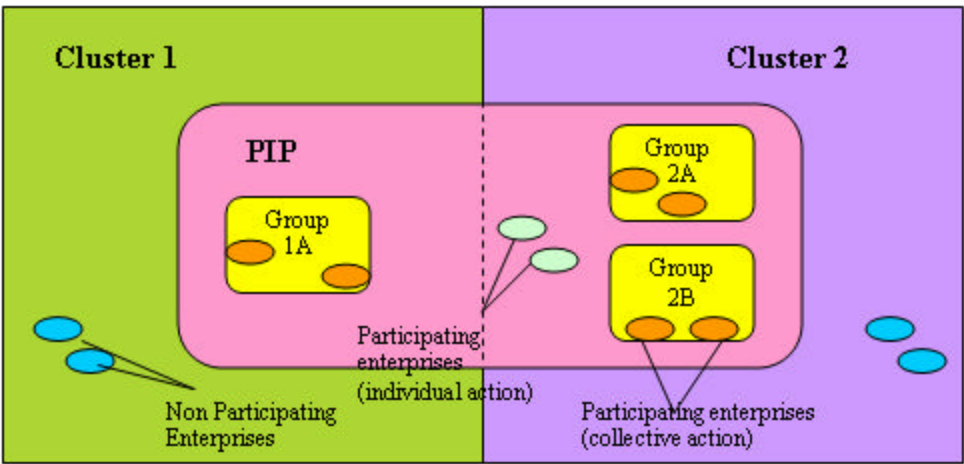


Figure 3. PIP Dynamics When an Executing Agency Works with Multiple Clusters



### 3 Basic Terms and Definitions

The first step in building a common monitoring system is to understand and agree upon the basic definitions for the principal elements of the model. Common definitions are essential to ensure the validity and reliability of indicators, helping to ensure that indicators are consistently applied within and across the various PIPs.

- **Executing Agency.** The organization with responsibility for managing the PIP under contract to IDB.
- **Enterprise.** A business entity organized to make, sell and/or distribute a good or service. An enterprise can be registered as a corporation, partnership or sole proprietorship, or remain unregistered as an informal business.
- **Cluster.** A set of enterprises in the same industry (horizontal) and/or supply chain (vertical) within a relevant geographic area as defined by the Executing Agency.
- **Industry.** A set of enterprises that provide the same good or service. The concept of industry includes the extractive, manufacturing and service sectors of the economy.
- **Supply Chain.** A set of enterprises in different industries that are required to make, sell and distribute a particular good or service to customers.
- **Participating Enterprise.** An enterprise in a cluster that engages in any activity organized and funded by PIP. A participating enterprise can be a member of a group and/or can engage in individual activities financed by the PIP. For purpose of the Common Monitoring System, a particular enterprise is defined as a participating enterprise at the time of the first activity in which it engages and maintains this status during the life of the project. For some PIPs, the number of participating enterprises is equal to the number of group members.
- **Group.** A unit consisting of a sub-set of enterprises in a cluster that agrees to undertake collective action in order to achieve common objectives based on an agreed plan of action. The group membership rules are defined by the Executive Agency and/or the group itself. Groups can exist prior to the PIP, while others are formed under the auspices of the PIP.
- **Group Member.** A participating enterprise that decides to join a group(s) to undertake collective action. An owner and/or at least one employee should participate in the activities organized by the group; however, participation in *all* the activities organized by the group is not necessary.
- **Collective Action.** Activities undertaken by members of a group in a joint and coordinated manner in order to accomplish shared objectives.
- **Individual Action.** Activities undertaken by individual enterprises in order to accomplish their particular objectives. It is important to note that this kind of activity is not typical of most PIPs since their main objective is to promote collective action as a means to achieve competitiveness.

- **Activity.** An activity is a defined set of tasks carried out with participating enterprises under the auspices of the Executing Agency. Activities are undertaken within a specific time period and require the input of labor and other resources. The Common Monitoring System will only focus on activities partially or fully funded by the PIP and will exclude internal activities undertaken by the Executing Agency such as general management, administration and auditing.
- **Service Provider.** A service provider is an entity that provides facilitation, training, consulting and/or other services to participating enterprises. Service providers include various for-profit, not-for-profit and governmental entities as well as the Executing Agency. It should be noted that a service provider can also *receive* services from the PIP. In those instances, the service provider can be considered a participating enterprise.

## 4 Typology of Activities undertaken with enterprises

The formulation of standard typologies for activities is an important part of the data collection process. The use of a clear and consistent classification scheme will allow Executing Agencies to describe the nature and magnitude of activities undertaken through the PIP in a systematic manner. In this case, a typology based on three characteristics is presented. The first refers to the particular type of the activity in terms of the nature of services provided to participating enterprises; the second refers to the subject of the activity and the third to its mode (individual or collective). (As noted above, activities are defined as tasks carried out under the auspices of the Executing Agency within a specific time period and requiring the input of labor and other resources.) The typology of activities applies only to the activities undertaken with enterprises. Activities internal to the Executing Agencies are not considered for the Common Monitoring System.

### 4.1 Type

Activities should be classified by the nature of the tasks performed using the following typology:

#### a. Facilitation

An activity should be classified as “facilitation” if it principally involves a collaborative process to help enterprises discuss issues, identify and achieve goals and complete tasks in a mutually satisfactory manner. Facilitation involves an impartial third party, the facilitator, who focuses on the processes and procedures of dispute resolution and decision-making. The facilitator is impartial with respect to the issues being discussed, rarely contributes substantive ideas, and has no decision-making authority. This type of activity is observed only during the group formation and maintenance process.

#### b. Training

An activity should be classified as “training” if it principally involves teaching new skills or providing knowledge to individuals. Training can be done in a classroom or on-the-job and could be oriented to enterprise owners, managers or employees.

#### c. Business consulting

An activity should be classified as “business consulting” if it principally involves providing advice to the enterprise owner/manager with respect to the overall direction of the firm or the management of specific business processes. This includes market research.

#### d. Engineering

An activity should be classified as “engineering” if it principally involves applying expertise to solve particular technical issues faced by the firm with respect to products and/or production processes. It can also include the development of information systems and networks for enterprises and/or groups. Engineering activities generally involve professional mechanical, electrical, computer, industrial or other types of engineers.

#### **e. Implementation**

An activity should be classified as “implementation” if it principally involves all the actions related to the process of realizing a project in practice according to an agreed work plan. Some examples of this category are: joint advertising campaigns, joint public relations efforts, joint sales promotions, joint trade shows, joint direct, telephone, mail-order or electronic (website) sales, group purchases, development of standards, etc. All the activities classified as implementation are performed collectively by a group(s).

Each activity undertaken with enterprises should be classified according to its type. The Common Monitoring System will require the use of a consistent coding scheme. Data should be entered into the appropriate on-line form using the following codes.

Type	Code
Facilitation	FAC
Training	CAP
Business Consulting	CDN
Engineering	ING
Implementation	IMP

## **4.2 Subject**

Activities should also be classified according to the principal focus of the intervention. The subject of all activities undertaken in the first process should be classified as “group formation and maintenance” and those carried out in the second process or by individual enterprises should be classified according to the principal business process on which these activities focus.<sup>1</sup> An activity may be classified using a primary and a secondary subject for further clarification of its purpose.

