International Labour Organization

Evaluation Office

Guidance Note 1.1: Project Design and Theory of Change

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Some of the most compelling findings that have led to a review of RBM application in the ILO include recent observations by:

- **ILO Annual Evaluation Reports 2013 onwards:** Weak performance on results monitoring and reporting; absence of ToC, resource inadequacy; time planned for results; project design
- **MOPAN 2016:** Quality and utility of theories of change and data produced by monitoring and evaluation systems weak
- **External Audit 2016:** ILO to develop a monitoring framework to enable transparent and reliable, evidence-based assessment
- **IEE 2016:** structural underinvestment in M&E (RBM)

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1. Project Design

1.1 INTRODUCTION

Weaknesses in project design is a recurring challenge that has been demonstrated by project evaluations, external audits and inspections. It has also been shown in appraisals of high-budget (above USD 5 million) project proposals, undertaken by EVAL.

Common shortcomings include:

- Absent or weakly articulated Theory of Change
- Weak logical frameworks
- Performance indicators that lack clarity and completeness
- Performance measurement strategy/M&E strategy that is not sufficiently elaborated
- M&E Plans that lack a structured approach to collecting data and reporting (see EVAL Guidance Note 1.2 on Monitoring and Reporting)
- Even when M&E plans are developed, they are not followed properly
- External factors that might affect the project results are not well analysed.
- Gender and inclusion related concerns are not well reflected in outcomes, outputs and indicators.

A good project design is one that clearly communicates the Theory of Change, often expressed as a logic model, upon which the project or programme is based. This means establishing causal links among inputs, outputs and outcomes. It also means developing appropriate indicators that help measure the progress and bottlenecks among these elements. Weak project designs make evaluations challenging by limiting their comprehensiveness.

ILO follows principles of Results Based Management in designing and managing its projects and programmes. The elements of a sound design can be categorised under three broad headings:

1.2 THE CONCEPTUAL FRAMEWORK OF THE PROJECT/PROGRAMME

The context analysis: This includes an overview of socio-political context including an in-depth discussion of relevant sector or thematic area, supported with credible data as applicable. Relevant laws, policies and applicable frameworks should be elaborated in a manner that understand the external context within with the proposed development intervention is situated.

Problem Analysis: Related to the analysis presented in the context, a sound problem analysis should be done in a consultative manner. A good problem analysis helps in conceptualising and justifying the intervention logic. The problem analysis should also take into account the experiences from past intervention that are relevant to the theme of the project.

Strategy: Based on the problem analysis, a Theory of Change should be developed. In addition, a narrative description of how the strategies are supposed to address the problems identified and the inter-linkages between the proposed strategies should be presented. This is the section where the comparative advantages of the organisation and the value add of each of the partners identified should be described.

ILO's normative mandate and a project's alignment with higher level frameworks such as with ILO Programme and Budget (P&B), Decent Work Country Programme (DWCP), National Development Framework (NDF), United Nations Development Assistance Framework (UNDAF) and with relevant targets and indicators of Sustainable Development Goals (SDG) are established. It is also very important to describe how the principles of tripartism and social dialogue will be upheld through and within the proposed strategy.

The conceptual framework must also contain an exit strategy and a plan for sustainability.

1.3 THE RESULTS FRAMEWORK

Description of project results: The long term results, objectives/intermediate outcomes and outputs should be clearly stated. One of the most recurring issue pointed by evaluations and meta-analysis is that the levels of results are not framed properly, meaning that an outcome statement sounds like and output or an activity is written as an output etc. Another major concern is a lack of outcome orientation in framing and reporting results. In such instances, evaluators struggle to measure the project's achievements against its committed results, especially to comment upon the larger outcomes. Referring to available guidelines from PARDEV can be very useful in framing results statement.

Setting up indicators: Indicator development has been identified as one of the weakest links in project designs at ILO. The indicators for measuring progress on committed results should be formulated keeping in mind the SMART[1] principles. It should also take into account the level of result such as output indicator, outcome indicator and impact indicator. The logical framework is an opportunity to also keep checking whether a given set of indicator will sum up to sufficiently inform progress.

1. Specific, Measurable, Attainable, relevant and Time-bound

Logical framework: ILO projects use logical frameworks to reflect the logical links between different levels of results. The logical framework should be completely aligned to the Theory of Change and must adhere to the standard templates suggested by the office.

