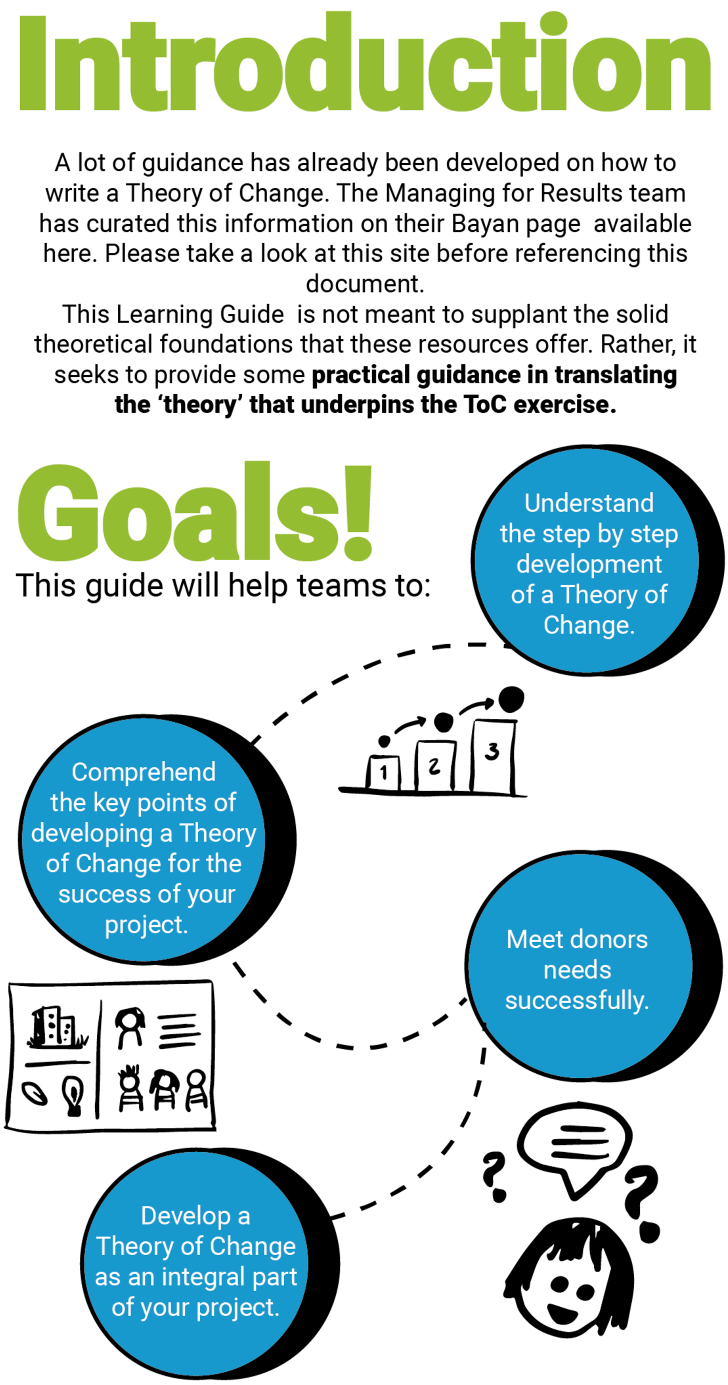
# Theory of Change

## This Guide will help teams to:

- Comprehend the key points of developing a Theory of Change for the success of a project.
- Understand the step by step development of a Theory of Change.
- Meet donors’ needs successfully.
- Develop a Theory of Change as an integral part of a project.

## Course Content

## Introduction

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## What is a Theory of Change?

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**Before jumping into this learning guide there are two very important things to keep in mind:**

