Evaluation Workbook I. Foundations for evaluation

Key points:

Monitoring and evaluation should be based on a clear understanding of:

- The reason for the initiative (case for change)
- The key characteristics of the initiative
- How the initiative is intended to lead to change, including:
    - Theory-of-change: a summary narrative that explains how and why the activities of an initiative are intended to achieve initiative objectives, including assumptions and risks about causal links.
    - Logic model: a diagram that shows how an initiative is intended to solve an identified problem; it can be used to set out the expected timing for initiative implementation and realisation of outcomes and benefits, and to outline key measures or indicators that should be monitored.

Introduction

Monitoring and evaluation activities should be based on a clear understanding of the reason for the initiative, the context in which it operates, and how it is expected that the initiative will lead to change. **Where a 'business case' had been developed for the initiative, refer to the relevant information.**

Reason for the initiative

The reason for the initiative should include the reason for government intervention, the objective of the initiative and consider what would have been expected to happen if the initiative had not been implemented (the counterfactual).

Reason for government intervention

When evaluating an initiative, it is useful to understand the reason the government has acted.

This is a key step in the 'problem definition' stage of the business case, which involves conducting needs analysis and developing a 'case for change'. Where a business case has been developed, the reason for government intervention listed should also be referenced in the evaluation.

The two main reasons for government intervention (as defined in the NSW Government Guide to Cost-Benefit Analysis and the NSW Government Business Case Guidelines (step 1)) are to:

- Address a market failure, which is a situation where the market does not deliver an efficient outcome (see the Guide to Cost-Benefit Analysis for a description of the categories of market failure).
- Promote equity, for example, where people experience different access to services or outcomes based on factors such as disability, income, region, ethnicity, religion, gender, or age.

Objective of the initiative

The objective of the initiative is what it is intended to achieve in response to an identified problem or opportunity (defining the objective of the planned intervention is step 2 of the in the business case Stage 0, problem definition, TPP18-06).

In defining the aim, be clear regarding the initiative's intended outcomes or benefits.

In stating the objective of the initiative, identify alignment to relevant State Outcome(s). The alignment and contribution of the initiative to a State Outcome may vary depending on the size of the initiative. Where an initiative's outputs are significant, there may be direct and clear impacts on a State Outcome. A smaller initiative may be one activity of several that contribute towards achieving a State Outcome. The evaluation should focus on the objectives that are relevant to the scope of the initiative. The evaluation is also an opportunity to ask how the initiative's outcomes contribute to broader State Outcomes and government objectives, and if its objectives and intended outcomes continue to align with these.

The counterfactual (the 'without initiative' scenario)

To understand the initiative, it should consider what would be expected to happen if the initiative had not been implemented (the counterfactual). In a business case, a counterfactual describes what would have occurred without the intervention and is known as the 'base-case' in a business case. It is usually a 'business as usual'/'no policy change' scenario, without the intervention.

The counterfactual may also be the next most likely option to have been implemented, such as a 'minimal intervention' case. While more than one counterfactual is usually possible, a single counterfactual can be selected for the purposes of the evaluation.

Where a business case appraisal was undertaken, the 'base-case' scenario may be used to inform the counterfactual (it may need to be updated if there is new evidence).
Note: A comparison or control group used in experimental or quasi-experimental outcomes evaluations can provide an understanding of what may have happened in the absence of the initiative (see Resources. Technical Notes: Outcome evaluation design. For guidance on considering attribution in non-experimental designs, see Resources. Technical Notes: Attribution in non-experimental designs).

Initiative characteristics

Identify key characteristics of the initiative and the context in which the initiative operates (including how it interacts with other initiatives).

Initiative description

Describe the initiative as implemented, including:

- initiative name
- implementation details, for example:
    - key activities and outputs
    - delivery providers
    - delivery methods
    - delivery locations
    - timeframes
    - key inputs (budget and resources)
- any changes made to the initiative
- initiative stakeholders, including information on the number and type of:
    - customers or clients of the initiative, and any criteria for their participation
    - people and communities who are impacted by the initiative.