Risks and assumptions: Risks and assumptions are an essential part of a Theory of Change. Assumptions explain what needs to be in place for the project to work while risks are anticipated elements that can compromise its achievements. Risks are identified in order that mitigation measures could be developed as part of the project's or the programme's overall strategy.

Refer to Glossary 1: Glossary of M&E Terminology frequently used in projects/programmes for description of key M&E terms.

1.4 THE IMPLEMENTATION MANAGEMENT FRAMEWORK

The implementation management framework includes elements that are:

Institutional framework and project management arrangements: These sections should describe the roles and responsibilities of each partner and stakeholder as well as the structure of the project management team, including that of project steering or advisory groups.

Monitoring and Evaluation provisions: The M&E system and processes should be clearly described and adhere to the ILO policies in this regard. In cases, where the M&E system is not well devised during the design phase, the inception phase or the Evaluability Review (where applicable) should be used to develop the M&E system. Such changes should be formally documented and presented along with the project document during evaluations.

Project budget: The project budget should be carefully calculated, based on a reasonable and balanced view of possible expenses. Organisational guidelines on budget provision, donor's own guidelines and country-level practices should be taken into account when preparing budgets. In addition, for longer term projects, cost estimates should take into account inflation related factors. Budgeting is also a good way of detailing project activities.

Other important elements include description of Knowledge sharing and communication and capacity building elements, if any beyond the project strategy.

Projects' designs can undergo changes during the course of the project/programme, based on reviews or evaluations. It is important to document the changes and provide them to evaluators at the time of the evaluation.

A checklist of elements of a good design is given here as Annexure 1

Several useful reference materials are available in ILO to guide project designing process. Important ones are listed here:

- Internal Governance Manual, Chapter 4- Project Design, 2018 by PARDEV, ILO; available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_452076.pdf
- 'How to' Guides by PARDEV, especially those on Inclusion of People with Disabilities (How To Guide no. 18); Gender Mainstreaming in Development Cooperation (How To Guide no. 15); Stakeholder Analysis (How To Guide no. 2); Indicators (How to Guide no. 6) and Identifying and Managing Risks (How to Guide no. 1)
- EVAL guidance on Integrating gender equality in monitoring and evaluation
- EVAL guidance on Integrating social dialogue and ILS in monitoring and evaluation of projects

2. Theory of Change

2.1 INTRODUCTION

The Theory of Change (ToC) is a causal framework of how and why a change process will happen in a particular context. It expresses the thinking behind how a particular intervention will bring about results and outlines the causal linkages between the shorter-term, intermediate, and longer-term outcomes (the outcomes pathway) along with the underlying assumptions. The Theory of Change is a process as well as a product.

A Theory of Change should take into consideration the priority changes the project wants to cause; various alternatives that the project could take to bring the desired changes; and, the justifications for why a particular strategy was chosen over other alternatives. Ideally, these issues should be discussed with a larger stakeholder group, in a participatory manner. The two distinct advantage of doing this are:

- A number of ideas come forward and their pros and cons are discussed thoroughly
- The Theory of Change so developed is likely to create a common understanding and greater buy-in.

In many cases, there might be practical constraints (deadlines, unavailability of resources, initial lack of clarity on the scope and funding, etc.) that may limit the possibility of developing a Theory of Change. In such cases, the project Theory of Change can be elaborated during the inception phase, when there is greater clarity on project elements. For larger projects (above USD 5 m), the Evaluability Review exercise can also be used to construct or revisit the Theory of Change.

A Theory of Change can be expressed using techniques such as, Causal Loop Diagrams, systems diagrams, Theory of Change logic models or just plain narrative description. The diagram below showcases the key elements of a typical Theory of Change:

Long term Outcome: The change you expect to cause with the project

Strategies: What strategies are in place to make the plan work? What experiences have made us think of these strategies?

Partnerships: Who do we plan to collaborate and partner with? What value do they offer in favour of achieving the desired outcome?

Activities: What will we do to move towards results? Are they logically connected (likely) to give the right outputs?

Necessary preconditions/Intermediary outcomes:

What intermediate outcomes are necessary to reach to the final ouctome? Why are they necessary and sufficient?

(All intermediary outcomes should be explained in order of hierarchy i.e. which outcome should be achieved first in order to move forward; which outcomes are connected and should be achieved simultaneously etc.)

