Theory of Change Guidance Note[1]

This note addresses five key questions:

- What is theory of change?
- What is the value of theory of change?
- How to support a theory of change thinking *process*?
- How do you know a good theory of change *product* when you see one?
- How does theory of change relate to the logical framework approach in Business Case (BC) development?

TOP TIPS

- ✓ Use theory of change thinking to drive the BC programme design process
- ✓ Present the theory of change for your chosen design in the Appraisal Case
- ✓ It's helpful to use a diagram and narrative text to present your intervention's theory of change but there is no standard format for this – please don't be prescriptive with partners
- ✓ DFID's approach to theory of change has three components: analysis of context & problem; exploration of change processes and underlying assumptions; assessment of the evidence
- ✓ Use theory of change to help identify key evaluation questions

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1. What is theory of change?

Exploration of hypotheses and assumptions

1.1 At its heart theory of change involves an exploration of the changes we want to help bring about and how we think the change processes might happen. It involves the articulation of hypotheses about how change will happen and interrogation of the assumptions underpinning those hypotheses. Theory of change thus goes beyond the assertion in a results chain *that* A leads to B, and explores *how* and *why* we think A will lead to B – the intermediate steps, the transmission mechanisms, the different possible causal pathways. Also key to DFID's approach is assessment of the evidence for these assumptions and hypotheses.

> *"Every programme is packed with beliefs, assumptions and hypotheses about how change happens – about the way humans work, or organisations, or political systems, or eco-systems … Theory of change is about articulating these many underlying assumptions about how change will happen in a programme." Patricia Rogers*

Explicit detail about change processes

1.2 Theory of change usually requires substantial explicit detail – to really unpack the many intermediate steps that lead to changes in peoples'

attitudes, norms and behaviours, or to changes in organisations and systems. In particular it explores and opens up what is often just an arrow pointing from outputs to outcomes, ie that crucial point in our programme's theory that explains how the things that are under our control (the outputs) can help to influence and contribute to higher level changes. It can also be helpful for elaborating on how we get from inputs to outputs (the nitty gritty of our implementation processes) and from outcomes to impacts (ie the level of big research questions that are generic to many interventions).

1.3 Theory of change helps us to be explicit about the ideas underpinning the anticipated change processes that our programmes aim to support or stimulate – to articulate your assumptions about why people will do something. For example, is it because:

- material resources or coalitions help make change possible/easier?
- new information will change peoples' views and/or values?
- people will respond to praise/encouragement?
- people will fear some punishment/sanction?
- role models and peer pressure will influence them?

1.4 The important thing is to work out what underpins your programme and be explicit about it. Notice that your own ideas, experiences and professional discipline will affect which explanations of change you give more weight to.

If increased teacher salaries improve student learning, does that happen by …

- Making teachers feel valued and more motivated?
- Reducing the need for teachers to do other jobs to top up their income?
- Attracting more capable people to become teachers?
- Increasing communities' expectations and scrutiny of teachers?

1.5 In a specific context or programme design some causal mechanisms might be expected or emphasised more than others – if we make our assumptions about them explicit we can design our programmes to best support them and design our evaluations to test them.

Theory of change as process and product

1.6 It is helpful to be aware of the distinction between:

- a *theory of change thinking process* which helps us design a programme – ie a process for thinking about how a desired change on a particular issue might be achieved, generating ideas for intervening to bring about that change, exploring and weighing up different options; and
- a *theory of change product* which is used to describe a programme that has been designed – ie a communication tool to present the design decisions which have been made and articulate the programme's key hypotheses and assumptions about how change is expected to happen.

1.7 Many DFID teams have found the *theory of change thinking process* very helpful in designing programmes, and as such have used it very early on in the Business Case (BC) process – before even starting to draft their BC. The theory of change process is a good way to generate much of the information that is later needed when drafting the BC. See Annex 1 which illustrates the theory of change thinking process and where the fruits of that thinking will be captured in the different cases in the BC. The final BC also needs to include a *theory of change product* (ie diagram and narrative text) which communicates information about the preferred option.

There is no standard or best format for a theory of change product

1.8 It's usually easiest to communicate the theory of change by including some kind of diagram in addition to narrative text, and this is what we recommend. However, it is important to avoid being prescriptive about the format for communicating a programme's theory of change, especially when working with partners. There is no best way to do it and being prescriptive about how it should look can severely reduce the value of the theory of change thinking process – making it less creative and reflective and more focussed on specific donor requirements.

2. What is the value of theory of change?

2.1 This kind of thinking – change processes, assumptions and incentives - is not new in DFID. But theory of change is a very helpful tool to stimulate and structure this thinking and to involve multi-disciplinary teams in fruitful processes of reflection, challenge and innovation.