#### **a. Group formation and maintenance**

An activity should be classified as “group formation and maintenance” if it focuses on providing general information about collective action, training owners/managers of enterprises and service providers in the dynamics of collective action, assisting enterprises to identify common needs and formulate the group action plan, and/or organizing participating enterprises into groups to undertake collective action. Once groups are formed, they have to perform group maintenance activities such as elaboration of annual plans and budgets. These activities are also classified under this subject.

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<sup>1</sup> The business process model is based on the project team’s extensive experience working with companies as well as a thorough review of the relevant literature. In particular, we drew on models developed by the European Network for Advanced Performance Studies (ENAPS), European Foundation for Quality Management (EFQM), U.S. Department of Commerce Malcolm Baldrige Quality Award, and the American Productivity and Quality Center (APQC).

**b. Strategic planning**

An activity should be classified as “strategic planning” if it focuses on the process of determining how enterprises will compete successfully in chosen markets and generate an acceptable return on investment. Strategic planning is the process of developing plans to reach specified goals and objectives. It is used to provide overall direction for an enterprise. An example of strategic planning could be the development of the business plan for an enterprise.

**c. Marketing, distribution and sales**

An activity should be classified as “marketing, distribution and sales” if it focuses on the process of assessing market opportunities, identifying customer requirements, positioning the enterprises and/or products in the market (including branding), obtaining new orders from customers, distribution channels management and/or after sales customer service.

**d. Product development (Innovation)**

An activity should be classified as “product development” if it focuses on the process of designing entirely new products or modifying existing products. This classification should not refer to the process of assessing market opportunities or client preferences.

**e. Production**

An activity should be classified as “production” if it focuses on the process of producing a product or service. Production includes production planning, production process, testing and quality assurance, workers safety and environmental mitigation.

**f. Purchasing**

An activity should be classified as “purchasing” if it focuses on the process of procuring raw materials and inputs for the production process. Group purchase is an example of purchasing activity.

**g. Financing**

An activity should be classified as “financing” if it focuses on the process of obtaining funds for working capital and/or capital equipment (machinery, new factory, etc).

**h. Laws and regulations**

An activity should be classified as “laws and regulations” if it focuses on the process of reforming laws and regulations in order to improve the business climate for enterprises in targeted clusters.

**i. Institutional development**

An activity should be classified as “institutional development” if it focuses on the process of building and maintaining links with institutions (i.e. government, non-for profit, education institutions, etc) to strengthen the development of enterprises in the cluster.

**j. Support functions**

An activity should be classified as “support function” if it focuses on the process of building and maintaining information systems, managing human resources, or providing financial and administrative services.

Each activity undertaken with enterprises should be classified according to its principal subject (in some cases the use of a secondary subject would be needed). The Common Monitoring System will require the use of a consistent coding scheme. Data should be entered into the appropriate on-line form using the following codes.

<b>Subject</b>	<b>Code</b>
Group Formation and Maintenance	FG
Strategic Planning	PE
Marketing, Distribution and Sales	MV
Product Development	DP
Production	PR
Purchasing	CO
Financing	FI
Laws and Regulations	LR
Institutional Development	DI
Support Functions	FS

### **4.3 Mode**

Activities should be classified according to whether enterprises participate on an individual or collective basis. Some activities such as group purchasing and group production are by definition collective actions undertaken by particular groups. Other activities may be carried out by individual firms or groups depending on the nature of the activity. Before the formation of a group, the activities undertaken by enterprises are considered individual activities.

#### 4.4 Specific Uses of the Typology

The following table shows the possible combinations of activity type, subject and mode. The spaces left blank indicate the combination is not possible.

<b>Type \ Subject</b>	Facilitation	Training	Business Consulting	Engineering	Implementation
Group Formation and Maintenance	(I/C)	(I/C)	(I/C)		(C)
Strategic Planning		(I/C)	(I/C)		
Marketing, Distribution and Sales		(I/C)	(I/C)		(C)
Product Development		(I/C)	(I/C)	(I/C)	
Production		(I/C)	(I/C)	(I/C)	(C)
Purchasing		(I/C)	(I/C)		(C)
Financing		(I/C)	(I/C)		(C)
Laws and Regulations		(I/C)	(I/C)		(C)
Institutional Development		(I/C)	(I/C)		(C)
Support Functions		(I/C)	(I/C)	(I/C)	(C)

(I) individual activities; (C) collective activities; (I/C) either individual or collective activities

The following are examples of how to classify activities undertaken with enterprises using the described typology:

- A workshop organized by the Executing Agency in order to explain the benefits of collective action should be classified under the type of “Training” and the subject of “Group Formation and Maintenance”. Since this activity is organized prior to the formation of groups all enterprises will participate as individuals.
- A trade show organized by a group would be classified under the type of “Implementation”, the subject of “Marketing, distribution and sales” and it will be a collective activity.
- A group hires an engineer to design a new product to be produced and sold as a group. The activity’s type will be “Engineering”, its subject “Product Development” and its mode collective.
- A group hires a consultant to formulate a specific exporting strategy for each group member. The type of activity will be “Business Consulting”, the subject “Marketing, Distribution and Sales” (primary) and “Strategic Planning” (secondary –optional). The mode of the activity would be collective because the consultant was hired by the group to pay a lower fee than if they hired the consultant as individual enterprises. However, the consultant will elaborate an individual plan for each enterprise according to their specific needs. Common needs could exist but the final product will be individual for each enterprise.

- A group decides to perform collective purchasing of inputs and raw materials in order to lower the cost of procurement and also to have more power over suppliers. The type of activity will be “Implementation”, the subject “Purchasing” and the mode collective.
- A training workshop for developing new products organized by the Executing Agency. The type of activity will be “Training”, the subject “Product Development” and the mode will depend if the training was organized and attended by members of a group only (collective) or by any participating enterprise (individual).

## 5 Indicators

### 5.1 Process Indicators

Process indicators are used to monitor program performance, focusing on the outputs and operating efficiency. The proposed indicators will be calculated semiannually using data obtained from internal administrative records (see Templates 1, 2, 3 and 4).

#### 5.1.1 Coverage

Indicators of coverage aim to measure the extent to which the intended target population (enterprises in the cluster) has received assistance. Participating enterprises should be classified according to common-agreed size and industry classifications.<sup>2</sup>

- ***Number of new participating enterprises during the six-month period.***  
Measures the number of enterprises that participated in at least one PIP activity during the six-month period and had not participated in any activity in all prior periods.
- ***Number of participating enterprises that were active during the six-month period.***  
Measures the number of enterprises that participated in an activity during the six-month period.
- ***Total number of participating enterprises to date.***  
Measures the number of enterprises that have participated in activities organized and funded by PIP since its inception. This indicator will be calculated based on the number of participating enterprises as of the end of the six-month period. It is equal to the number of participating enterprises at the end of the previous six-month period plus new participating enterprises in the current six-month period.
- ***Percentage of participating enterprises in cluster.***  
Measures the extent to which enterprises in the cluster have participated in PIP activities. The indicator is calculated by dividing the total number of participating enterprises to date by the total number of enterprises in the cluster as defined by the Executing Agency. (Executing Agencies will be responsible for providing an estimate of the number of enterprises in the cluster at the time of project initiation and updating this figure as data become available.)
- ***Number of new group members during the six-month period.***  
Measures the number of enterprises that joined a PIP group during the six-month period and had not participated in any group in all prior periods.

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<sup>2</sup> It would be preferable to adopt a standard industry classification system such as the International Standard Industrial Classification of all Economic Activities (ISIC Rev. 3.1) of the United Nations; however this may pose problems given differences in the classification systems used by individual countries.