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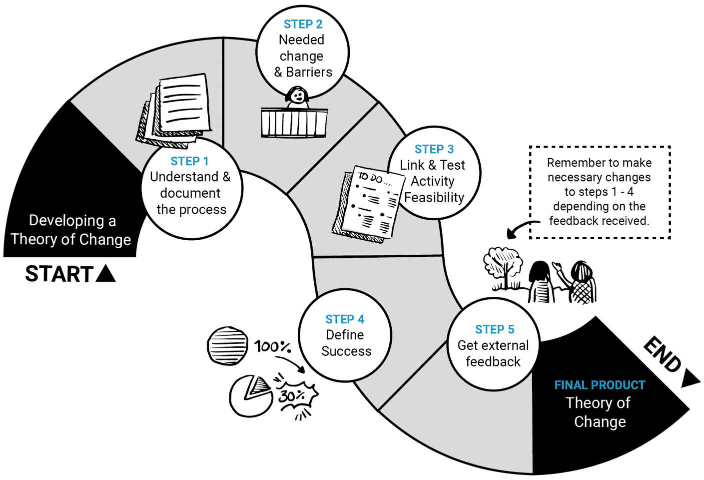
1. You get out what you put in. **Developing a Theory of Change is not something that one person does in a day or even a week.** A Theory of Change document that is going to have any type of meaningful use in project design requires deep consideration and collaboration from different stakeholders over the life of the project. Plan on several members of your team dedicating work time.
2. **Here are major differences between a Theory of Change and a Strategy. They are not**

**interchangeable.** This document is a guide on developing a PROJECT Theory of Change. If you are planning work that is being completed across a Global Challenge, a workstream, a country, or a team, or that encompasses multiple projects- STOP- this guidance is not designed for that. Please contact your Strategy Team or Managing for Results for help on that process.

### Developing a Theory of Change

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**IMPORTANT** – Engaging relevant stakeholders through this process is crucial. It can make the difference between a good and not so good ToC. Below key resources focusing on facilitating engaging multi-stakeholder sessions for good ToC development:

[Taplin, Dana H, and Muamer Rasic. 2012. ActKnowledge. Theory to Results. Facilitator's source book.]

### Understand & document the process: Context is everything!

A Theory of Change requires context analysis. It will take time to do this. At least one person on a team should plan to allocate at least 20 hours over three weeks for this step. Plan on contacting stakeholders and others who have on-the-ground knowledge

Start with the problem. Before writing anything about project design or project activities, take a moment to write down what you have learned about the problem the project seeks to address.

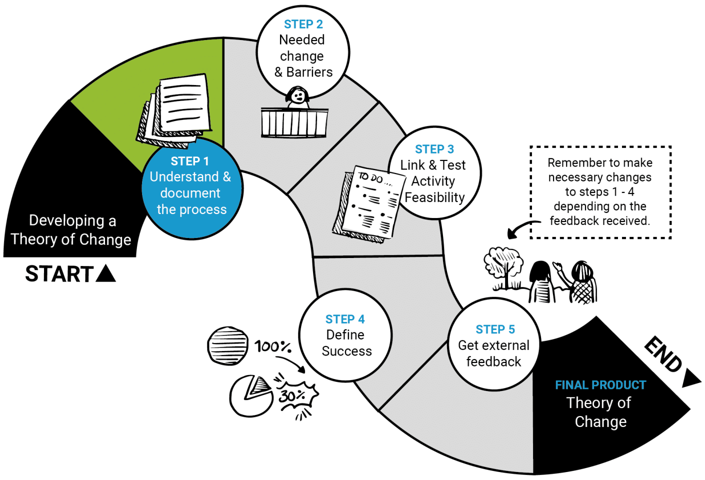
**Why so much time?**

1. This is essentially research, and research takes time.

2. Good context analysis requires asking for feedback from stakeholders, and people rarely answer e-mails in one day.

**Something to think about**

If this is not the longest section of your Theory of Change, you likely have not done enough context research.

