STRATEGIC DECISION-MAKING

There is a widespread assumption that complex monitoring and evaluation (M&E) systems should contribute to strategic decision-making at organisational and/or programmatic levels. In order to accomplish this, M&E teams need to establish what information would be most useful to strategic decision-makers. They also need to decide how and when it should be generated and communicated.

There is a widespread assumption that complex monitoring and evaluation (M&E) systems should enable strategic decision-making. But there are few case studies demonstrating how CSOs have managed to accomplish this at organisational or complex programme level. This paper describes one potential approach. However, it is only one amongst many different potential approaches.

The approach relies on the development of a theory of change (ToC), or similar conceptual framework. Evidence is then collected against this ToC so that an organisation or complex programme can find out whether desired changes are happening, identify other changes, assess its contribution to the changes, learn about what works and what doesn't, test assumptions, clarify linkages between different levels of change, and use findings to make strategic decisions.
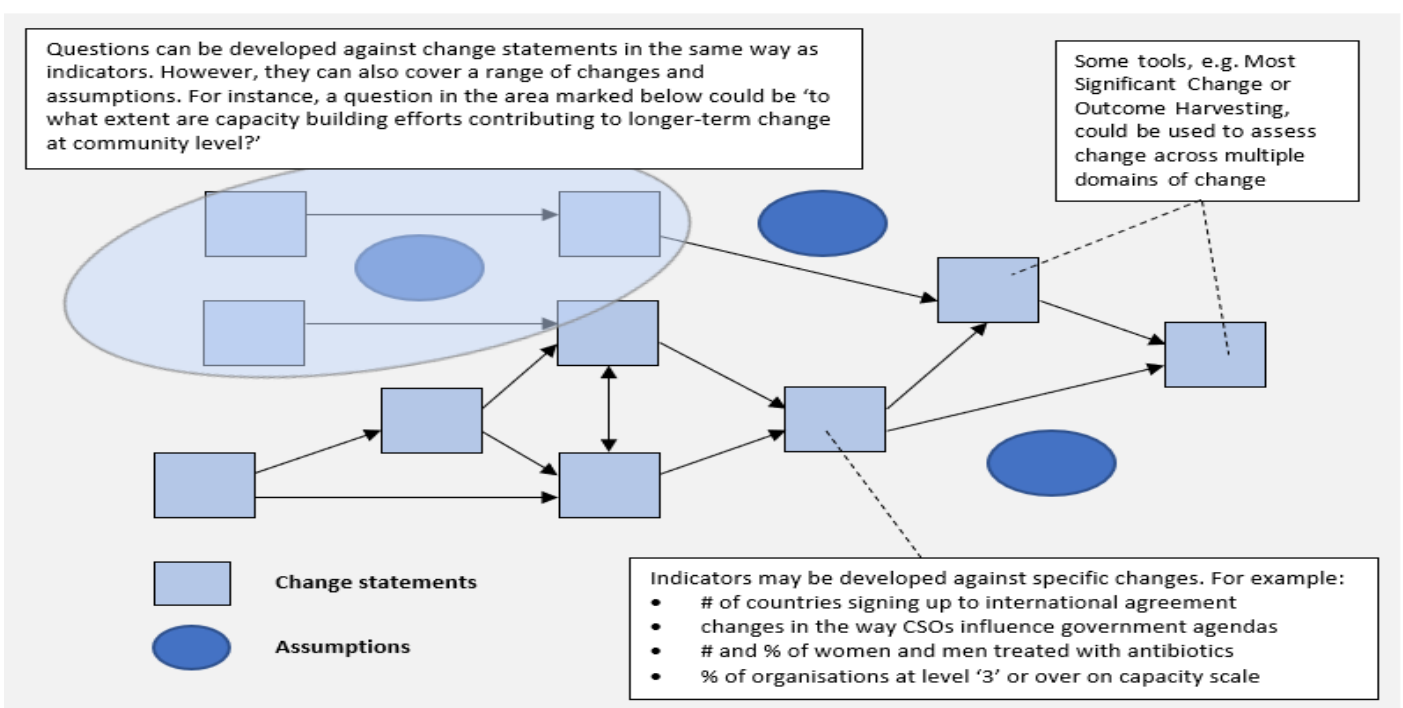
Different ways of assessing change

The first step in the approach is not to decide *what* to do, but instead to identify what *might* be done. This means regularly considering the potential for assessing change, or identifying lessons, in each part of the ToC. This can be done by examining the ToC through a series of lenses. The ones described in this section are:

- indicators;
- questions;
- tools and methodologies;
- case studies and stories of change; and
- other options.