- ***Number of group members that were active during the six-month period.***  
Measures the number of enterprises that participated in activities undertaken by a group during the six-month period.
- ***Total number of group members to date.***  
Measures the number of enterprises that have joined groups organized and funded by the PIP since its inception. This indicator will be calculated based on the number of group members as of the end of the six-month period. It is equal to the number of group members at the end of the previous six-month period plus new group members in the current six-month period.
- ***Percentage of group members in cluster.***  
Measures the extent to which enterprises in the cluster have joined groups organized by the PIP. The indicator is calculated by dividing the total number of group members to date by the total number of enterprises in the cluster as defined by the Executing Agency.
- ***Group members as a percentage of total participating enterprises.***  
Measures the extent to which participating enterprises have joined groups organized by the PIP. It is calculated by dividing the total number of group members to date by the total number of participating enterprises to date.

### 5.1.2 Activities / Outputs

These indicators measure activities and associated outputs during the six-month period. Activities will be classified by type, subject and mode.

- ***Number of activities initiated in the six-month period.***  
Measures the number of new activities initiated within the six-month period, i.e., the start date for the activity occurred during the six-month period.
- ***Number of activities completed in the six-month period.***  
Measures the number of activities that were completed during the six-month period regardless of when they were initiated, i.e., projects may have been initiated in a prior six-month period or within the current six-month period.
- ***Number of activities “dropped” in the six-month period.***  
Measures the number of activities that were cancelled during this period regardless of when they were initiated, i.e., projects may have been initiated in a prior six-month period or within the current six-month period. (Activities that were dropped but were subsequently restarted should be counted as new activities.)

- ***Number of activities that are active at the end of the six-month period.***  
Measures the number of activities that had not yet been completed or dropped as of the end of the six-month period. This is equal to the number of activities that were active at the end of the previous six-month period plus new activities initiated during the current six-month period minus activities that were completed and/or dropped during the current six-month period.
- ***Number of people that completed training in the six-month period.***  
Measures the number of people that completed a training course in the six-month period regardless of when the training activity was initiated, i.e., courses may have been initiated in a prior six-month period or within the current six-month period.
- ***Number of new groups that were formed in the six-month period.***  
Measures the number of groups that were organized through the PIP in the six-month period. This indicator is based on the date in which an agreement was reached by participating enterprises to form a group.
- ***Number of groups that were active in the six-month period.***  
Measures the extent to which existing groups undertook collective actions during the period. It is calculated based on the number of groups that had activities that were active at any point in the six-month period.
- ***Total number of groups organized to date.***  
Measures the number of groups organized by the PIP since its inception. It is equal to the number of groups at the end of the previous six-month period plus new groups formed in the current six-month period.
- ***Total number of service providers involved in activities to date.***  
Measures the extent to which different service providers were responsible for delivering services to participating enterprises. It is calculated by counting the number of service providers engaged in activities since the inception of the PIP.

### 5.1.3 Operating Efficiency

The operating efficiency indicators measure the extent to which resources available for the project (i.e. personnel, funds, and time) have been used in an efficient manner.

- ***Average cost per participating enterprise that was active during the six-month period.***  
Measures the average cost of providing assistance to participating enterprises. This indicator is calculated by dividing the total cost incurred by the PIP during the six-month period by the total number of participating enterprises that were active during the same period.

- ***Average cost per group member that was active during the six-month period.***  
Measures the average cost of providing assistance to group members that participated in collective action during the six-month period. This indicator is calculated by dividing the total cost incurred by the PIP during the six-month period by the total number of group members that were active during the same period.
- ***Average cost per participating enterprise to date.***  
Measures the average cost of providing assistance to participating enterprises since the inception of the PIP. This indicator is calculated by dividing the total cost incurred by the PIP since its inception by the total number of participating enterprises to date.
- ***Average cost per group member to date.***  
Measures the average cost of providing assistance to group members since the inception of the PIP. This indicator is calculated by dividing the total cost incurred by the PIP since its inception by the total number of group members to date.
- ***Average cost per activity to date.***  
Measures the average cost of activities since the inception of the PIP. This indicator is calculated by dividing the total cost incurred by the PIP since its inception by the total number of activities initiated to date.
- ***Direct expenses for activities as a percentage of total cost to date.***  
Measures the extent to which resources are allocated to activities with participating enterprises. This indicator is calculated by dividing direct expenses incurred for activities to date by the total cost incurred by the PIP to date. Direct expenses include direct labor, fees paid to third-parties and other direct expenses associated with carrying out activities with participating enterprises.

#### 5.1.4 Financial Sustainability

The indicators of financial sustainability measure the extent to which the project can be sustained after the withdrawal of donor support. Users' fees and other income generating activities may provide funding to continue the initiative, and hence contribute to sustainability.

- ***Fees paid by participating enterprises as a percent of total expenses incurred to date.***  
Measures the extent to which the fees paid by participating enterprises cover the total expenses incurred by the project. This indicator is calculated by dividing the total fees paid by participating enterprises to date by the total expenses incurred to date.
- ***Fees paid to third-party providers as a percent of total expenses to date.***  
Measures the extent to which the PIP relies on third-parties to deliver services to participating enterprises. This indicator is calculated by dividing fees paid to third-party

providers for activities to date by the total expenses incurred by the PIP to date. (This indicator does not include the fees paid to consultants hired for internal activities of the PIP, e.g., management, administration and auditing.)

## 5.2 Outcome Indicators

Outcome indicators are used to monitor the impact of PIP in participating enterprises. Outcomes are the changes in attitudes, behavior and performance caused by the PIP. They reflect the difference between actual conditions and what would have been observed in the absence of the program. The data needed to calculate these indicators will be obtained from surveys, which will be administered to participating enterprises on an annual basis.

### 5.2.1 Changes in Attitudes (Immediate Effects)

Once activities directed to increase knowledge on the dynamics and benefits of collective action are undertaken, it is necessary to measure immediate results of these efforts.

- ***Change in percent of entrepreneurs in cluster that trust other entrepreneurs in cluster as a result of PIP.***

Trust among entrepreneurs is an important indicator of willingness to engage in collective action. This indicator measures the changes in levels of trust among entrepreneurs as a result of PIP. The number of participating enterprises which responded that they trust other entrepreneurs is divided by the total number of participating enterprises.

- ***Change in percent of entrepreneurs in cluster that view collective action among enterprises in cluster as beneficial as a result of PIP.***

Measures the changes in the favorable opinion of entrepreneurs towards collective action as a result of PIP. The understanding of the benefits of collective action is an important indicator of the willingness to participate in collective activities. The number of participating enterprises that responded “yes” when asked if they think that collective action among enterprises in their cluster is beneficial for their businesses is divided by the total number of participating enterprises.

### 5.2.2 Formation of Groups (Immediate Effects)

Group formation is the immediate effect of activities oriented to strengthen the dynamics of collective action. Enterprises reinforce their commitment to collective action by signing an agreement to participate in group(s) and initiate common activities within this group(s). (See Template 3)

- ***Percent of group members that shared proprietary information with other enterprises in the group as a result of PIP.***

This indicator is directly related to the increase of trust among entrepreneurs that participate in group activities. Entrepreneurs are more likely to share proprietary information with competitors/suppliers or clients when levels of trust are higher as a result of understanding the benefits of cooperation through PIP activities. This indicator is calculated by dividing the number of group members that responded “yes” to the survey question of whether they have shared proprietary information with other entrepreneurs within their group as a result of PIP by the total number of group members.