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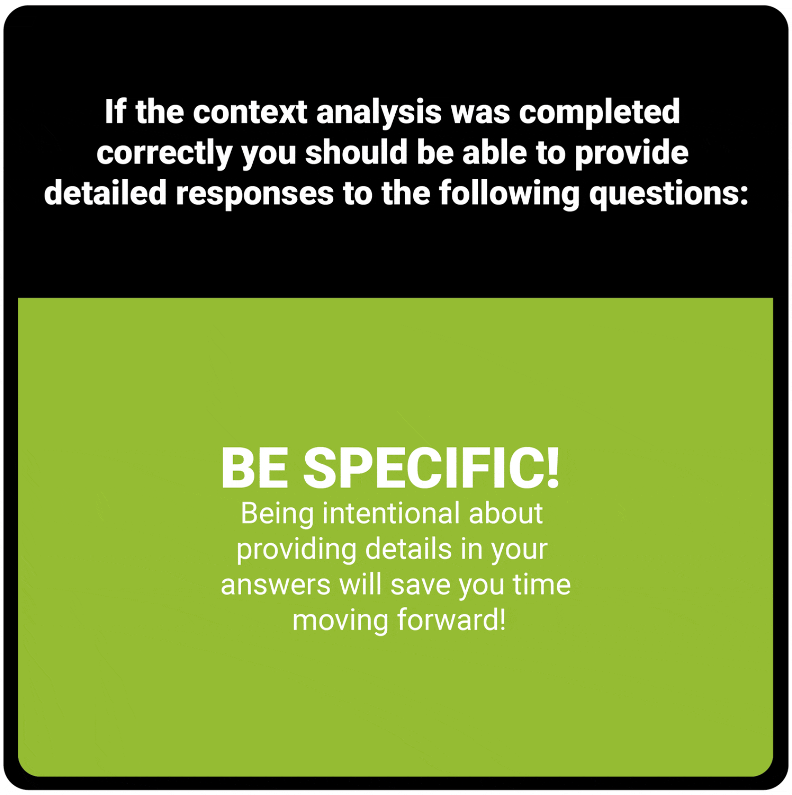
### Be specific!

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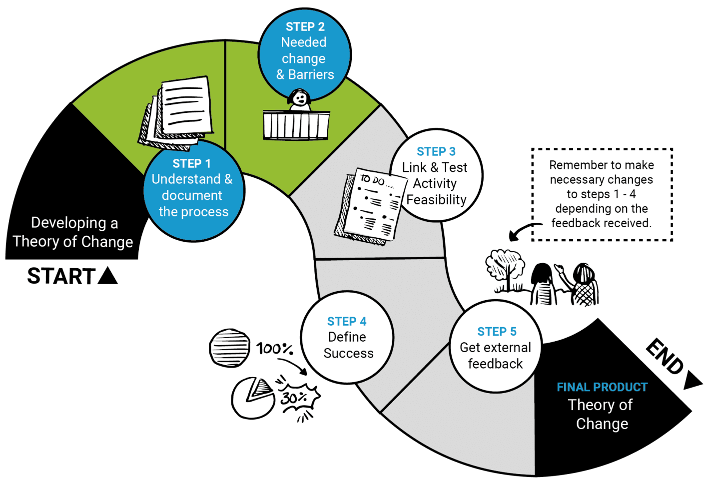
### Things to keep in mind

- If your responses fit into one or two sentences you do not have enough detail.

- Answering these questions should not rely solely on desk research.
- Wherever possible teams should reach out to multiple stakeholders on the ground for direct feedback.

### Needed change & barriers: What is maintaining the Status Quo?

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The objective of the barrier analysis is to clarify the reasons why your project's problem has not already been solved.

What is important to understand about this step is that the list of barriers does not need to be exhaustive. The majority of the problems WRI seeks to solve are set in complex systems. It is virtually impossible to identify all of the variables that influence a complex system. These reasons can be difficult to correctly identify, and it is not unusual to get them wrong. This is why documenting this section is so important.

**Something to think about**

Documentation is key! Stating barriers to change is part of developing a hypothesis about why change will occur. Your hypothesis will not always be correct and **THAT IS OKAY!** Knowing what doesn't work is just as important as knowing what does work in a particular circumstance. Be sure to document as much as possible about your perceived barriers to inform your project implementation and future project designs.

### The 'Why' question

If you have done a good job answering the **'Why'** question from your context analysis you have already done most of the work of step 2.

To make the 'Why' narrative easier to align throughout the ToC, break the narrative down into one-line descriptions of the barriers.

### Link & test activity feasibility

Now that the list of barriers is written down, it is time to start talking about how to overcome those barriers. Each barrier should have a proposal for the change that needs to happen in the status quo to overcome that barrier and specify who should be making this change and why.