Indicators: The standard option is to set indicators against the desired changes in a ToC (see diagram below). Theoretically it is possible to set indicators against assumptions as well, although this is less common. It is important at this stage to consider in detail how the indicators might be collected. This might involve collecting some data centrally within an organisation or complex programme. But it might also mean relying on information collected at lower levels, such as projects. If so, it is important to understand how this could be done. It is also important to figure out how the indicators would be processed and analysed, and whether this would need to be done centrally, or at different levels of the organisation or complex programme.

Questions can be developed against change statements in the same way as indicators. However, they can also cover a range of changes and assumptions. For instance, a question in the area marked below could be 'to what extent are capacity building efforts contributing to longer-term change at community level?'

Some tools, e.g. Most Significant Change or Outcome Harvesting, could be used to assess change across multiple domains of change

Indicators may be developed against specific changes. For example:
- # of countries signing up to international agreement
- changes in the way CSOs influence government agendas
- # and % of women and men treated with antibiotics
- % of organisations at level '3' or over on capacity scale

Change statements

Assumptions

A description of the different kind of indicators that can be used to assess change at organisational or complex programme level can be found in the M&E Universe paper on 'Aggregation and summarisation'.

Questions: Sometimes it is more appropriate to develop questions than indicators. This is because questions provide more flexibility. Questions can be set against change statements in a ToC, groups of change statements, assumptions, or a combination (see diagram on previous page). For example:

- A simple question linked to one change statement might be *'to what extent are CSOs engaging with decision-makers?'*
- A question linked to an assumption might be *'is there evidence that local government officials are interested in taking forward issues around disabilities?'*
- And a question linked to more than one change area could be *'what are the best ways of ensuring that capacity building efforts result in sustainable changes in organisational capacity for supported CSOs?'*

Questions can be framed as evaluation (or monitoring) questions, which tend to focus on what has been done, and what has changed as a result. Or they can be framed as learning questions, which often focus on how or why changes have happened, but may also deal with wider issues. Questions can be focused on external change, or they can be more inward-looking, e.g. *'how are our organisational structures and processes helping or hindering our partners' work with supported communities?'* While it is possible to develop questions for any conceivable part of a ToC, it is usually best at this stage to develop questions in areas which are important to a CSO, but where it is not immediately obvious how specific, pre-defined indicators could be developed.

The next task is to decide how the questions might be answered. There are many different possibilities. Some of the most common are as follows.

- Questions can be inserted into results frameworks or incorporated into regular reporting templates. This helps ensure that all different levels of an organisation or complex programme actively engage with the questions.

- Questions can be included as evaluation questions during all relevant formal reviews or evaluations over a specified period, such as a year. This helps ensure that organisational resources are devoted to answering the questions.

- Questions can be addressed in sensemaking events such as meetings, workshops, feedback sessions, conferences, communities of practice, or away days. These kinds of sensemaking sessions are not normally concerned with collecting new information, but instead are designed to encourage stakeholders to come together to make sense of existing information, especially informal information collected on an

ongoing basis by individuals as they go about their regular work.

- Some questions cannot easily be answered without dedicated resources. Sometimes the solution may be to commission research. Research can take many forms, ranging from very short, focused, action-oriented research through to longer-term, formal research studies carried out over many years. Research might focus on any kind of question, but is particularly useful when examining the assumptions that underpin a Theory of Change

Tools and methodologies: In project M&E systems there is a tendency to first develop indicators (or questions) and then consider how to collect them. This is consistent with the logical framework approach to planning. In complex M&E systems it is often the other way around. CSOs sometimes need to decide what tool, template, methodology or approach is best suited to the task of assessing and analysing change before they can work out what the indicators or questions should be. There are three main reasons for this.