A good antidote to optimism bias

2.2 Theory of change thinking reminds us that change is not easy to bring about and that we need to pay attention to why the change has not already taken place – looking at both the incentives and the disincentives for change.

"Recipients of free or subsidised mosquito nets for example, or water chlorination tablets, or schooling, or contraception, often prove bafflingly disinclined to use them … Aid that presumes the poor will always do the right thing will probably be as much as waste or time as the gym memberships we sign up to in early January". (Esther Duflo & Abhijit Banerjee in 'Poor Economics')

Supporting innovation – avoiding 'business as usual'

2.3 Theory of change thinking supports a reflective and creative process, which is fertile ground for innovation. Its starting point is an in-depth exploration of the changes we hope to bring about and the different change processes that might lead there, and this helps us resist the 'activity trap' – where we start with inputs and are drawn irresistibly to the activities we had in the last programme on this issue.

Letting assumptions cause trouble – not just 'cover our backs'

2.4 The emphasis on assumptions is so fundamental to theory of change that it is harder not to take them seriously. Rather than parking them, or just noting them (so we can say later 'ah yes, we did know what was an assumption'), we need to let their implications sink in and we need to act on them. The identification of assumptions can lead to at least three key actions:

- Programme re-design: deciding that we need to add or change activities;
- Prioritising key processes or indicators to keep a close eye on during implementation;
- Developing a hypothesis that we want to test in an evaluation.

Stronger programme designs

2.5 Ultimately the critical reflection on different options for supporting change processes and the evidence for them - which is central to the theory of change thinking process - helps us develop better programmes that are more likely to achieve positive results.

Building an evidence base about what works

2.6 A clearly articulated theory of change enables evaluation activity to be planned from the programme outset to test specific hypotheses and to assess if the intervention worked as expected. It increases our ability to learn about how and why a programme worked – and if it didn't work, it helps us understand if that was because of poor theory/design *or* rather because of poor implementation. DFID is increasingly using its evaluations to test hypotheses and add to the global evidence base in a wide range of areas.

A tool for communication and clarification

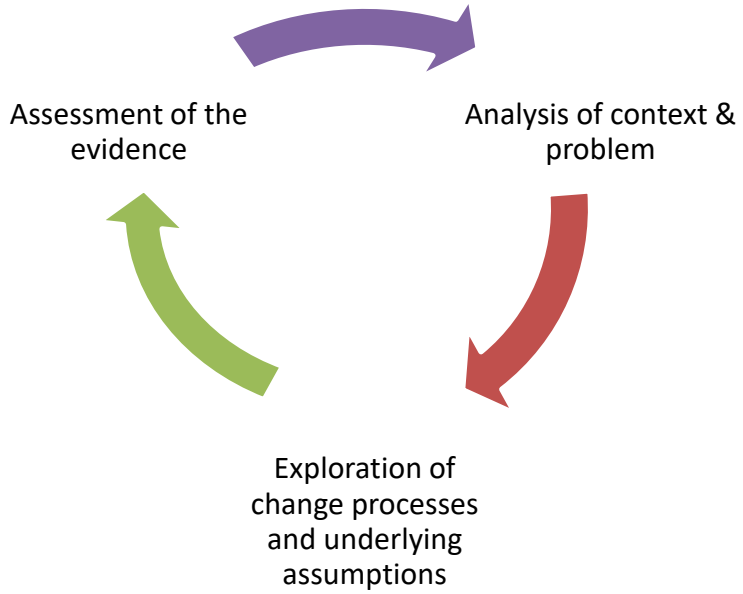
2.7 As a product, a theory of change can be a useful tool for communicating information about a programme and also for checking if there is shared understanding among different stakeholders (eg in government, implementing partners and beneficiary communities) about how change is expected to happen. It may illuminate different views about how the programme will work. For example - do field staff implementing the programme think it will work in the same way as those who initially designed it? It could be valuable to know if there are different views and explore why they differ.

3. How to support a theory of change thinking process?

Three key components

3.1 Theory of change thinking takes place at several stages throughout the project cycle: design, implementation, review and evaluation. See Annex 2 for a diagram illustrating this. DFID's approach to theory of change involves three key components, which will be iterative and not purely sequential:

- Analysis of context and problem;
- Exploration of change processes and underlying assumptions;
- Assessment of the evidence for different change processes.



Analysis of the context and problem

3.2 This key analysis of the context and problem will be included in the Strategic Case of the BC.

Key questions to support your thinking at this stage could include:

- What is the problem you want to address?
- What's lacking?
- What are the key factors that influence this issue?
- What and who needs to change?
- Why and how might they resist change?