| Something to think about |
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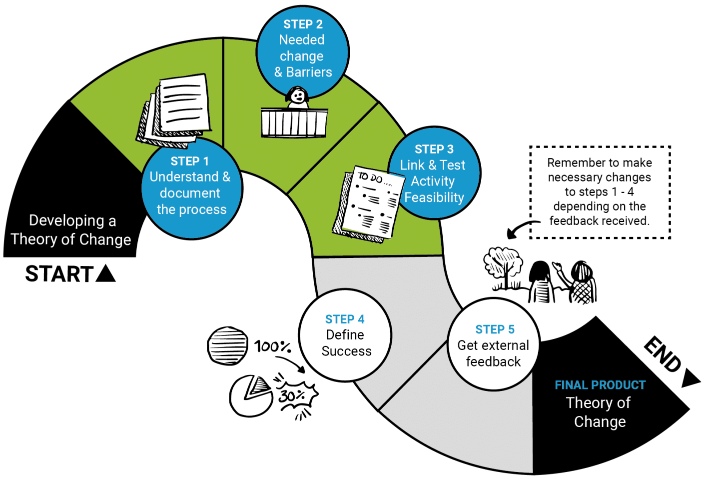
| More information on how to write outcomes can be found here: MfR Outcome Guidance. |

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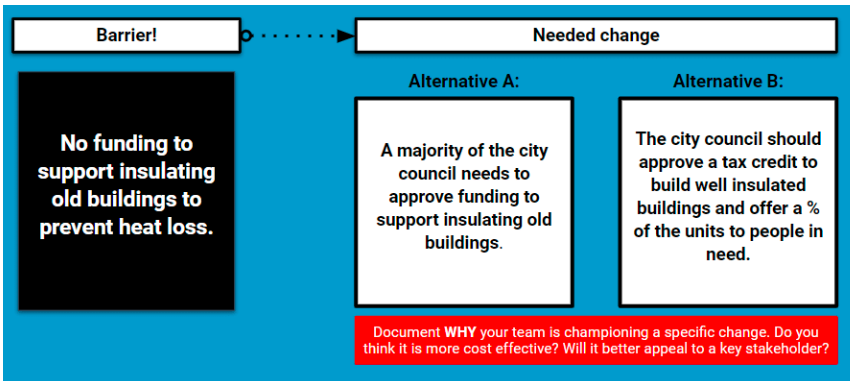
### Example

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### Things to keep in mind

Please keep in mind that writing out the who and the why are critical. Specifying who needs to change is important for ensuring that activities align with the change that needs to occur. Specifying why a change needs to happen links the ToC hypothesis with the project activities.

This information is central for adaptive management and learning during the life of the project.

*Don't Repeat Past Mistakes!*: When we talk about the need to write out the why, we are really talking about the need to incorporate existing evidence. This is a specific time to stop and really look at the evidence for the impact of past work and what worked and what did not work.

### About step 3

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**To complete STEP 3 the team will need to:**

1. List out the project's activities.
2. Link the project activities to a necessary change.
3. State the assumptions for WHY this activity will generate change.

Project activities are the actions that people on the project team will take to try and affect a change in the world. They are not the changes themselves. Common project activities for WRI are conducting research, publishing papers, hosting training events, hosting convening events, presenting at global conferences, etc.

| Something to think about |
| --- |
| Keep in mind when linking project activity to change that it is important to be realistic about what a project activity is capable of achieving. |

### Example

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| PRODUCT ACTIVITY | NEEDED CHANGE | WHY ASSUMPTIONS |
| --- | --- | --- |
| Publish research on transportation finance in series of articles on the website Environmental Finance | Information about the connection between positive environmental benefits and funding transportation infrastructure is shared in a forum popular among finance professionals interested in environmental issues. | Interviews with finance professionals show that they are not reviewing typical transportation or environmental publications or websites where our work is generally published. Most interviewees mentioned Environmental Finance as the publication they turn to for information on the role that finance can play in increasing sustainability, thus we are assuming that if we are able to publish our work in this publication it will reach more of the target audience of finance professionals than our more traditional publication venues. |

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### View the process of linking desired change and project activities as iterative

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Just as change is rarely linear, this process will often not be linear. Your team may find that there is not a direct link between a needed change and a project activity. That is normal. There are nearly always various stages to change that need to happen to achieve a desired result. For this reason it is helpful to view the process of linking desired change and project activities as iterative. Do not hesitate to state multiple levels of needed change.