- Firstly, some tools and methodologies are particularly suitable for assessing certain kinds of change. For example, changes in livelihoods may best be captured through Household Economic Analysis (HEA) surveys; changes in HIV&AIDS programmes through Knowledge, Attitude and Practice (KAP) surveys; or changes in the empowerment of communities through Participatory Learning and Action (PLA) methods. In these cases it is often best to identify the methodology first, and then consider how to turn the information into indicators or questions.

- Secondly, in some circumstances a single tool or methodology could be used to generate information across many different places within a ToC (see diagram on previous page). This is more cost effective than setting indicators or questions at each place, and then having to think up different methodologies to collect different types of indicators.

- Thirdly, it is often impossible to define an indicator without knowing what tool will be used to collect it. For example, if an International NGO (INGO) administers a survey asking supported organisations to rate their partnership with the INGO as *'equal'*, *'uneven'* or *'highly uneven'* it might make sense to develop an indicator such as *"# and % of partners that regard the partnership as 'uneven' or 'highly uneven'"*. But it would not be possible to design this kind of indicator without first designing the survey. Where CSOs adopt common tools they generally find it much easier to develop indicators (or questions) that are capable of showing change across a broad portfolio of work.

Of course, identifying a tool or methodology before an indicator or question is not necessarily an alternative to setting an indicator (or a question) first. Indeed, in certain circumstances the same result can be achieved by taking either path – first developing an indicator then working out what method is appropriate to collect it, or looking first for

the method and then developing the indicator. Sometimes it is an iterative process where both are considered at the same time. However, if a single tool or methodology is used to assess change in more than one part of a TOC, it always makes sense to identify the tool or methodology first.

Case studies or stories of change: There is much potential for using case studies or stories of change within complex M&E systems. On the one hand, case studies are an essential ingredient – perhaps the bedrock – of a large proportion of the serious and rigorous research carried out around the world. They are also particularly appropriate when evaluating complex interventions, where it is often hard to find simple indicators that can provide evidence for desired changes, and the focus is often on unexpected and/or negative change (Stern et al. 2012).

On the other hand, many CSOs have abused case studies and stories of change so much in the past that frequently donors and governments (indeed CSOs themselves) do not see them as serious vehicles for assessing change and learning, but rather as devices for enabling public relations, marketing or fundraising.

A lot depends on how they are used. If based on evidence that is not reliable or credible, they will not help an organisation or complex programme to learn and adapt. Equally, if multiple case studies are used without a proper sampling methodology then any findings generated are likely to be misleading or incorrect. However, when used as part of a proper, systematic process, case studies can greatly enhance understanding of change within a complex M&E system.

Again, generating and analysing case studies to investigate change or learn lessons is not an alternative to developing an indicator, forming a question, deciding on a methodology, or deciding how or when to engage in research. It is simply a different lens with which to examine parts of a ToC.

Other options: Other options exist that could be considered at different points in a ToC.

- One option is to use *inference*. Some changes are too intangible, too difficult or too expensive to measure. However, if the relevant change lies on an important part of an impact pathway within a ToC then it may be inferred through investigating changes at other levels. In the diagram opposite an *'enhanced capacity to raise funds from alternative sources'* may be inferred if training has been conducted appropriately, and if an organisation then goes on to improve its funding base. Although there is always a possibility that the improved funding base resulted from a different route or pathway, the best option may be to assume that capacity has been enhanced, until and unless other evidence comes to light.

- Another option is to do nothing until it becomes obvious that a change has (or has not) happened. This may be useful when an objective is to achieve some kind of *critical mass* – a tipping point of some kind. Unless one is clear what the critical mass is, it is often

Training conducted on fundraising

↓

Enhanced capacity to raise funds from alternative sources

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Improved funding base
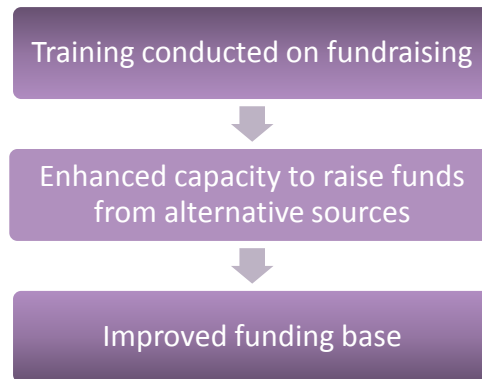
impossible to accurately assess progress towards it, and therefore not worth trying. But the change, when it comes, will not be missed. So the task at that particular point in a ToC is merely to assume the critical mass change has not yet happened until it becomes obvious that it has.

