PFRC
Public Finance
Resource Centre

PFRC: Guide for suppliers on the Monitoring, Evaluation and Learning of Interventions

June 2026

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A note on the update

As a result of the PFRC's growing experience in implementation and the increasing complexity of the interventions across the portfolio, important lessons on what works and what does not work have been learned This guidance has been updated to incorporate this learning and to ensure action.

The main changes in this guide are as follows:

- Responsibility for the development of the theory of change and logframe has shifted. Leadership of the process of development, the content and operationalisation lie with the delivery team, with the PFRC MERL team providing guidance, support and quality assurance.
- A political economy analysis should be completed before the development of the ToC to inform the problem being addressed by the intervention, and to influence the pathways to change.
- For rigour and consistency, closer alignment with established international frameworks will be integrated where possible. This will promote standardisation of outcomes, including measuring strengthening institutional capacity. Stronger links are being made between PFM, Revenue and transparency processes and the PEFA, TADAT and OBI taxonomies respectively.
- The sections (in 3) on the Theory of Change and logframe development have been updated to include more guidance. More guidance has been added in the attached logframe template and on MEL plans for the delivery team.
- The reflection process has been updated to incorporate current practice.
- There is more explicit guidance in relation to short-term interventions that include an element of capacity development.

Acronyms

FCDO	Foreign and Commonwealth Development Office
GESI	Gender and Social Inclusion
LF	Logframe
MEL	Monitoring, Evaluation and Learning
MERL	Monitoring, Evaluation, Research and Learning
OBS	Open Budget Survey
PEA	Political Economy Analysis
PECA	Political Economy and Conflict Analysis
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFRC	Public Finance Resource Centre
PFRC MS	Public Finance Resource Centre Managing Supplier
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
ToC	Theory of Change
ToR	Terms of Reference

1. Purpose and structure of the Guide

This document gives an overview of requirements for Monitoring, Evaluation and Learning (MEL) on interventions contracted through the Public Finance Resource Centre (PFRC) funded by the Foreign and Commonwealth Development Office (FCDO). Steps in the process of developing and implementing an intervention-level MEL framework are laid out, tools explained, responsibilities outlined and links to templates are highlighted.

This is a living document and will be updated as our experience and understanding increase. It should be read in conjunction with other PFRC guidance, particularly on the Political Economy Analysis and Social Inclusion.

While the approach (section 2) is relevant for all interventions, the rest of this the guidance relates to long term interventions with a full Theory of Change and logframe. For short-term interventions, a separate document is available.

Responsibility for implementing the approach is split between the PFRC MERL Team and the supplier team responsible for intervention implementation – the delivery team. While each delivery team on long-term interventions is likely to have a MEL Adviser responsible for coordinating MEL activities, it is important that ToC and LF are fully understood and owned by the technical advisers and used as management tool by delivery team leadership.

This document gives an overview of the approach, followed by sections which focus on embedding the approach through the main MEL tools used by the PFRC. These are listed below and described in more detail in the following table:

- Theory of Change
- Logframe
- Reporting
- Regular reflection sessions.

The split of responsibilities is summarised below and detailed in Section 6. Annexes then give references used, definitions, tips on developing capacity from the literature and an extract of the logframe template.

	Key characteristics	**Responsibilities**
Theory of Change (ToC)	◆ Shows pathways of change for the project ◆ Developed during inception phase. Agreed with Post. ◆ Should be updated when needed to remain relevant and useful. ◆ Will be reviewed regularly, including in periodic reflection sessions.	◆ The vision for the intervention is outlined by FCDO in the business case (if relevant), the Terms of Reference and subsequent discussions with Post. ◆ The delivery team leads on the development of the Theory of Change to align with this vision. The ToC should also fully take into account the findings of the Political Economy Analysis (PEA). ◆ The PFRC MS MERL team shares guidance and templates in a kick-off meeting, and provides feedback on the content as part of quality assurance The PFRC MS core team will work in the role of 'critical friend' to challenge and strengthen the ToC ◆ The ToC will be agreed between the delivery team, post and the PFRC MS.
Logframe	◆ Details objectives, indicators, assumptions, milestones and targets. ◆ Developed during the inception phase. Agreed with Post.	◆ Once the impact, outcomes and outputs in the ToC, the delivery team should draft indicators, milestones and targets aligned to the implementation schedule and work plan for the logframe (LF)