Context in which the initiative operates

The situations or contexts in which the initiative operates should be understood. Identify and briefly summarise the key social, cultural, economic, or environmental conditions and trends that influence the need for the initiative and how it works.

Identify other relevant interventions that interact with the initiative, or that also address the identified needs. For example, local, state, or national activities may affect how the initiative objectives are achieved. Key questions include:

- How does the initiative interact with other initiatives to achieve its objectives?
- What other activities does the initiative support to achieve their objectives?
- What other activities may the initiative duplicate?
- What activities may undermine the initiative achieving its objectives; does the initiative undermine the objectives of any other activities?

Initiative logic

A theory-of-change and logic model can be used to systematically set out how the initiative is expected to contribute to intended outcomes and benefits.

Theory-of-change

The theory-of-change describes how and why the activities of an initiative are expected to achieve its objectives, based on evidence, logic, or theory.

The theory-of-change should identify how the initiative is expected to lead to outcomes and benefits. Explain the causal link between outputs and outcomes in an initiative, including key assumptions about how outputs will lead to the expected level of outcomes and how outcomes will support the realisation of benefits.

Identify any critical success factors, risks, or barriers to achieving causal links, including any specific risks to particular places or groups. During the evaluation, strategies should be identified for mitigating and managing these risks and consider where they should be tested in the evaluation. (For further information on risk management, see the NSW Treasury Risk Management Toolkit).

Evidence to support the theory-of-change may include evidence from relevant case-studies, research, prior evaluations, theories of how processes work and expert opinion.

When designing the initiative (and supporting the business case), theories-of-change will have been considered (formally or informally. During the process of reviewing or developing the theory-of-change, it is possible to identify areas in which there is limited evidence that the initiative's activities will result in the intended changes. Identify any evidence gaps that should be investigated in the evaluation.

Logic model

A logic model[1] is a summary diagram that presents how an initiative is intended to work. It complements the theory-of-change, by illustrating the key activities and causal links of an initiative.

The logic model can be used to set out the inputs to the initiative, the activities that the initiative undertakes, and the outputs that the initiative is intended to deliver. It can outline the sequence and links between the outcomes of the initiative, and the benefits to the NSW community that are projected to result from these outcomes. Logic models for NSW Government initiatives should also

[1] It may also be described as a Program logic or Investment logic map.

show alignment with the relevant State Outcome(s). See *Table 1* for example categories to include in a logic model, and *Figure 1* for example steps in developing a logic model.

The detail and structure of a logic model should be appropriate to the size and complexity of the initiative and tailored to the needs of the agency. A simple logic model can identify activities, outputs and outcomes, and may record information at a high level. A more detailed logic model can present an initiative's objective, inputs, activities, outputs, outcomes (short, intermediate and long term) and benefits (see *Figure 1* for example steps to undertake in developing a logic model, see *Figure 2* for an example logic model presentation, and *Table 2* for an example logic model template). *Technical Notes: Logic models in the investment lifecycle* provides information about how a logic model may be developed through different stages of the investment lifecycle.

Table 1: Example logic model categories

Categories	Description
Objective	The fundamental aim(s) of the initiative, based on the problem or opportunity identified. It often provides the basis for determining success.
Inputs	The financial, human, material, technological and information resources used to implement and deliver the initiative.
Activities	The actions and processes of an initiative that transform inputs into outputs.
Outputs	The products, services and infrastructure that result from the initiative activities.
Outcomes	The changes that are attributable to the initiative outputs. Changes may be in economic, social, environmental, or cultural conditions and may occur in the short, medium or long term. They may include changes in lives, status, health, surroundings, knowledge, attitudes, values, behaviours, or satisfaction levels.
Benefits	An increase in welfare associated with an initiative's outcomes (including economic, social, environmental, or cultural outcomes). Benefits need to be first understood as changes in conditions, i.e., as outcomes. In CBA, benefits are a measure of the value of the outcomes of an initiative to the NSW community – they may be monetary or non-monetary (methods exist to monetise non-market benefits). Benefits reported in an evaluation should be evidence-based.
State Outcomes	The primary purpose for which Budget funding is being expended, which clearly explains to the public the goal that a subnational government is seeking to achieve for its people. NSW State Outcomes are accompanied by Outcome Indicators. See TPP18-09 Outcome Budgeting.