- External environment: Factors that support or limit the chances of success;
- What assumptions are we making in connecting activities with outputs; and outputs to outcomes?
- What risks are foreseen?

A step by step guide for developing a Theory of Change, developed by Robert Lahey, as part of Briefing on 'Using the Theory of Change to Develop DWCP-SDG Evaluability' commissioned by EVAL, 2017 is available for further reference (please contact eval@ilo.org).

See Tool 1.4 Key Steps in Developing a Theory of Change

Theory of Change expressed using narrative description should seek to answer four questions:

i. What is the current situation?

ii. What do we hope to accomplish?

iii. What factors do we seek to influence?

iv. How will the programme influence those factors?

2.2 USEFULNESS OF HAVING A THEORY OF CHANGE FROM AN EVALUATION PERSPECTIVE

Project teams often wonder about the need of a Theory of Change when the project has already developed a 'logical framework'! It is important to distinguish between the two. Logical Frameworks (logframes) are an extension of the Theory of Change. Logframes typically provide a blueprint of project that describe the 'If-Then' logic. It lists the project components and describes how it is going to work. It is essentially a project management tool. Theory of Change, on the other hand, is an explanation of 'why' a certain pathway of change has been chosen, providing a narrative of the critical thinking that has gone into designing the project.[2] Undoubtedly, the two need to be fully aligned to each other.

Theory of change helps in thinking systematically about how the change we want can happen in a complex external environment. It helps in organising our thought, prioritising what can be done within the complexities of the real world and with the resources we have at hand. It enables us to detail whether that which has been proposed is necessary, sufficient and the best possible strategy to achieve the desired outcomes.

A Theory of Change:

- Provides a roadmap – *how will we reach the desired outcome.*
- Serves as a basis for partners'/constituents' buy-in.
- Helps demonstrate the collective impact of interventions (linkages).
- Provides a framework for Implementation, collaborations, monitoring & evaluation

2. ToC and Logic Models: Telling them apart; Helene Clark; http://docplayer.net/272836-Theories-of-change-and-logic-models-telling-them-apart-helene-clark-director-actknowledge-hclark-actknowledge-org-212-817-1906.html

The Theory of Change assists in clearly developing the results chain and helps explaining which strategies have been selected; why this set of strategies and no other strategies; and, how they are expected to unfold. Theories of Change are not meant to be static. Based on lessons, opportunities or significant changes in the project context, Theories of Change can and should be reviewed and changed.

2.3 THEORY OF CHANGE HELP BETTER EVALUATION

As an input for evaluation, Theory of Change is helpful in understanding the 'why' element at design, planning and monitoring stages. A clear expression of the implicit assumptions helps in testing their validity. The deviations from results can be explained with reference to particular line of reasoning and/or assumptions that failed in the course of the project.

No doubt, evaluations can be undertaken even when a project/programme doesn't have any theory of change. However, in such cases, evaluations are limited in their scope since they have only activities, outcomes and outcomes to validate but not the logic that was used to decide which activity, output and outcome will give the desired results and why? This eventually limits the lessons on which assumptions and theories could or could not work and what should have been done differently in a given context.

Sometimes, in the absence of a Theory of Change, the evaluation team could assist key partners to reconstruct the Theory of Change of an ongoing programme. This, however, is a more complex exercise since it ideally requires us to speculate about the thinking behind the project when it was formulated and what assumptions and lines of reasoning might have changed over the course of time.

As the term suggests, Theory of Change is ultimately a 'theory', formulated in a dynamic contextual environment. When examining the validity of a given Theory of Change, evaluators should give due consideration to the changes in the context and in the assumed relationships (between the levels of results as well as that between partners and collaborators) that might have occurred during the course of implementation.

A tool containing 15 steps to develop a Theory of Change is given here as Annexure 2.