- ***Percent of group members that are satisfied with collective action undertaken by group.***

Measures the level of satisfaction of group members with their involvement in collective activities. This indicator is calculated by dividing the number of group members that responded “very satisfied” and “satisfied” to the survey question of whether they are satisfied with the collective activities undertaken by their groups by the total number of group members.

### **5.2.3 Change in Business Processes (Immediate Effects)**

Business changes are measured after the completion of the first process of group formation, when group activities have taken place. Changes in business practices should be the result of activities undertaken by enterprises within a group and imply changes in behavior.

These indicators are calculated by dividing the number of participating enterprises that report that they adopted each of the following business changes in the year as a result of PIP (enterprises that responded that they would not have changed business practices if they had not participated in PIP) by the total number of participating enterprises measured at the end of the same period.

- ***Percent of participating enterprises that adopted new management practices in the year as a result of PIP.***

Measures whether participating enterprises believe that they adopted new management practices as a result of PIP. These new management practices can include joint businesses, export opportunities, supply cooperation, networking to generate new businesses, etc.

- ***Percent of participating enterprises that increased worker skills in the year as a result of PIP.***

Measures whether participating enterprises believe that they improved the quality of their labor as a result of PIP. These improvements can be realized in the form of new technical skills, greater knowledge of product designs, etc.

- ***Percent of participating enterprises that adopted new process technologies in the year as a result of PIP.***

Measures whether participating enterprises believe that they adopted new process technologies as a result of PIP. New process technologies include new plant lay-outs, adoption of new production techniques of new machines, etc.

- ***Percent of participating enterprises that adopted measures to improve working conditions in the year as a result of PIP.***

Measures whether participating enterprises believe that they adopted procedures to improve working conditions as a result of PIP. Actions to improve working conditions include implementation of safety rules, workers trained in secure methods to operate machinery, etc.

- ***Percent of participating enterprises that adopted measures to reduce environmental impacts in the year as a result of PIP.***

Measures whether participating enterprises believe that they adopted procedures to reduce environmental impacts as a result of PIP such as waste control, installation of clean technology, etc.

- ***Percent of participating enterprises that achieved certification relative to an established standard in the year as a result of PIP.***

Measures whether participating enterprises believe that they achieved certifications to facilitate access to national and international markets as a result of PIP. These certifications include quality certifications, regional denominations, hygiene certifications, etc.

- ***Percent of participating enterprises that adopted a collective brand (trademark) in the year as a result of PIP.***

Measures whether participating enterprises believe that they adopted collective brands (trademarks) as a result of PIP.

- ***Percent of participating enterprises that introduced new or improved products in the year as a result of PIP.***

Measures whether participating enterprises believe that they introduced new products to the market as a result of PIP. This could also include improvements to existing products.

- ***Percent of participating enterprises that introduced new distribution channels in the year as a result of PIP.***

Measures whether participating enterprises believe that they introduced new distribution channels as a result of PIP.

- ***Percent of participating enterprises that entered new markets in the year as a result of PIP.***

Measures whether participating enterprises believe that they obtained new customers as a result of PIP.

- ***Percent of participating enterprises that secured financing in the year as a result of PIP.***

Measures whether participating enterprises believe that they secured financing as a result of PIP.

- ***Percent of participating enterprises that increased their involvement with public and not-for-profit institutions in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased their involvement with public and not-for-profit institutions as a result of PIP.

#### **5.2.4 Changes in Business Process Performance (Intermediate Outcomes)**

Changes in enterprise performance are the outcomes resulting from changed business practices. The ultimate purpose of PIP is to improve the competitiveness of participating enterprises; therefore, the intermediate outcomes will measure production efficiency, quality, time to delivery and other factors directly related to competitiveness.

- ***Percent of participating enterprises that improved quality in the year as a result of PIP.***

Measures whether participating enterprises believe that they improved the quality of their products or services as reflected in a reduction in the rate of scrap, rework, returns and/or customer complaints as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that improved quality during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that reduced average unit cost in the year as a result of PIP.***

Measures whether participating enterprises believe that they reduced average unit cost as a result of PIP. This indicator intends to measure production efficiency. Cost per unit is defined as total production cost over total volume produced. This indicator is calculated by dividing the number of participating enterprises that reduced average unit cost during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that reduced order-to-delivery time in the year as a result of PIP.***

Measures whether participating enterprises believe that they reduced the average amount of time (hours or days) from receipt of order to delivery at customers' premises as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that reduced order-to-delivery time during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved on-time delivery in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased the proportion of orders delivered to customers according to an agreed schedule as a result of PIP. This indicator is related to quality and production efficiency. It is calculated by dividing the number of participating enterprises that increased on-time delivery during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that reduced environmental impacts in the year as a result of PIP.***

Measures whether participating enterprises believe that they reduced the amount of air, water and ground pollutants that were released into the environment as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that reduced environmental impacts during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved worker safety and health in the year as a result of PIP.***

Measures whether participating enterprises believe that they improved worker safety and health as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that improved worker safety and health during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

## 5.2.5 Changes in Enterprise-wide Performance (Final Impacts)

Finally, the final outcomes of the PIP should be measured at the enterprise level.

- ***Percent of participating enterprises that improved sales in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased revenues derived from the sale of goods and services as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that increased sales during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved exports in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased revenues derived from the sale of goods and services to international clients as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that increased exports during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved productivity in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased efficiency in the use of available resources (i.e. labor, capital, materials, land, knowledge, time, or any combination of those) in the production process as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that increased productivity during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved net profit margin in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased net profit margin as a result of PIP. Net profit margin is defined as operating profits (sales minus cost of goods sold) and other income less total expenses. This indicator is calculated by dividing the number of participating enterprises that increased their net profit margin during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that improved employment<sup>3</sup> in the year as a result of PIP.***

Measures whether participating enterprises believe that they increased the number of full and part-time workers as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that increased employment during the year as a result of PIP by the total number of participating enterprises at the end of the same period.

- ***Percent of participating enterprises that survived in the year as a result of PIP.***

Measures whether participating enterprises believe that they survived in the market as a result of PIP. This indicator is calculated by dividing the number of participating enterprises that survived during the year as a result of PIP by the total number of participating enterprises at the end of the same period. This indicator will also help to calculate the mortality rate of participating enterprises.

- ***Change in sales volume (real \$) of participating enterprises in the year as a result of PIP.***

Measures the change in sales volume, in dollars, as a result of PIP as reported by participating enterprises. This indicator is calculated by comparing the actual sales volume of the current year with the estimated sales volume of the year assuming the enterprise had not participated in PIP.

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<sup>3</sup> Employment refers to all workers in an enterprise regardless of whether they are paid.

- ***Change in export volume (real \$) of participating enterprises in the year as a result of PIP.***

Measures the change in export volume, in dollars, as a result of PIP as reported by participating enterprises. This indicator is calculated by comparing the actual export volume of the current year with the estimated export volume of the year assuming the enterprise had not participated in PIP.

- ***Change in sales per employee (real \$) of participating enterprises in the year as a result of PIP.***

Measures the change in sales per employee, in dollars, as a result of PIP as reported by participating enterprises. This indicator is calculated by comparing the actual sales per employee figure of the current year with the estimated sales per employee figure of the year assuming the enterprise had not participated in PIP.

- ***Change in employment of participating enterprises in the year as a result of PIP.***

Measures the change in the number of full-time and part-time employees as a result of PIP as reported by participating enterprises. This indicator is calculated by comparing the actual employment level of the current year with the estimated employment level of the year assuming the enterprise had not participated in PIP.