The logic model can set out the expected schedule for the initiative's implementation and realisation of outcomes and benefits. It can also be used to outline key measures or indicators that should be monitored at each stage of the initiative's life (see *Workbook II. Monitoring and evaluation framework* and *Workbook III. Evaluation plan: Design the evaluation*).

For large or complex initiatives (made up of many different activities), it may be useful to develop an overarching logic model that summarises the key components of the initiative, as well as more detailed individual models for the sub-initiatives that make up the larger initiative. An overarching logic model can provide a visual summary of a complex initiative, when there are a large number of inputs and outputs to track (see *Workbook VIII. Complex initiatives*).

There are multiple ways to represent a logic model. A good logic model makes it easy for the reader to understand the intended causal links of an initiative. Use consistent, direct, and active language. Where appropriate, use arrows to present direct links. For the purposes of evaluating an initiative, the logic model should clearly set out intended outcomes and benefits.

Developing a logic model has value as both a process, and as a final document

Use the process of developing a logic model to build a shared understanding of the intent and expected impacts of an initiative. Involve the people responsible for design and delivery of an

initiative, as well as other key stakeholders. In developing the model, test whether the outputs and immediate outcomes can plausibly be linked to the intended longer-term outcomes and benefits, ideally using evidence from research literature. When finalised, the logic model will provide a clear map of the initiative that is consistent with the understanding of the current delivery team and can communicate an initiative's activities and intent to an external audience.

Templates

Figure 1 identifies example steps to undertake in developing a logic model.

Figure 2 presents an example of a detailed logic model that includes the initiative's objective, inputs, activities, outputs, outcomes (short, intermediate, and long term) and benefits.

Table 2 is an example logic model template.

Figure 1: Example steps in developing a logic model

Example steps in developing a logic model

1. **Outline the theory-of-change**, including:
    a. the problem or opportunity that the initiative seeks to address
    b. the purpose of the initiative, including objectives, or intended outcomes and benefits
    c. key assumptions regarding how and why the activities of the initiative are expected to achieve change
    d. external factors, such as risks, that may affect causal links.
2. **Identify inputs, activities and outputs:** list the resources and actions required to implement the initiative, and the resulting deliverables.
3. **Identify outcomes:**
    a. list the outcomes that are expected to result from outputs
    b. arrange outcomes into a causal chain that sets out the links between and timing of different outcomes (for example short-, medium- and long-term outcomes).
4. **Identify benefits:**
    a. identify the benefits (increases in social welfare) expected to result from outcomes
    b. identify any costs/disbenefits (reductions in social welfare) that may follow from outcomes.
5. **Link to State Outcomes:** identify how the intended outcomes and benefits support broader State Outcomes.
6. **Establish timeframes:** Identify the:
    a. timeframes for implementation and delivery
    b. expected times periods in which outcomes and benefits are expected to occur (informed by available evidence).

Note:
Key stakeholders should be involved throughout these steps.
The ordering of these steps may vary depending on the stage in the investment lifecycle of the initiative. Refer to *Technical Notes: Logic models across the investment lifecycle.*