Further guidance:

- Checklist 1.1: Elements of a good design
- Tool 1.4: 15 steps to develop a Theory of Change
- Glossary 1: Glossary of M&E Terminology frequently used in projects/programmes

ANNEXURE I: ELEMENTS OF A GOOD PROJECT DESIGN

This checklist is part of ILO EVAL Guidance on Project Design and Theory of Change

Parameters for designing a sound project/programme	Check
A sound context analysis is in place that provides ample insight into the operational environment in which the project is situated.	
The normative and social dialogue context, as applicable, is explicitly mentioned	
Gender and inclusion (especially of people with disabilities and of specific vulnerable groups) concerns are well analysed in the context	
Problem analysis that justifies the need and objectives of the project is done. (Tools such as cause-effect diagrams or problem tree can be used to better present the core ideas)	
The relevance and alignment of the project to national priorities, ILO's overall mandate and specific P&B Outcomes; link to relevant SDG targets and indicators; and Decent Work Country Programme (if applicable) and relevant UN Development Assistance Framework/Programme is clearly described	
Relevant lessons from past experience, especially from evaluations are described and considered when project strategy and results are being framed	
A **Theory of Change** is designed, reflecting the pathway to project objectives (see EVAL guidance on Good Design and Theory of Change)	
Strategies for each of the component is narrated	
A logical framework clearly depicting the level of results (Outputs, Intermediate Outcomes, Outcomes, Impact) and relevant indicators[3] for each level is in place. The Logframe should be completely aligned with the Theory of Change.	
Activities are logically linked to expected outputs	
Critical assumptions and risks are documented and described in terms of their potential impact on project results	
Gender equality and inclusion related targets and indicators are clearly reflected in the logframe	
Project management structure is defined	
Potential coherence and coordination with other relevant programmes (ILO programmes, national programmes and/or programmes by other UN/ development agencies) is described, as applicable	
Stakeholders are described, along with their expected role and engagement with the project	
Beneficiaries groups are clearly identified, including in terms of gender (e.g. male/female/other), age (e.g. children, adolescent, youth, old age); community affiliation (e.g. vulnerable social groups, specific ethnic groups, refugee groups etc)	
Monitoring and evaluation plan is in place, with demarcated milestones (baselines, mid-line, evaluability assessment, periodic evaluation, end of the project evaluation etc), as applicable	

3. A common tip for testing the soundness of indicators is that indicators should be SMART (Specific, Measurable, Attainable, Relevant and Time-bound)

ANNEXURE II: 15 STEPS TO DEVELOP A THEORY OF CHANGE

This tool is part of ILO EVAL Guidance on Project Design and Theory of Change

Step	Generic Description of Step
Step 1	Identify the end result aimed for - 'well-being' changes; i.e. the longer-term cumulative improvement in overall well-being.
Step 2	Identify 'means of action' – activities that define the intervention, and outputs (goods and services resulting from these activities).
Step 3	Identify the intended beneficiaries – the reach - of the intervention.
Step 4	Determine the 'reach assumptions', i.e. the events and conditions needed to occur if the outputs delivered are to reach and be positively received by the intended beneficiaries.
Step 5	Identify the expected changes in 'capacity' of individuals or groups who receive or use the goods or services of the intervention – this would relate to expected change in knowledge, attitudes, skills, aspirations or opportunities.
Step 6	Determine the 'capacity change assumptions'; i.e. events that need to occur and conditions that need to change if the outputs that reach the target populations are to result in changes in their capacity to do things differently.
Step 7	Identify the 'behavioural changes' expected to occur among the target reach group – i.e. doing things differently or using the intervention products.
Step 8	Determine the 'behavioural change assumptions'; i.e. events and conditions that need to occur if changes in capacities of target groups are to result in actual changes in their practices.
Step 9	Identify the 'direct benefits' expected to occur among the target reach group; i.e. improvements in the state of the beneficiaries.
Step 10	Determine the 'direct benefit assumptions'; i.e. events and conditions that need to occur if the practice changes are to result in a direct benefit to the conditions of the targeted beneficiaries.
Step 11	Re-visit the end result for 'well-being' to confirm it is the logical ultimate outcome associated with the intervention.
Step 12	Determine the 'well-being change assumptions'; i.e. events and conditions that need to occur if the direct benefits are going to result in changes in the well-being of the beneficiaries.
Step 13	Determine the overall 'rationale' assumptions (and risks) underlying the premise behind the intervention.
Step 14	Identify key performance indicators and key evaluation issues for future 'results' measurement and analysis, and future reporting on 'contribution'.
Step 15	Develop suitable Performance Measurement Strategy and Plan for ongoing monitoring, ad hoc surveys, special studies and systematic evaluation.

Source: Robert Lahey, as part of Briefing on 'Using the Theory of Change to Develop DWCP-SDG Evaluability' commissioned by EVAL, 2017.