## 6 Data Collection

The success of the monitoring system depends on the quality of data collected by Executing Agencies through administrative records or enterprise surveys. Data needs to be collected in a consistent manner using agreed definitions, typologies and procedures. Data should be stored electronically in appropriate computer databases to facilitate data access, analysis and reporting. These computer databases should be developed by the projects. There is no need for sophisticated software; Excel or Access should be sufficient.

Table 1 lists the templates that can be used to capture data needed to calculate the agreed indicators. Executing Agencies should either use these templates as is or adapt existing data collection instruments in such a way that the specified data are collected in a consistent manner. In designing necessary information systems, Executing Agencies should ensure that the systems are capable of capturing all specified data.

**Table 1. Data Collection Templates**

Template	Use	Frequency	Date Source
Enterprise Registration	Capture data on characteristics of enterprises	When enterprises establish first contact with PIP and updated as required	Administrative Records
Service Provider Registration	Capture data on characteristics of service providers	When service providers establish first contact with PIP and updated as required	Administrative Records
Group Registration	Capture data on characteristics of groups formed as a result of the PIP	When participating enterprises agree to form a group or when a group establish first contact with PIP. Updated as required	Administrative Records
Activity Summary	Capture data on the characteristics of activities carried out as part of the PIP	At the beginning and end of each activity	Administrative Records
Enterprise Survey	Capture data on the attitudes, behavior and performance of participating enterprises	Annually	Enterprise Survey
Financial Summary	Capture data on basic financial information of the projects	On a six-month basis	Administrative Records

### 6.1 Enterprise Registration (Template 1)

This template should be used to capture basic information on the characteristics of enterprises. It should be filled out at the time of registration by staff of the Executing Agency. The time of registration refers to the first personal contact between staff of the Executing Agency and the enterprise. Each enterprise should be registered under a unique identifier that will relate all the enterprise information within the system. (The enterprise registration template should be updated if important changes are done within the enterprise (i.e. legal status or number of employees). If updated, the Executing Agency should make sure to save the original data.)

### Template 1. Participating Enterprise Registration

<b>Date of intake:</b>	
<b>Enterprise name:</b>	
<b>Unique enterprise identifier:</b>	
<b>Address:</b>	
<b>Main contact:</b>	
<b>Telephone:</b>	
<b>Email:</b>	
<b>Principal product(s)/ service(s):</b>	
<b>Industry classification:</b>	Primary _____ Secondary _____
<b>Legal status:</b>	<input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Joint venture <input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Informal entity
<b>Number of employees:</b> <b>(Average over most recent twelve-month period)</b>	Paid employment: _____ Self-employment: _____  Total number of employees: _____

#### Definitions / instructions:

- **Date of intake.** Date on which the enterprise has its first personal contact (visit or meeting) with the Executing Agency in relation to the PIP.
- **Enterprise name.** Full name of the enterprise. Do not use abbreviations.
- **Unique enterprise identifier.** The unique identifier could be the tax ID or other registration number; however any numerical code would be sufficient as long as a unique number is assigned to each enterprise.
- **Main contact.** Full name of owner, manager or other authorized individual at the enterprise who will serve as the principal point of contact between the PIP and the enterprise.
- **Principal product or service.** Brief description of principal products and/or services (as reflected in annual sales) offered by the enterprise.
- **Industry classification.** The industry classification is determined by the goods or services produced by the enterprise based on the International Standard Industrial Classification of all Economic Activities--(ISIC Rev. 3.1) of the United Nations. It would be relevant for the PIP to develop a simple matrix to reconcile the country's industry classification with the international one.
- **Legal status.** The legal status of a participating enterprise will depend on the nature of its origination. The enterprise can be classified as:
  - **Corporation.** A legal entity. A form of business ownership that is recognized as a separate entity having its own rights, privileges, and liabilities distinct from those of

its members (shareholders). The principal distinction between a business corporation and other forms of business organizations (i.e., proprietorship or partnership) is that the liability of the owners is limited to the capital of the subject corporation.

- **Partnership.** A legal entity. A form of business ownership with two or more owners or partners who form an agreement to pool their funds and management talents and share in the profits or losses of the business entity. General partners are responsible for the day-to-day operations of the business and are personally liable for the partnership's liabilities.
- **Joint Venture.** A legal entity. An agreement between two or more enterprises to undertake the same business strategy and plan of action. A joint venture can be incorporated or unincorporated. In the case of a joint venture, enterprises should fill individual enterprise registration forms and also a registration form for the joint venture.
- **Sole proprietorship.** A legal entity. A form of business organization in which an individual is fully and personally liable for all the obligations (including debts) of the business, is entitled to all of its profits and exercises complete managerial control.
- **Informal entity.** Mainly microenterprises that are not legally registered to do business. Not all PIPs allow the participation of informal entities. The Fifteenth International Conference of Labour Statisticians (15th ICLS) defined the informal sector as “a subset of unincorporated enterprises owned by households, i.e. as a subset of production units which are not constituted as separate legal entities independently of the households or household members who own them, and for which no complete sets of accounts (including balance sheets of assets and liabilities) are available which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners and the identification of any flows of income and capital between the enterprises and the owners.” Regarding the production units in question, the term enterprise was used by the 15th ICLS in a broad sense. It covers not only units that employ hired labor, but also production units that are owned and operated by single individuals working on own-account as self-employed persons, either alone or with the help of unpaid family members. The enterprise activities may be undertaken inside or outside the business owner's home; they may be carried out in identifiable premises or without fixed location.
- **Number of employees.** Employment will be recorded as an average over most recent twelve-month period. According to the International Classification of Status in Employment (ICSE) of the ILO, the basic criteria to define employee groups are the type of economic risk, an element of which is the strength of the attachment between the person and the job, and the type of authority over establishments and other workers which the job incumbents have or will have. The common monitoring system will classify employment based on the ICSE definitions:

- **Paid-Employment:** Workers that during the reference period performed some work for wage or salary, in cash or in kind.
  - **Regular employees.** Workers with a stable contract (written or oral) or succession of such contracts with the same employer on a continuous basis. These are paid employment jobs for whom the employing organization is responsible for payment of relevant taxes and social security contributions and/or where the contractual relationship is subject to national labor legislation.
    - Regular employees with fixed-term contracts.
    - Regular employees with contracts without limits of time.
  - **Short-term or casual employees.** Workers who hold explicit or implicit contracts of employment which are expected to last shorter than the period used to define “regular employees”.
  - **Seasonal employees.** Workers who hold explicit or implicit contracts of employment where the timing and duration of the contract is significantly influenced by seasonal factors such as climatic cycle, public holidays, and/or agricultural harvests
  - **Contractors.** Workers who have registered with the tax authorities (and/or relevant bodies) as a separate business unit responsible for the relevant forms of taxes, and/or who have made arrangements so that their employing organization is not responsible for relevant social security payments, and /or the contractual relationship is not subject to national labor legislation applicable to regular employees.
- **Self-employment:** Individuals whose remuneration is directly dependent upon the profits derived from the goods and services produced (where individual consumption is considered to be part of the profits)
  - **Own-account workers.** Enterprise owners who during the reference period performed some work for profit or family gain.
  - **Unpaid family workers.** Family workers working for the enterprise without a wage or salary and persons engaged in the production of economic goods and services for own and household consumption.