- A third possibility is to use a *literature review*. Traditionally, this is often only considered at the beginning of a programme (or strategic period of an organisation) during the planning stage. But once work has begun, questions may arise that have already been answered elsewhere by other people or organisations. For example, as work on an agricultural extension programme unfolds an organisation may begin to suspect that farmers are unwilling to implement new farming techniques because of cultural or historical reasons. In response, an organisation might design a research process to see whether this is the case. However, it ought first to consider whether other agencies have come to the same or similar conclusions, and have already answered the question. Nowadays it is possible to do this very quickly and cheaply using open source information on the internet.

- Another option is to consider *working backwards* from an identified change. Rather than capturing change at each and every level of a ToC, a CSO could produce evidence of change at one point, and then work backwards down the pathway to assess whether, and how, different initiatives have contributed to that change. The contributory causes may be covered already in the ToC, or there may be new ones that have not been previously considered.

- The final, and nuclear, option is to *do absolutely nothing* if a change is too long-term, too difficult, too abstract or too expensive to assess. This may be a decision made for a particular period only. But a CSO might also decide that it will never be possible to make a realistic assessment of the change.

At this stage, there will hopefully be a series of different possible options, designed to indicate in each part of the ToC (or across different parts):

- what can realistically be assessed;
- how much effort it will take;
- how much it might cost; and

- what the degree of certainty of any findings might be.

In each part of the ToC there may be one or more options for assessing change or learning lessons. The next, and harder, part is to decide what to actually do over a given period.

Prioritising options

In an organisation or complex programme, priorities inevitably change over time. It is not enough to examine options once only. Instead, options should be assessed on a regular basis. One way to do this is to hold reviews every six-months or annually, where possibilities can be examined and priorities decided for the next period. Unless right at the start of a complex programme, decisions made during these reviews should be informed by an analysis of what has already changed or been learned.

Some decisions on what to prioritise can be made easily, and can lead to the immediate inclusion or elimination of large parts of a ToC. For example, a CSO may be obliged to collect data in some areas, such as outputs delivered or changes in short-term outcomes, to comply with basic accountability requirements. This information needs to be routinely collected, whether or not it helps strategic decision-making.

Secondly, a CSO needs to consider how far along a ToC impact pathway it is reasonable to look for progress. This is likely to be different in an organisation than a complex programme. Some organisations have ToCs that are designed to cover work carried out in many regions and countries, and much of this work may be carried out over different timescales. Consequently, the whole of the ToC is always in play. On the other hand, in complex programmes with defined beginning and end points there may be no point in looking for longer-term change early on in the programme. (Of course, if the later measurement of change depends on producing a baseline and/or defining control or comparison groups then the methodologies used to detect longer-term change may need to be considered right from the start.)

Thirdly, many ToCs contain assumptions as well as statements of change. Sometimes these assumptions can be ignored unless it becomes obvious that change at one level along an impact pathway is failing to contribute to sufficient change at another level. Once it becomes clear that this is happening a CSO needs to consider what to do about it. One of the first things is to test whether the assumption is wrong, or whether there is some other factor that needs to be addressed. This is usually a priority.

After these initial decisions have been made, the task is then to decide which of the remaining options should be taken forward over a given period. Once the bottom line of M&E necessary to comply with internal or external

accountability is accepted as a given, decisions over what else to do will ultimately depend on two key criteria:

- what information will be most useful to the organisation or complex programme; and
- the resources required to carry out this work.

Selecting options to take forward might involve choosing a mixture of options that fit within an available budget. Or it might mean seeking additional resources for clearly-defined pieces of work. Some options may have few resource implications. For example, it may cost little to insert a new question into a set of existing organisational templates, or ensure that the Terms of Reference of an evaluation covers an important issue. However, it may be much more expensive to bring together people from different parts of an organisation to a sensemaking event, or carry out a new research study.