Exploration of change processes

3.3 This is the starting point for generating ideas and options - mapping possible causal pathways for an intervention. Much of this analysis will be reflected in the Appraisal Case of the BC.

Key questions to support your thinking at this stage could include:

- What is the desired impact?
- What other changes might be needed to reach that impact?
- Are there local allies and any indigenous momentum for those changes?
- Who else is trying to contribute to these changes and how?
- Given this, what might we do?
- What assumptions underlie our options?

Exploration of assumptions

3.4 Once we start to map possible change processes we need to identify the assumptions underlying them – make them explicit and interrogate them. Assumptions are 'things we assume will happen' or 'things which need to happen in order for the programme logic to work'. They are sometimes based on our core beliefs so we don't question them and it is often hard even to know we have them. Assumptions can be masters of disguise! A few strategies for uncovering them include:

- Working with others – we often see each other's assumptions more clearly than our own.
- Use 'if … then' phrases to describe your programme: eg 'If health workers can correctly identify priority children, then..'
  And ask what if they can't?
- Look for three different types of assumption: about causality within the programme; about implementation of the programme; about context.
- Try to be aware of how your experience and professional background has influenced your views about how change happens.

Do something with your assumptions

3.5 The important thing is not to just ignore or park them. Make conscious choices about whether an assumptions means:

- you need to add or change activities;
- there is something to keep a close eye on during implementation;
- there is a hypothesis to test through evaluation.

Assess the evidence

3.6 The BC places high importance on the assessment of evidence and this is a key part of theory of change thinking. You need to look at any evidence relating to the various assumptions and hypotheses for options that you are considering, particularly about the specifics of what you plan to do (activities and outputs) not just generic evidence that 'this sector/issue matters'. Evidence will vary for different parts of any theory of change.

3.7 Be explicit when there is no or limited evidence. The intervention may still be credible and worth trying – there is limited evidence for many of the complex transformational change processes which we try to engage with.

Articulate key hypotheses for testing through evaluation

3.8 A hypothesis is a supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation (Oxford Dictionary). You may have several hypotheses you want to test through an evaluation – hypotheses about causality, implementation or context. Prioritise hypotheses that are crucial for the programme's success but which have a weak evidence base.

3.9 A plausible causal link with a limited evidence base is an obvious focus for an evaluation question. Initial thinking about evaluation questions should be included in the Management Case – picking up on your

assessment of the evidence for different part of the Theory of Change in the Appraisal Case.

How to support a good theory of change thinking process

3.10 Some key ingredients include: time to think creatively and reflect; interaction with others; openness to challenges and change; a safe space to be open in; awareness of your own views and preferences.

4. How do you know a good theory of change product when you see one?

4.1 Once you've made decisions about the design of your preferred intervention, its theory of change needs to be clearly presented in the Appraisal Case of the BC.

4.2 Within DFID we've found that a combination of diagram and narrative text works well to communicate and do justice to the programme, to highlight the key hypotheses and to identify the evidence for them. So we recommend you provide both a diagram and narrative text in your Business Case. As noted before there is no standard or best format for the diagram – there is a good example of a theory of change diagram and narrative text.

4.3 A theory of change needs to be about the specific intervention in its particular context. There are some good generic theories of change or causal pathway maps for particular policy areas (eg budget support, violence against women, maternal health) but you should draw on these and adapt them to present your specific programme, not just cut and paste them in!

4.4 A good theory of change will meet a few key criteria:

Analysis of context and problem

- ✓ the intervention's theory of change make sense as a response to analysis of the context and problem

Exploration of assumptions about change

- ✓ assumptions are made explicit
- ✓ causal pathways are well mapped in the diagram (intermediate steps are shown without leaps of faith, things are not lumped things together leaving the causality unclear)
- ✓ the narrative describes the key hypotheses

Assessment of the evidence

- ✓ there is an assessment of the evidence for the key assumptions and hypotheses

4.5 The level of detail in a theory of change will vary depending on the complexity and scale of the intervention and whether you are at initial design stage (more simple) or at implementation stage (more complex).With the newer versions of powerpoint and excel drawing diagrams is now much easier.

5. How does theory of change relate to the logical framework approach in Business Case development?

5.1 This guidance note should be used in conjunction with the "Guidance on using the revised Logical Framework" (January 2011).

5.2 Theory of change and the logframe approach can both be used to design programmes, summarise and communicate programmes to others, and capture key information that is useful for monitoring and evaluation. Both are simply tools and can be used well or poorly, in a participatory or non-participatory way, in a way that supports creative reflection or in a way that deadens it. Their value depends on how well we use them.