## 6.2 Service Provider Registration (Template 2)

This template should be used to capture information about service providers in the cluster. This template is similar to the Participating Enterprise Registration Template. Service providers could be considered a participating enterprise since they could receive services from PIPs in the first process of Group Formation and Maintenance but in the second process, these service providers could be hired by PIP or the enterprises to provide services. Projects should use Template 2 to record information on Service Providers separately.

### Template 2. Service Provider Registration

<b>Date of intake:</b>	
<b>Service provider name:</b>	
<b>Unique service provider identifier:</b>	
<b>Address:</b>	
<b>Main contact (if an enterprise):</b>	
<b>Telephone:</b>	
<b>Email:</b>	
<b>Principal service(s):</b>	
<b>Industry classification:</b>	
<b>Legal status:</b>	<input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Joint venture <input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Informal entity
<b>Number of employees: (Average over most recent twelve-month period)</b>	Paid employment: _____ Self-employment: _____  Total number of employees: _____

*Note:* The definitions used for the components of the Enterprise Registration Template apply for the Service Provider Registration Template.

### 6.3 Group Registration (Template 3)

This template should be used to capture information on each group that engages in PIP activities and was formed prior to and/or under the project. It should be filled out by staff of the Executing Agency, at the time of the first contact for groups in existence prior to the PIP and at the time of formation for groups formed under the PIP (i.e., the date when an agreement establishing the group is finalized.)

**Template 3. Group Registration**

<b>Group name:</b>		
<b>Unique group identifier:</b>		
<b>Date of agreement:</b>		
<b>Date of update:</b>		
<b>Nature of agreement:</b>	<input type="checkbox"/> New legal entity <input type="checkbox"/> Formal agreement <input type="checkbox"/> Informal commitment	
<b>Objectives:</b>		
<b>Number of group members:</b>		
<b>Group members:</b>	Unique enterprise identifiers	Date joined

#### Definitions/Instructions

- **Group Name.** Full name of group formed by participating enterprises.
- **Unique Group Identifier.** Unique numerical code assigned to each group.
- **Date of agreement.** The date of agreement is a reflection of when the group comes into existence. In the case of a new legal entity or formal agreement, this is relatively straightforward: The group is established based on the date of registration or date of the contract, respectively. The date of establishment of groups based on informal commitments may be harder to pinpoint; Executing Agencies will need to define a proxy for a signed agreement, e.g., the date of the meeting held to approve the group action plan.
- **Date of update.** The date of update refers to the date in which changes in the group's membership or nature of agreement have been recorded.

*Note:* Projects should not lose prior information when updating the template

- **Nature of agreement.** The form in which participating enterprise agree to undertake certain actions and assume specific responsibilities and obligations. Groups should be classified based on the nature of the agreement among participating enterprises as follows:
  - **New legal entity.** A new legal entity established with participating enterprises as stakeholders.

- **Formal agreement.** A binding contract among participating enterprises to undertake collective activities.
  - **Informal commitments.** A non-binding agreement among participating enterprises to undertake collective activities. At a minimum, participating enterprises must recognize their membership in the group.
- **Objectives.** Brief description of the purposes for which the group was formed.
  - **Number of Group Members.** Depending on the nature of the agreement, the number of enterprises that participate in the group is based on the number of enterprises that have an equity stake in the new legal entity, are signatories to the formal agreement, or otherwise signal their commitment to participate in the group. During the life of the group, enterprises can enter or exit the group depending on the group's specific regulations. In the case that enterprises enter or exit a group, the group should keep its original name and unique identifier and an updating form should be filled at the end of the reporting period to account for these changes.
  - **Group Members.** The unique enterprise identifier of each enterprise participating in the group. The date in which enterprises joined the group is also needed since enterprises can join a group after the group has been formed.

## 6.4 Activity Summary (Template 4)

The Activity Summary template should be used to capture key data with respect to each activity carried out under the PIP. This template will be filled out at the start and end of an activity by staff of the Executing Agency.

**Template 4. Activity Summary**

<b>Activity name:</b>		
<b>Unique activity identifier:</b>		
<b>Unique group identifier:</b>		
<b>Participating enterprises:</b>	(Unique enterprise identifiers)	
<b>Type:</b>	<input type="checkbox"/> Facilitation <input type="checkbox"/> Training (Please specify total course hours ____) <input type="checkbox"/> Business Consulting <input type="checkbox"/> Engineering <input type="checkbox"/> Implementation	
<b>Subject:</b> (In the case of a primary and secondary classification please mark 1 for the primary and 2 for the secondary)	<input type="checkbox"/> Group formation and maintenance <input type="checkbox"/> Strategic planning <input type="checkbox"/> Marketing, distribution and sales <input type="checkbox"/> Product development <input type="checkbox"/> Production <input type="checkbox"/> Purchasing <input type="checkbox"/> Financing <input type="checkbox"/> Laws and regulations <input type="checkbox"/> Institutional development <input type="checkbox"/> Support functions	
<b>Mode:</b>	<input type="checkbox"/> Individual <input type="checkbox"/> Collective	
<b>Service provider:</b>	<input type="checkbox"/> Executing Agency <input type="checkbox"/> Third-party provider (please specify unique identifier)	
<b>Outputs:</b>	Planned	Actual
<b>Duration:</b>	Planned	Actual
Start date		
End date		
Drop date		
<b>Direct labor expenses (local currency):</b>	Planned	Actual
<b>Fees paid to third-party service providers (local currency):</b>	Planned	Actual
<b>Other direct expenses (local currency):</b>	Planned	Actual
<b>Fees paid by participating enterprises (local currency):</b>	Planned	Actual
<b>If training, number of training participants:</b>	Planned	Actual

## Definitions / Instructions:

- **Activity Name.** In order to identify activities, the Executing Agency will assign a specific name to each activity.
- **Unique Identifiers.** Unique identifiers for the relevant activity, group and participating enterprises.
- **Type, Subject and Mode** (As described in the Standard Typology of Activities section)
- **Service provider.** The organization that was responsible for delivering related services to participating enterprises. The provider can be either the Executing Agency itself or a third-party provider, including public agencies, universities, and other for-profit or not-for-profit organizations.
- **Output.** The outputs are the products of an activity. Planned indicates the outputs expected at the time the activity was initiated; actual indicates the outputs that were achieved at the time the activity was completed.
- **Duration.** The duration of an activity will be measured by the period of time (calendar days) between the start and end of the activity. In some cases, activities may be dropped or cancelled before completion. In all cases, a specific date should be entered for the relevant event.
- **Direct labor expenses (local currency).** Monetary value of staff time committed to the activity. This should include salary and benefits on a pro rata basis.
- **Fees paid to third-party service providers (local currency).** The monetary value of any fees paid by the Executing Agency to external service providers that commit time to the activity.
- **Other direct expenses (local currency).** The monetary value of any other resources committed by the Executing Agency to the activity, including travel, materials, and communication expenses.
- **Fees paid by participating enterprises (local currency).** The monetary value of payments made by participating enterprises to the Executing Agency for the activity.
- **If training, number of training participants.** The number of people attending the training event.
- Although the template requires planned and actual figures, the common monitoring system will only use actual figures. The planned figures might be useful for comparison purposes internally to the PIP.
- Executing Agencies will report all figures in local currency. The system will convert these figures into US\$ using an average exchange rate (average of the exchange rate at the beginning and end of the period).

## 6.5 Enterprise Survey (Template 5)

Surveys constitute the only way to gather information from a large number of enterprises on their actions as a result of the program, their level of satisfaction and the cost and benefits resulting from their participation in the program<sup>4</sup>.