The selected options should be designed to provide the answers to the questions that are most critical or most important to an organisation or complex programme at the time. Often, the selected options will be designed to support strategic decision-making. However, there may be times when other purposes need to be considered, such as demonstrating that an organisation or complex programme is effective in order to maintain or increase funding, or generating learning that can be used by other organisations.

To help with the selection of options, it might be useful for a CSO to develop some simple questions as a checklist, such as the ones in the box below (based on Britten and Thakali (undated); Vogel 2012, quoted in Dyer 2016).

Questions to help decide options
1. What M&E is needed to comply with internal or external accountability requirements?
2. Are there known challenges or problems affecting performance that require solutions?
3. Which parts of the ToC most need testing (i.e. where is the knowledge base the weakest)?
4. Are there key creative or innovative initiatives that need further inquiry?
5. What questions, if answered, could usefully contribute to a wider evidence base?
6. Where is existing evidence insufficient to answer an important question?
7. What assumptions are least tested, and how critical are they for long-term success?
8. What are the biggest risks to the organisation (or complex programme), and what information needs to be generated in order to mitigate them?
9. What further evidence is needed in order to assess whether changes need to be made to strategies?
10. What is critical to know immediately, and cannot be left until later?
11. Which questions can be answered relatively cheaply and cost-effectively and with minimum costs to staff?
12. Are there opportunities to generate information cheaply or quickly that might not be available later on?

Linking M&E findings to future planning

However interesting it might be to generate M&E findings that answer a CSO's key questions, it is ultimately worthless unless it actually contributes to organisational objectives, such as improved accountability, improved fundraising, better organisational management, improved planning, or enhanced performance. In some cases – such as providing evidence for fundraising or accountability purposes – the submission of M&E findings to relevant departments may be enough. However, if the objective is to contribute to better strategic decision-making then generating appropriate M&E findings is only half the job done – the other half is persuading people to act on them. M&E staff cannot assume that just because compelling evidence is generated then it will automatically be acted upon.

Some findings may just be disseminated to different levels of an organisation, in order to allow staff and partners to incorporate them into their own decentralised decision-making if they so choose. However, where changes are required at organisational or complex programme level, or across whole regions or sectors, M&E staff need to try and maximise the possibility of M&E findings being incorporated into management decision-making. This can be viewed as a three-stage process.

- Firstly an M&E team in charge of a complex M&E system needs to satisfy its own internal requirements. It needs to reach a stage where it is confident that M&E findings in a specific area of a ToC are sufficiently robust that they should be considered as part of managerial decision-making. If there is uncertainty in the findings then this needs to be properly communicated. Sometimes, an M&E team may feel it needs to do further work (resources permitting) to make M&E findings more certain. At other times it may feel that the extra time and effort required are not worth it, and that the current levels of uncertainty are acceptable.

- Secondly, once internal demands have been satisfied, an M&E team usually needs to work with the wider organisation (or complex programme) to try and bring about change. This depends a lot on who the relevant decision-makers are, and how (if at all) they have been involved with developing any M&E findings. They may be senior management who are closely connected with the M&E team, in which case it might be relatively easy to persuade them of the need for change. Indeed, sometimes representatives of M&E teams are part of senior management teams, and can directly contribute to decision-making. Often, however, they are not. In such cases central M&E staff may need to be innovative and persistent in seeking suitable ways to use M&E findings to influence decision-makers.

- Thirdly, accessing internal decision-makers may not be enough, and M&E staff may need to engage with wider decision-makers, such as representatives of boards or trustees, donor staff, or government ministers. In these situations it might be much more difficult to incorporate M&E findings into decision-making. In

practice, M&E findings need to compete with other elements of decision-making such as managing risks, taking advantages of new opportunities, scanning the external environment, considering what others are doing and what else might be done, assessing evidence from other organisations, and generally responding and reacting to more urgent (if not more important) stimuli such as shocks, crises or unexpected events.