5.3 However while the tools have similarities there are some key differences between DFID's current use of theory of change and its use of the logframe. In particular, theory of change:

- Has no standardised format and perhaps for this reason seems to stimulate more creative thinking about options;
- Provides more detail on the change process – there is no limit on the number of steps and intermediate results that are mapped out;
- Strongly emphasises exploration of assumptions, especially about how change takes place;
- Focuses on evidence (or lack of it) relating to causal links;
- Supports generation of different options and reflection on them;
- Identifies hypotheses for testing in evaluation.

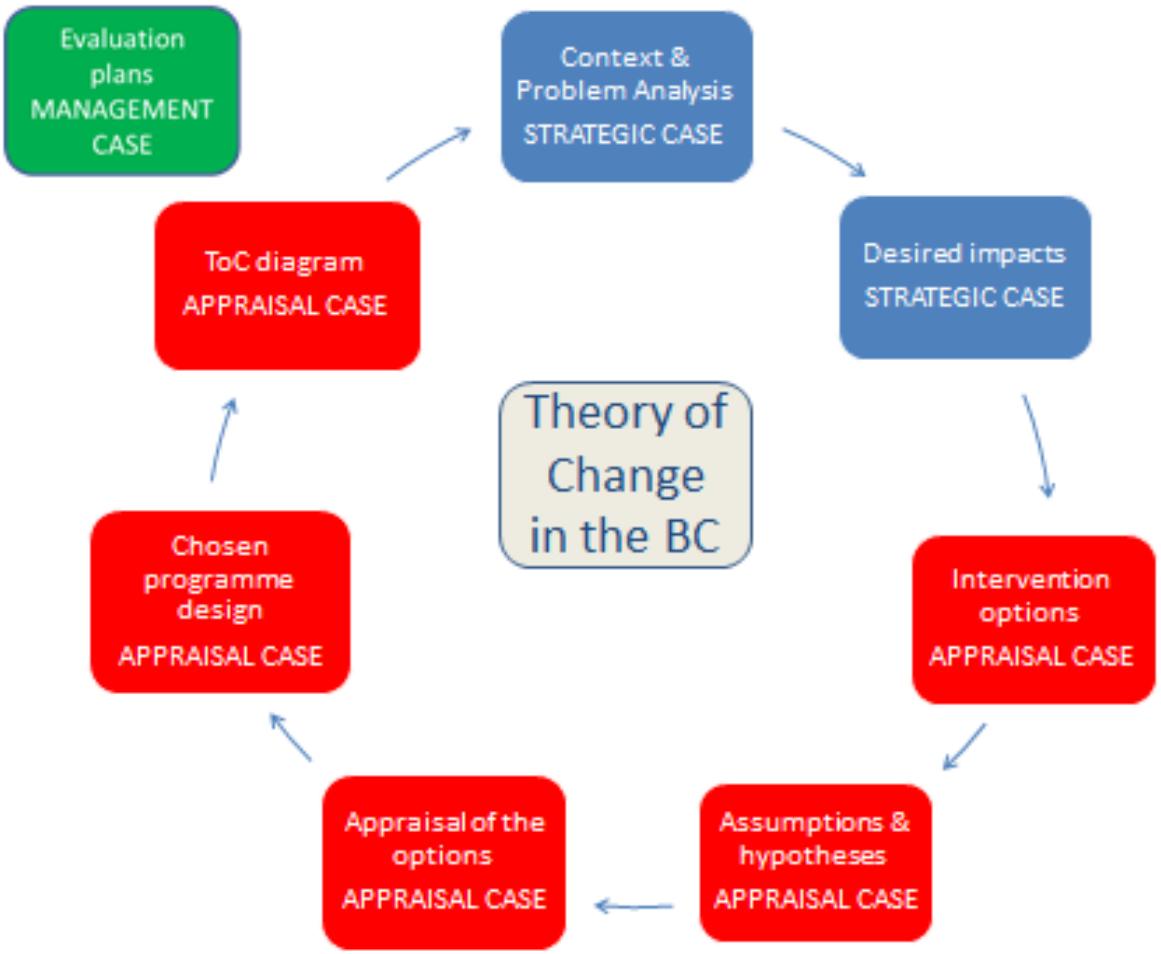
5.4 The theory of change and the logical framework approach are mutually reinforcing in developing BCs. The theory of change sits behind the logical framework allowing for (i) a more detailed analysis of the assumptions, including those that underpin the causal links and (ii) a presentation of the evidence on which the results chain is based. The theory of change identifies the "killer" assumptions which are then presented in the logical framework.