The Executing Agency should conduct Enterprise Surveys on an annual basis to capture key information related to attitudes, business changes and enterprise performance after the intervention. The questions are designed to capture data needed to assess outcomes, accounting explicitly for the *counterfactual* (what would have happened in the absence of the program) as reflected in the agreed indicators. The use of participant judgment concerning impacts of the projects imply that the enterprises are surveyed and asked to estimate the extent to which their attitudes, behavior and performance changed as a result of the program- in effect, to compare current performance to what would have happened in the absence of the program. See Template 5 at the end of this section for the questionnaire.

### 6.5.1 Survey Design

In order to ensure the quality of data, Executing Agencies should follow the procedures outlined below in conducting surveys.

- **Questionnaires.** Executing Agencies should use the questions included in the template exactly as written. If Executing Agencies are currently using other questionnaires to conduct the surveys, it is important to assure the capturing of data needed to calculate the agreed indicators.
- **Sampling.** In general, given the number of enterprises that are expected to participate in the PIPs, it would be preferable for Executing Agencies to survey all participating enterprises. If this is too costly, Executing Agencies should survey a random sample of participating enterprises. A random sample is where each participating enterprise has a known and independent probability of being selected for the sample. It would make sense for Executing Agencies to draw a simple random sample where each participating enterprise has an *equal* probability of being selected for the sample. This would avoid the need for weighting survey responses. The size of the sample should be large enough to provide sufficient statistical power.<sup>5</sup> Although there are no formal standards for statistical power, Executing Agencies should draw a sample that would provide a power of 0.80 or greater.
- **Administration.** Given the nature of the information sought, the survey should be administered in-person (as opposed to mail or telephone) with a strict promise to protect the confidentiality of the respondent and their responses. Field personnel should be trained to

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<sup>4</sup> It is assumed that Executing Agencies performed a baseline survey before beginning operations to gather basic information on the target population. The principal purpose of the baseline survey required by IDB is to assess market conditions in order to design the PIP.

<sup>5</sup> The power of a statistical test is the probability that the test will reject a false null hypothesis, or, in other words, that it will not make a Type II error. The higher the power, the greater the chance of obtaining a statistically significant result when the null hypothesis is false. Statistical power depends on the degree of variance in the underlying data, the level of confidence desired, and the effect size that researchers want to be able to detect.

conduct the surveys. Executing Agencies need to achieve a high response rate, i.e. greater than 60 percent. To help ensure a high response rate, Executing Agencies should obtain the commitment of enterprises to respond to surveys as a condition of their participation in the PIP. Enterprises tend to respond more readily to surveys if they have made a commitment to do so in advance.

- **Data entry.** Executing Agencies should establish specific procedures for dealing with completed surveys. This includes tracking responses so that individuals failing to respond initially can be contacted and encouraged to complete the questionnaire. The quality of data entry should be verified by checking all or a sample of questionnaires for accuracy and by carefully examining data for responses that are not consistent. All questionable entries should be checked for problems and verified. During coding it is important to distinguish missing data from a response of zero or “not applicable”. It is recommended that original copies of written questionnaires be kept on file for some time after data entry. This allows spot checking and also maintains raw data in the event of a discovery of systematic entry errors or accidental loss of data.
- **Survey schedule.** The surveys will be conducted annually and should be performed in roughly the same time frame. March is generally a good time to administer surveys to businesses in that it allows sufficient time for companies to close their books after the end of the fiscal year. (Most fiscal years end December 31<sup>st</sup>.)

## Template 5. Enterprise Survey

<b>1. Do you think that collective action (agreements and initiatives with a group of enterprises) among enterprises in your industrial sector is beneficial for your business?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>2. Is your enterprise a member of a group organized or supported by the “<u>PIP</u>”?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>3. If you answered YES to Question 2, are you satisfied with the activities undertaken by the group?</b>	<input type="checkbox"/> Very satisfied <input type="checkbox"/> Satisfied <input type="checkbox"/> Neutral <input type="checkbox"/> Dissatisfied <input type="checkbox"/> Very dissatisfied
<b>4. In the past year, has your trust in other entrepreneurs increased or decreased as a result of the “<u>PIP</u>”?</b>	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> No change
<b>5. In the past year, did your enterprise share proprietary information with other entrepreneurs as a result of the “<u>PIP</u>”?</b>  <b>Note: This includes sharing information on business strategies, marketing plans, pricing schedules, and technologies</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>6. Did you adopt or change any of the following as a result of the “<u>PIP</u>” in the past year?</b>  Adopted new management practices Increased worker skills Adopted new process technologies Adopted measures to improve worker conditions Adopted measures to reduce environmental impact Achieved certification relative to an establish standard Adopted a collective brand Introduced new products Introduced new distribution channels Entered new markets Secured financing Increased involvement with public and not-for-profit institutions Others (Please specify _____)	<div style="display: flex; flex-direction: column; gap: 10px;"> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> <div><input type="checkbox"/> Yes   <input type="checkbox"/> No   <input type="checkbox"/> N/A</div> </div>

<b>7. Please indicate whether you agree or disagree with the following statements</b>			
We improved the quality of our products/services last year due to our participation in “ <u>PIP</u> ” activities.			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We reduced the cost (average unit cost) of producing our products/services last year due to our participation in “ <u>PIP</u> ” activities.			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We reduced the time that it took from when an order was placed to when we delivered our products/services to customers last year due to our participation in “ <u>PIP</u> ” activities.			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We reduced the amount of air, water and ground pollutants that we released into the environment last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We reduced the number of workplace accidents last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We increased the percentage of orders that were delivered to customers according to an agreed schedule last year due to our participation in “ <u>PIP</u> ” activities.			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We increased our sales revenues last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We increased our exports last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We increased our productivity (sales per employee) last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
We increased our profitability (net profit margin) last year due to our participation in “ <u>PIP</u> ” activities			<input type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>8. Please provide the following figures</b>	<b>Previous Fiscal Year (2003)</b>	<b>Most Recent Fiscal Year (2004)</b>	<b>Estimate for most recent fiscal year assuming that you had not participated in “<u>PIP</u>”</b>
Total annual sales	Local currency	Local currency	Local currency
Total annual exports	Local currency	Local currency	Local currency
Total number of employees (average of the year)	#	#	#
Paid-employment:	#	#	#
- Regular employees	#	#	#
- Short-term and casual employees	#	#	#
- Seasonal employees	#	#	#
- Contractors	#	#	#
Self-employment:	#	#	#
- Own-account workers	#	#	#
- Unpaid family workers	#	#	#
<b>9. Would your enterprise have gone out of business last year if you had not participated in the “<u>PIP</u>”?</b>			<input type="checkbox"/> Yes <input type="checkbox"/> No

**Definitions / Instructions:**

- The term “PIP” will be replaced by the name with which enterprises recognize the project in which they are participating.
- **Question 1.** The concept cluster is not understood by the enterprises. The word cluster was replaced by industrial sector.
- **Question 6.** The column of Non Applicable (N/A) will not be used while interviewing enterprises; it will only help Executing Agencies determine whether to include the question in a specific cluster survey.
- **Question 8.** Enterprises will report in local currency and the system will convert to dollars based on an average exchange rate during the period.

## 6.6 Financial Summary (Template 6)

This template should be used to register basic financial information of PIP related to incoming and outgoing cash flows for activities undertaken during the six-month period. This template will be filled out by the Executing Agency on a six-month basis.