Building relationships with strategic decision-makers both inside and outside a CSO is therefore critical. In addition, it is often useful to involve these decision-makers in decisions over how and when to conduct M&E. If they are given the opportunity to engage in decisions over how and when to collect and analyse information, and are involved throughout the process, they are much more likely to act on the findings (Scholz et. al. 2016).

In conclusion, it is not enough for an M&E team in charge of a complex M&E system to generate findings that could conceivably contribute to change at organisational (or complex programme) level. They need to actively consider how such change might happen, and then take steps to ensure that, as far as possible, they provide the right type of information at the right time in the right place to the right stakeholders to provide the maximum possible leverage to influence decisions.

Therefore, a key criterion for selecting the priorities for M&E action over a period should also be the realistic prospects for influencing decision-making. This goes beyond the credibility (or otherwise) of any findings. Consequently, in addition to the questions contained in the box on the previous page, staff in charge of a complex M&E system should also consider a separate set of questions to assess how useful different forms of evidence might be over a given period.

Further questions to help decide options

1. Which M&E findings could potentially be useful to support different parts of an organisation or complex programme to make their own, decentralised decisions?
2. What is likely to be the level of uncertainty of any M&E findings produced, and how might this be decreased?
3. What is the potential for using the findings to influence internal and external decision-makers?
4. Which particular types of findings (e.g. quantitative or qualitative analyses) are likely to influence decision-makers the most?
5. How should M&E findings best be communicated to decision-makers to maximise the potential for usage?
6. What is the potential for involving decision-makers in planning and shaping M&E work so they are engaged throughout the process?
7. How should M&E findings complement other influences on strategic decision-making, such as the management of risks, etc.?
8. What available events or opportunities exist for feeding M&E findings into decision-making?

In some organisations and complex programmes there may be few genuine opportunities to contribute to

organisational-level, or programme-wide, decision-making. It may be more useful (and more feasible) to affect decision-making in just one or two areas over a time period than to produce multiple M&E findings, none of which individually meet the necessary threshold for significantly influencing strategic decision-making.

Once a CSO has decided what to do over the next period it can then make plans for M&E accordingly. In this way, M&E can become more strategic and more dynamic – focusing time, effort and money on the most critical questions at any particular time in order to help organisations or complex programmes improve their performance.

The challenge of integrating M&E findings into decision-making

In order to enable complex M&E systems to contribute to strategic decision-making at organisational or complex programme level, there are many challenges that first need to be recognised if they are to be overcome. Some of the main challenges are as follows.

- Sometimes there is a gulf between the type of information organisations collect and analyse for accountability purposes and the type of information needed for strategic decision-making. There is an unfortunate tendency for organisations to accept the information generated through M&E processes at face value without fully appreciating its limitations or inconsistencies. This frequently means that genuine M&E findings are treated with mistrust or dismissed out of hand.

- At organisational or complex programme level many, if not most, M&E findings come with some level of uncertainty. If managers wish to take decisions based on M&E information they need to know what level of uncertainty is acceptable. If M&E findings result in real strategic changes affecting real lives it is important both to ensure that findings are as precise as possible and to recognise the inherent uncertainties, with the associated implications for decision-making.

- Some changes can take a very long time to materialise, and often it is simply not possible to wait until all the facts are in before making decisions. Therefore, a balance needs to be sought between rigorous evidence and timely evidence (Valters and Whitty 2017). Taking major strategic decisions at organisational (or complex programme) level often means taking decisions based on the best possible available evidence – either using existing evidence or engaging in rapid data collection and analysis – rather than waiting longer to produce findings that are more robust or more reliable.

- Some M&E findings can potentially be acted on straight away. Others may indicate a weakness in current thinking, or a need to revisit basic assumptions, but may not provide immediate clarity on what needs to change. In these cases it might be necessary to seek new evidence in order to re-develop plans. Design and planning therefore become ongoing processes, constantly reacting to emerging results and learning, as well as external changes and events, rather than separate exercises carried out at the start of a programme or strategic period. This is inevitably easier in organisations or complex programmes designed to be flexible. By contrast, organisations or federations that rely on huge negotiated networks of plans may find it much harder to change course in the light of new evidence.