5.5 The development of the logical framework should run in parallel with the theory of change and start right at the beginning of Business Case design. The logical framework, like the theory of change, should be dynamic and as the theory of change is revisited and revised throughout project implementation so is the logical framework. They need to be coherent with each other – both at design stage and when revisited during the project cycle.

5.6 The logical framework provides the basis for project monitoring through the Annual Review and Project Completion processes. Its evolution during project implementation can add a useful dimension to an evaluation focussed on the theory of change.

Annex 1

How theory of change thinking is captured in the different cases in the BC.



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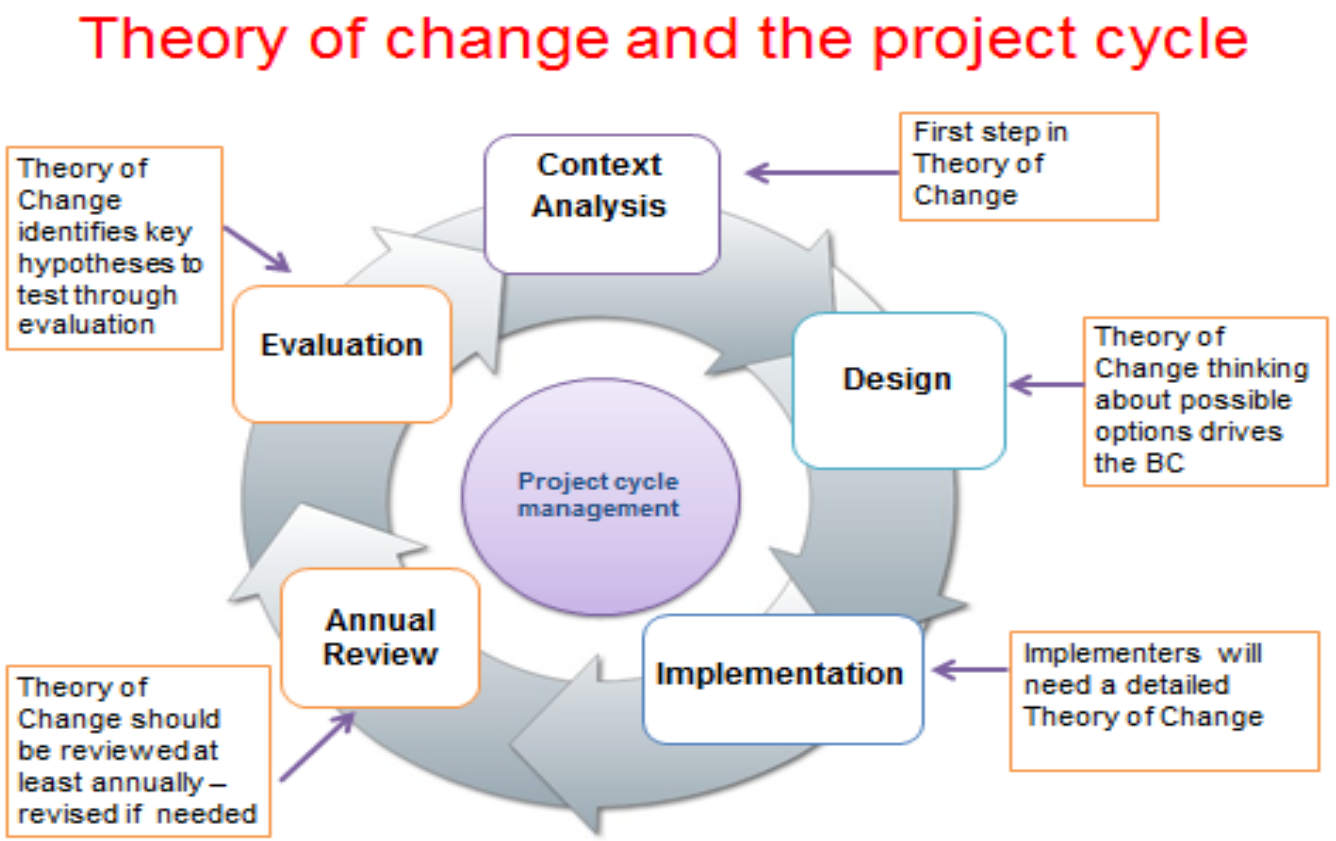
Annex 2


Theory of change and the project cycle
Context Analysis
First step in Theory of Change
Design
Theory of Change thinking about possible options drives the BC
Implementation
Implementers will need a detailed Theory of Change
Annual Review
Theory of Change should be reviewed at least annually – revised if needed
Evaluation
Theory of Change identifies key hypotheses to test through evaluation
Project cycle management