### Example

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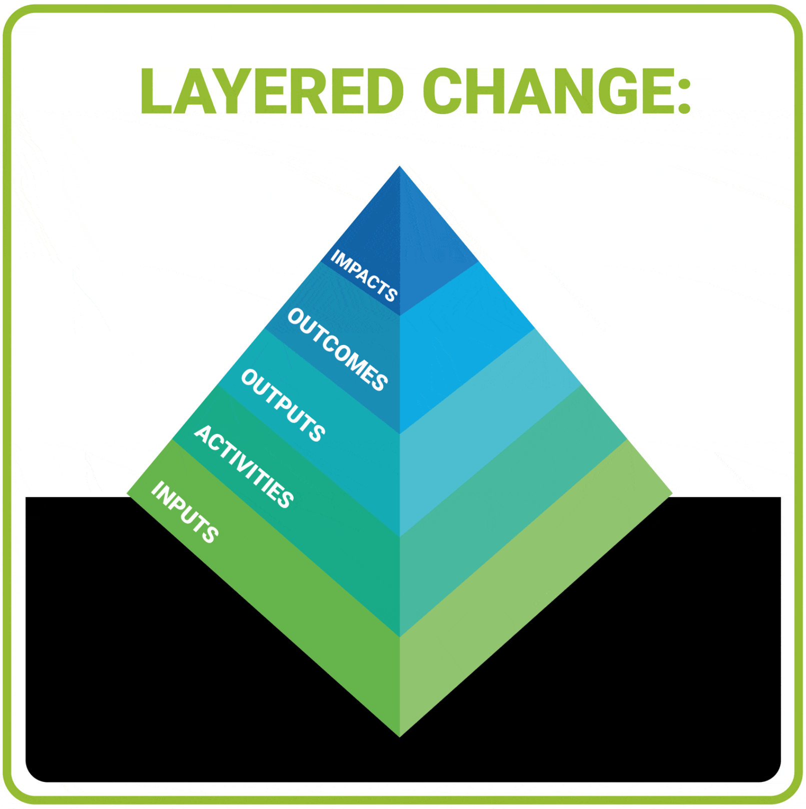
If the desired change is that the mayor of a city publicly supports a new water resilience project, it may first be necessary for the project team to develop relationships with the mayor's water policy team. In this case the project first needs to change the mindset of the water policy team, so that the water policy team is then able to effectively advocate to the mayor. Project activities will then be designed to target members of the mayor's water policy team.

## Layered change

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## How to know if an activity will generate change

In short, there is no real way to know ahead of time if a project activity will generate a change. However, there are ways to understand if the gap between a project activity and a desired change is too big. This is problematic because the bigger the gap, the less likely your project's activities will generate the desired change. To understand if the gap between activity and change is too big, start with your write up of the assumption for why your activity will lead to change.

1. Does your assumption state why this specific activity will reach the person(s) who need to act to make the change happen?
2. Does your assumption state what the specific result of the activity will be successful in having the desired effect on the person(s) who need to act to make the change happen?

## Caution!


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**Defining success**

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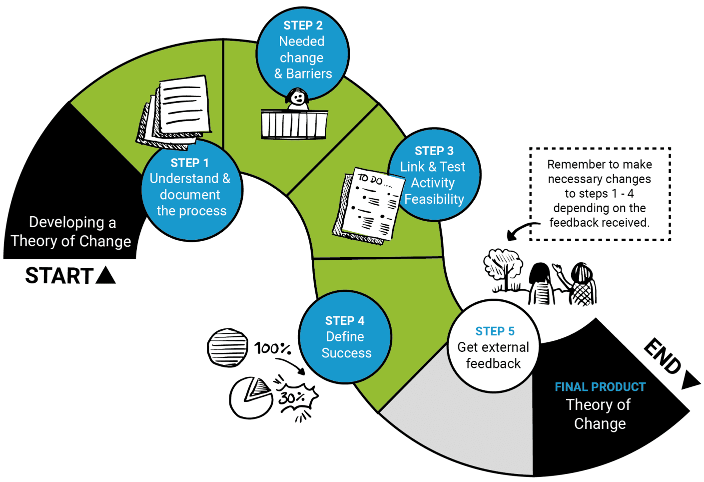


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There are likely a number of different needed changes and stakeholders who must be influenced in order to achieve a desired impact. Now that you and your team have a more complete picture of the situation it is time to consider if the project truly has sufficient resources to catalyze all the needed changes.