**Template 6. Financial Summary**

	<b>Planned</b>	<b>Actual</b>
<b>Revenue</b>		
Funds from IDB:	Local currency	Local currency
Funds from Executing Agency:	Local currency	Local currency
Fees paid by participating enterprises:	Local currency	Local currency
Other funds	Local currency	Local currency
<b>Total Revenues</b>	<b>Local currency</b>	<b>Local currency</b>
<b>Cost</b>		
Direct Expenses:	Local currency	Local currency
- Executing Agency labor expenses	Local currency	Local currency
- Fees paid to third-party providers	Local currency	Local currency
- Other direct expenses	Local currency	Local currency
Indirect Expenses (Overhead):	Local currency	Local currency
<b>Total Costs</b>	<b>Local currency</b>	<b>Local currency</b>
<b>Surplus (Deficit)</b>	<b>Local currency</b>	<b>Local currency</b>

### Definitions / Instructions:

- Executing Agencies will report all figures in local currency. The system will convert these figures into US\$ using an average exchange rate (average of the exchange rate at the beginning and end of the period).
- Although the template requires planned and actual figures, the common monitoring system will only use actual figures. The planned figures might be useful for comparison purposes internally to the PIP.
- **Revenue (local currency).** Indicates the incoming cash flows for the PIP. This includes funds provided by IDB, funds disbursed by the Executing Agency and the fees paid by participating enterprises for services received from the PIP.
- **Executing Agency labor expenses (local currency).** The monetary value of staff time committed to the activity. This should include salary and fringe benefits.
- **Fees paid to third-party providers (local currency).** The monetary value of any fees paid by the Executing Agency to external service providers that commit time to the activity.

- **Other direct expenses (local currency).** The monetary value of any other resources committed by the Executing Agency to the activity, including travel, materials, and communication expenses.
- **Indirect expenses (local currency).** Indirect expenses refers to overhead.
- **Total cost (local currency).** The total monetary value of all resources committed by the Executing Agency to the activity, including labor expenses, third-party-fees, other direct expenses, and allocated overhead. The sum of the total cost of all activities should be equal to total PIP expenditures in the period.

## 7 Website

### 7.1 Overview

A web-based application will be developed to capture and report results on each of the agreed indicators. Appropriate security mechanisms will be included to protect confidential information.

(The website will be designed after the two-day meeting with Project Directors scheduled in January. More detailed instructions with respect to using the website will be developed at that time.)

### 7.2 Data Entry Procedures

Each Executing Agency will be responsible for entering specified data on forms included on the website. The specified data will be entered manually; there is no interface between internal systems and the web. Data for process indicators will be entered every six months; survey data will be entered annually. The deadline to enter data will be four weeks following the end of the relevant six-month period for process indicators. For survey results, the deadline will be eight weeks following the end of the year (12 months after the previous survey was conducted).

Data needed for process indicators can be generated by the Agencies' information systems assuming that all of the fields included in the forms, presented in Section 6, are included. Data needed for outcome indicators can be generated from survey results. In some cases, Agencies will need to process raw data to calculate statistics that will be entered into forms in the website. For example, Executing Agencies will be asked to enter summary descriptive statistics (e.g., minimum, maximum, median, mean, and std. deviation) calculated from survey responses on the appropriate form on the website, rather than raw survey data. The calculation of summary descriptive statistics will be done by the Agencies with the use of a simple statistical package.

#### **Example of online data-entry form for process indicators**

1.	Total number of enterprises in the cluster	<input type="text"/>
2.	Number of activities initiated in the six-month period	<input type="text"/>
3.	Number of activities completed in the six-month period	<input type="text"/>
4.	Number of activities "dropped" in the six-month period	<input type="text"/>
5.	Number of people that completed training in the six-month period	<input type="text"/>
6.	Total cost incurred by the PIP during the six-month period	\$ <input type="text"/>
7.	Fees paid by participating enterprises during the six-month period	\$ <input type="text"/>
8.	Fees paid to third-party providers during the six-month period	\$ <input type="text"/>

### **Example of online data-entry form for outcome indicators**

1.	Do you think that collective action among enterprises in your cluster is beneficial for your business?	% responding Yes % responding No N = _____	<input type="text"/> <input type="text"/> <input type="text"/>
2	Additional annual sales resulting from PIP (Calculated as difference between 2004 and counterfactual)	Mean Median Sum Std. Deviation N = _____	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

The web-based application will include various data validation checks once forms have been completed to ensure data quality. The person responsible for entering the data will be asked to confirm or reenter data that fall outside of established parameters.

## **7.3 Web Reports**

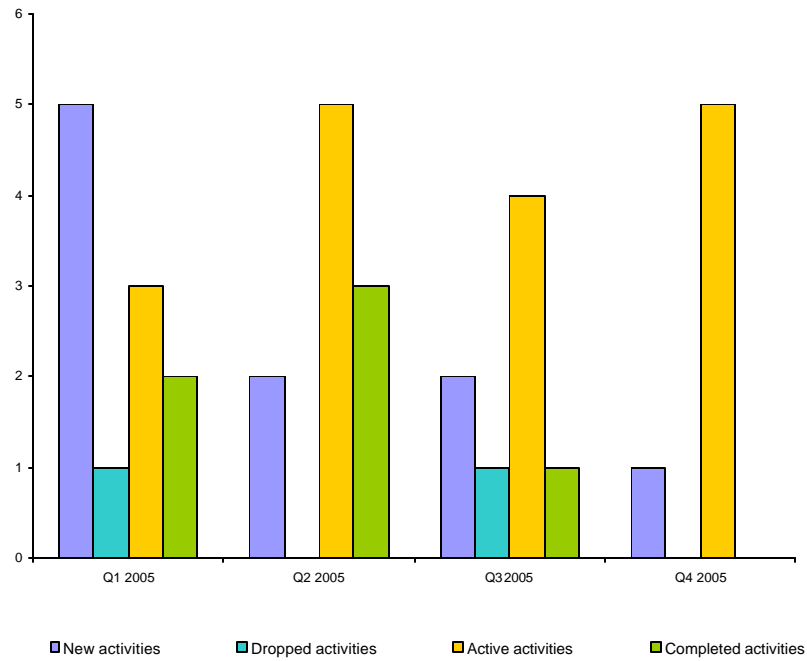
The web-based application will generate various reports based on the data provided by the Executing Agencies. Current plans call for developing three types of reports as illustrated below. The first type of report will include a table that shows the performance of a particular PIP with respect to agreed process indicators in comparison to other PIPs. The second type will include a series of graphs showing the trends in the performance of a particular PIP in terms of process indicators. The third type of report will summarize the results of the enterprise surveys across PIPs. These reports will be generated for project management purposes only and will not substitute the reports required by IDB.

### **Example of Summary Table for Process Indicators**

Indicator	Median	Project	Percentile
Percentage of participating enterprises in cluster	30%	20%	40%
Fees paid by participating enterprises as a percent of total expenses incurred to date	50%	70%	70%
Average cost per participating enterprise to date	\$500	\$1000	90%

### Example of Graph Showing Trends in Performance Indicators

Activity cycle: New, dropped, active and completed activities



### Example of Summary Table for Outcome Indicators

Indicator	Median	Project	Percentile
Percentage of enterprises that believe that collective action is beneficial for their business,	30%	60%	90%
Additional annual sales resulting from PIP (Calculated as difference between 2004 and counterfactual)	\$20,000	\$30,000	80%