- The need to carry out further M&E in response to evolving findings means CSOs have to think differently about how to allocate resources to monitoring, evaluation, learning and research, bringing in more flexibility and more fluidity. This does not necessarily mean spending more money overall, but spending it differently, responding to needs at the time rather than being planned in advance. However, this creates further challenges. If there is a sudden and urgent need to investigate an issue in more depth then the money must come from somewhere. If an organisation has to wait for a new annual round of funding it may delay important decisions. Equally, if plans are not sufficiently flexible it may prove difficult to change strategic direction even if M&E findings highlight the need to do so. This highlights the importance of ensuring that plans and budgets are sufficiently flexible within complex M&E systems.

- Within complex M&E systems there is also a need to ensure that the different information disciplines of design, planning, monitoring, evaluation, impact assessment, research and learning are all fully integrated. For example, M&E findings might reveal that some groups of stakeholders are failing to benefit from organisational interventions. An M&E team in charge of a complex M&E system might decide as a result to develop some purposefully sampled case studies, and then conduct cross-case analysis to find out why they are not benefiting. To do this it will need to decide on issues such as whether to use internal or external staff, how much money and time to spend, what questions to address, what tools to use, and how to feed the findings into decision-making. Whether this exercise is called impact monitoring, evaluation, review, research or simply 'a study' becomes almost irrelevant. Each exercise is different, and each will need to be designed accordingly.

Summary

This paper has described a potential method for prioritising options for assessing change at organisational or complex programme level across different parts of a ToC. This needs to be done on a regular basis as priorities change over time. It is important for an M&E team in charge of a complex M&E system to assess what information would be most useful to the people responsible for strategic decision-making. But this is not enough. It is also important to consider what type of information needs to be delivered to which stakeholders, and when. This is one of the hardest things to do in a complex M&E system, and there are many challenges that need to be overcome.

Further reading and resources

This short paper is based on a much longer paper produced for INTRAC, called *"Complex M&E Systems: Raising standards, lowering the bar"*, by Nigel Simister. It is available from the INTRAC website at https://www.intrac.org/wpcms/wp-content/uploads/2019/03/Praxis-Series-6.-Complex-ME-Systems.pdf.

The next paper in this section of the M&E Universe deals with how to design and implement a complex M&E system. Another paper in this section of the M&E Universe deals with aggregation and summarisation. These papers can be accessed by clicking on the links below. There are many parallels between work carried out in complex M&E systems, and M&E work designed to support adaptive management. The M&E Universe paper on adaptive management can be accessed below. Some of the other topics covered in this paper, such as research, sensemaking, and case studies, can also be accessed by clicking on the relevant links below.

▶ **Developing a complex M&E system**   ▶ **Aggregation and summarisation**

▶ **Research**   ▶ **Sensemaking**

▶ **Case studies and stories of change**   ▶ **Adaptive management**
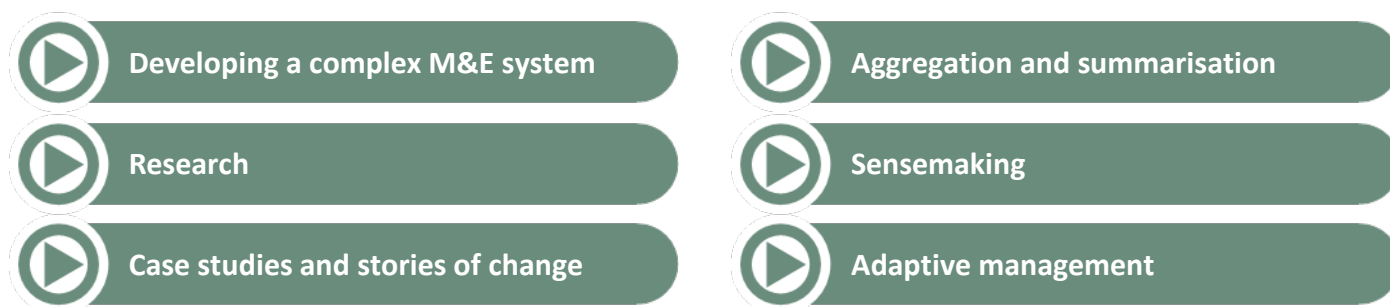
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