- Resources do not simply refer to money.
- Resources also include time and expertise.

| Something to think about |
| --- |
| Based on the responses to these questions, it may be necessary to reduce the scope of the project's design. At the end of this exercise your team should feel confident answering 'Yes' to all of these questions. |

## Project outcomes

Resources also include time and expertise. Consider your project outcomes and activities in light of the following questions:

1. Is the timing of activities realistic for these types of changes to occur?
2. Are the necessary stakeholders willing and able to implement the activities/perform the functions that are laid out for them in the ToC?
3. Is there sufficient staff capacity to complete the project activities? Will additional expertise/capacity need to be hired? Does the budget allow for those hires?

## The real value of a Theory of Change

**The real value of a Theory of Change is in its ability to help you understand if your project is on track and what changes might help to improve a project**.

In order for the ToC to do this there must be indicators and targets assigned to the project's activities and its outcomes (i.e., necessary changes).

These indicators are the means by which the project team will assess if their work is having the impact they desire.

| Something to think about |
| --- |
| You will need indicators and targets for each of your project's activities, as well as every project. |

## Developing indicators

You and your team were encouraged to be very specific about the needed change and assumptions of your ToC because these details will be what form your project's indicators.

| Good indicators do | Good indicators do not |
| --- | --- |
| Help you understand if a change has occurred- this might be at the impact, outcome or output level. | Use counts of activities to understand if a change has occurred (i.e., # of people trained does *NOT* indicate if anyone who attended a training actually learned anything). |
| Monitor the context of the environment in which your project is working. | Have vague definitions or unclear methods for data collection. |

| | |
|---|---|
| **Give you information to make decisions about if you need to alter anything about the way your project is working.** | Lack targets and baselines. |

## Indicator types

| Indicator Type | What They Measure | Examples |
|---|---|---|
| **Process/Activity** | Measures inputs and activities planned and implemented to produce the output. They are helpful for understanding *how* the project is being implemented. | # of private sector convening events for household clean energy products.<br><br># of trainings conducted |
| **Output** | Measures the quality of products and services needed to meet an objective. They are helpful for understanding *what* an activity has achieved. | # and % of women and men who receive training by type of training |
| **Outcome** | Measures the sustained, external knowledge, behavior, attitude and skill changes resulting from a project or a program. They are helpful for understanding *what* a project has achieved, and if the project's Theory of Change was correct. | # and % of women using improved household energy sources as a result of project activities |
| **Impact** | Measures the impact or the achievement of the project or program goal. It indicates the quality and quantity of long-term results generated by the program. They are helpful in assessing if the project's Theory of Change was correct. | # and % of women and men with improved health as a result of improved air quality inside the home |
| **Context** | Measures factors that are outside of the control of a project, but that have the potential to affect the achievement of the project's desired results. They are helpful in assessing risk and testing assumptions throughout project implementation | Average cost (in USD and % of average monthly income of target beneficiary group) of household clean energy products |

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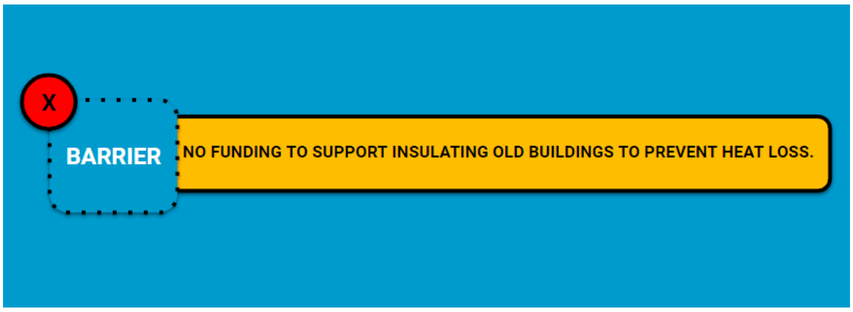
## Example

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### NEEDED CHANGE

Tax credit for developers who build new, well insulated buildings and offer a percentage of the units to people moving from old, less efficient energy buildings.

### WHO

A majority of City Council members are needed to pass the tax credit.

### WHY

Currently the lowest cost of building is to use poor insulation designs and materials and as developers are incentivized by profit, they are incentivized to build poorly incentivized buildings. The assumption here is that the tax credit will make it more profitable to build better insulated buildings, thus incentivising the use of more efficient building designs and materials.

Based on what the project team wants to understand, there are several indicators we could generate from this assumption.