Figure 2: Example logic model presentation

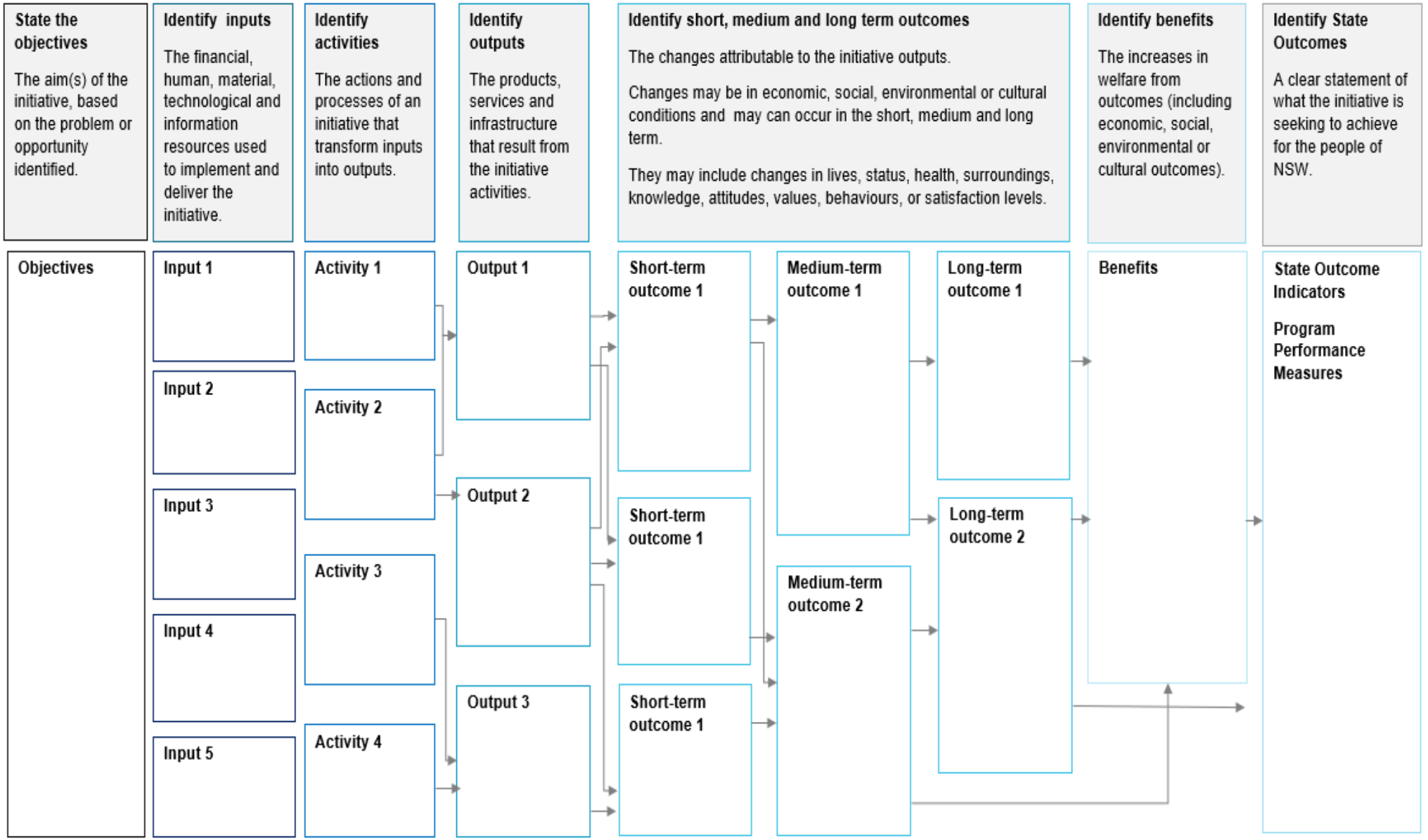

Table 2: Example logic model template

Initiative:							
Objective(s):							
State Outcome(s):							
Theory-of-change:							
Objectives	Input 1	Activity 1	Output 1	Short term outcome 1	Medium term outcome 1	Long term outcome 1	Benefit 1
	Input 2	Activity 1	Output 2	Short term outcome 2	Medium term outcome 2	Long term outcome 2	
	Input 3	Activity 3	Output 3	Short term outcome			Benefit 2
	Input 4				Medium term outcome 3		Disbenefit 1