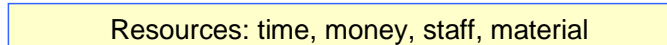**Managing for Development Results**
Training led by MDF/VBNK on behalf of CRDB/CDC and TWGs
17-20 November 2009

Indicators

1. Different indicators and focus of monitoring

Input indicators

> Resources: time, money, staff, material

Process indicators

> Resources → Results/Outputs

Indicators of action/Output indicators

> Action → Results/Output

Indicators of reaction / Outcome indicators

> Result → Purpose/Outcome

Impact indicators

> Purpose → Overall Objective

Indicators of context

> External Factors
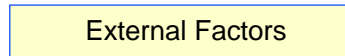
Figure 1 Different indicators and focus of monitoring

2.   Type of indicators

We distinguish two types of indicators:
1) Direct indicators, which refer directly to the subject they have been developed for
2) Indirect indicators, which only refer in an indirect way to the subject

Direct indicators

These indicators directly pinpoint at the subject of interest. This is often the case with operational and more technical subjects. What the manager wants to know, can be (and

generally is) measured directly. A good example of a direct indicator, which might not be so easy to measure, is "the proportion of the population below $ 1 per day" (See MDG 1 presented above).

Indirect indicators

Indirect indicators (or proxy-indicators) refer in an indirect way to the subject of interest. There can be several reasons to formulate indirect indicators:
➢ The subject of interest cannot be measured directly. This is particularly the case for more qualitative subjects, like behavioural change, living conditions, good governance, etc.;
➢ The subject of analysis can be measured directly, but it is too sensitive to do so, for example level of income or, in the context of an HIV/AIDS intervention, "safe sex";
➢ The use of an indirect indicator can be more cost-effective than the use of a direct one. As such, indirect indicators are very typical management tools. Generally, managers are not looking for scientifically reliable data but for management information. An indirect indicator may very well represent the right balance between level of reliability of information and the efforts needed to obtain the data.

3.   Formulation of indicators

This section offers some suggestions on how to formulate indicators. For practical reasons, suggestions will include the steps required to formulate SMART indicators.

First of all, avoid reinventing the wheel. Considerable efforts to formulate indicators are being undertaken in the context of the Millennium Development Goals in general and of many different areas of interest like Poverty Alleviation, Economic Development, Governance and sectors like Health and Education. The world-wide-web gives access to many of these efforts and may therefore be great help in a first orientation.

> **Looking into aspects of Governance, numerous performance indicators are developed.**
> ➢ "Quality of Budgetary & Financial Management"
> ➢ "Corruption Perceptions Index"
> ➢ "Quality of Government Services"
> ➢ etc.
>
> See also:
> www.worldbank.org/publicsector/indicators

Secondly, attempts to formulate a complete indicator straight away seldom results in good quality indicators. Therefor, below, based on the characteristics of (SMART) indicators, a stepwise approach is being worked out. It is good practice to go step by step and worry about the precise formulation of the indicator at a later stage.

Since indicators for planning, monitoring or evaluation serve slightly different purposes, clarity on the status of the project or programme in the life cycle is useful before starting to formulate the indicators. During the formulation of indicators, the following steps may be of help:

1. WHAT

Brainstorm on the variables, which may provide means to measure change in the objectives or phenomena. During the brainstorm minimum or standard quality of the phenomenon is taken into account (**what and how good)**

2. How much

To define the magnitude of the change we want to achieve

3. WHO

In order to clarify who belongs to the target group. Often specific information on who belongs to the target group is necessary, for example in cases when gender specificity is required.

> **Millennium Development Goal 3:**
> **Promote gender equality and empower women**
>
> *Target 4:*
> *Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015*
>
> One of the 4 indicators for this goal and target:
> Indicator 10. Ratio of literate females to males of 15-24 years old
>
> See also www.un.org/milleniumgoals

4. WHERE

This step includes specific information on the intervention area, if this does not yet become clear from step 3.

5. WHEN

This step includes the definition of the timeframe.

The brainstorm on variables (step 1) may well lead to a number of different options. Especially when indirect variables are identified check on validity, accuracy, sensitivity and cost-effectiveness[1] and decide which one(s) will best serve the information needs of the involved managers. Cost-effectiveness, of course, also needs to be considered for direct indicators and may well be a reason to choose for indirect indicators.

4.   Indicators as a management tool

Indicators are defined to provide unambiguous information about interventions and their achievements, but are never an end in itself. The reasons for defining indicators in the different phases of the cycle have been explained above. However, the work on indicators does not end here. Meaningful indicators have to lead to management information. To obtain this management information, a system of data collection, data processing and reporting needs to be set-up. These subjects are further worked out in different documents on monitoring & evaluation. However, it goes without saying that indicators play a crucial role in making management information systems operational.

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[1]

validity: causal relation with phenomena of interest
accuracy: is the variable measurable in a sufficient precise way
sensitivity: is the variable reacting quickly and clearly enough
cost-effectiveness: right balance between reliability and efforts needed to obtain the data