- **Context Indicator:** % difference in cost between buildings designed and constructed without energy efficiency as a primary design/construction objective and those that seek to maximize energy efficiency

### How to define indicators & targets

| NEEDED CHANGE | WHO | WHY |
| --- | --- | --- |
| BARRIER: NO FUNDING TO SUPPORT INSULATING OLD BUILDINGS TO PREVENT HEAT LOSS | | |
| INDICATOR:<br>BASELINE:<br>TARGET: | | |

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Here are some examples for outcome, output, and activity indicator MfR’s Indicator bank

### Draw the diagram

When we talk about a ToC most people think of a simple diagram that has some boxes, circles and arrows. These diagrams are typically included in project proposals to provide a high-level illustration of the project’s logic.

It is recommended that the team differentiate between a simplified visual that may need to fit into a specific space requirement in a proposal, and a well-documented visual that can serve as a planning and learning reference for their team. If possible, it is recommended that the team meet to write out the ToC visual in-person using tools such as a large white-board, sticky notes or paper & tape.

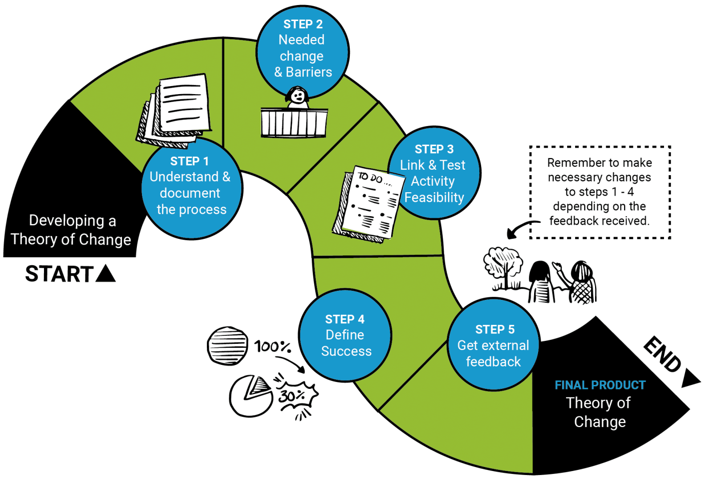
| **Something to think about** |
| --- |
| The Managing for Results website has some resources and guidance on ToC visualizations. |

### Software

A well-documented visual may be quite large and it may be that Word, Powerpoint or Excel are not suitable for this documenting this type of mapping, particularly if your team is not able to meet in person. Visio and Miro are two software options that could be useful for collaborating on shared visuals. Here is the tutorial.

Please contact MfR or your Strategy Team if you need assistance using any of this software, or if you have any questions on developing ToC visuals.

### Get external feedback

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**The last piece of the ToC puzzle is to make sure your work is reviewed by peers and different project stakeholder groups.**

Give others outside your immediate project team a chance to provide their perspectives about the logic your ToC presents and the assumptions that support that logic. But it is not enough to just solicit feedback, make sure your team dedicates time to incorporating the feedback into the document. You should take note that this may add several days or weeks to the process of completing your ToC.

| **Something to think about** |
|---|
| Without strong engagement from stakeholders it is difficult for projects to be successful. |

### Why should you invest this additional time?

Because, including different groups in the ToC design process ensures that their opinions are included in the very logic that is the foundation of your project. It is an important method of ensuring stakeholder buy-in and engagement from the people the work is trying to impact.

**Without strong engagement from stakeholders it is difficult for projects to be successful.**

### Definitions

- **Inputs:** The “things” or resources (financial, human, and material resources, e.g. equipment) that go into a project. Inputs ensure that it is possible to achieve the intended results of a project.
- **Activities:** Tasks undertaken to transform inputs into outputs: the day-to-day things you do to implement a project. Activities may also be ongoing and regular, such as continuous research and data collection or regular engagement with government officials.
- **Outputs:** An Output is a direct, short-term achievement of a project.  Individuals and teams have direct control or influence over the completion of an Output.  Multiple Outputs enable the

accomplishment of Outcomes.

- **Outcomes:** An Outcome is the behavior change from an external actor that results, at least in part, from the projects or program's activities and outputs; the medium-term (often years of work) achievements of a/ multiple projects.  Outcomes are not usually achieved through WRI's work alone; they almost always involve partners and other actors.
- **Impact:** a fundamental and durable change in the condition of people's lives and their environment brought about by attributable interventions. An impact is often used to refer to higher level effects of a program that occur in the medium or long-term.

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