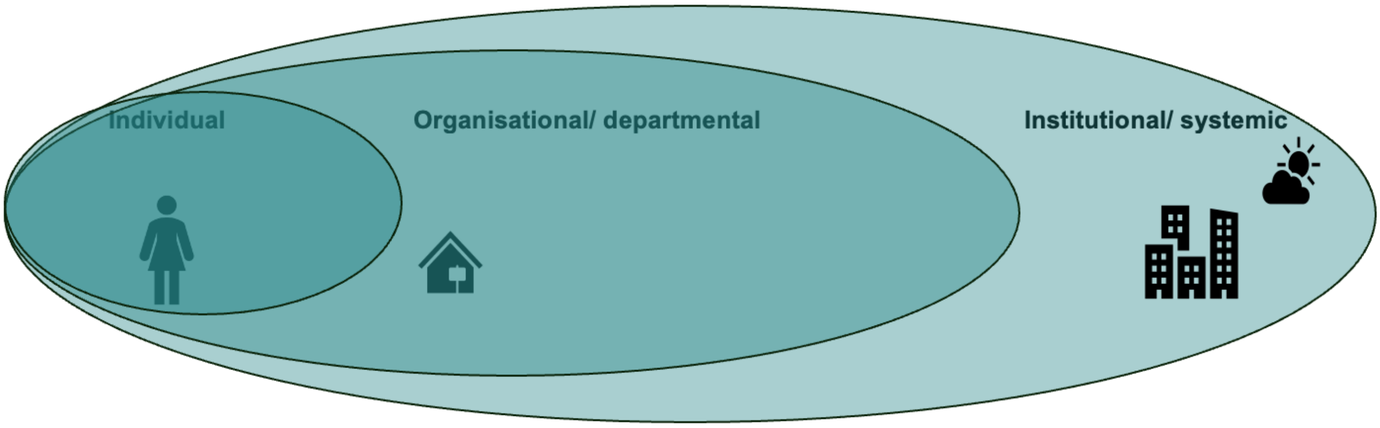
	- Milestones and targets may be updated annually in agreement with Post and the PFRC MS.	- The LF will be agreed between the delivery team, Post and the PFRC MS. - The delivery team should keep their logframe updated, based on PEA, increasing understanding of implementation, and contextual changes. Changes should be agreed with the PFRC MS and Post, and noted in the log frame change frame worksheet.
MEL plan	- Is vital in operationalising the ToC and logframe. This describes how the data will be gathered and used, when, why and by whom.	- The PFRC MS provides guidance on the format/ contents. This is an example and should be customised to meet the delivery team's needs. - The delivery team will draft the Plan and agree it with the PFRC MS and then implement. The Plan should be reviewed regularly by the delivery team to ensure continued relevance.
Reporting	- Format and content agreed in inception phase and added to the MEL Plan and the Contract Management Plan	- The PFRC MS provide reporting templates and guidance. - The delivery team provides regular reports according to the agreed timetable. This includes: (i) quarterly reports against outputs plus emerging evidence of institutional buy-in and (ii) annual reports against the full logframe, i.e. including outcomes and impact.
Reflection	- Reflection processes consisting of 360^0 reviews of the intervention, each with a specific objective. The process results in a presentation of findings and agreement of actions.	- Reflection sessions are conducted: (i) after completion of the inception phase, (ii) annually following submission of the annual report, (iii) as part of the exit strategy and (iv) ad hoc prompted by specific emerging question or issue to be examined. - Reflection sessions are conducted by the PFRC MS MERL Team. The delivery team will support the logistics and interviews, as well as ensure participation of the full team in interviews and feedback. All stakeholders (Post, PFRC MS, delivery team) will be responsible for follow up action relevant to their responsibilities, with the delivery team reporting on progress on agreed actions.

2 The PFRC approach to measuring capacity development

The PFRC delivers primarily through demand-led Technical Assistance (TA). Within the PFRC, the working definition of technical assistance (from Cox and Norrington-Davies 2019) is "knowledge-based assistance to governments intended to shape policies and institutions, support implementation and build organisational capacity." This is aligned with the latest FCDO shifts to building structural capacity and resilience, and to exchanging technical skills and knowledge sharing.

In terms of analysing capacity development more specifically, the PFRC framework[1] takes a broad view, looking at capacity at 3 levels: the **individual**; the **organisation** or department that the individual works within; and the wider environment in which that organisation or department operates, referred to here as **systemic**.

[1] The framework draws on a significant body of evidence - see reference list at the end of the document.



This framework is at the heart of the PFRC approach to MEL. It supports the analysis of different elements of capacity development and provides valuable insights into project design, management and results. We apply this framework across the PFRC where feasible and constructive.

Level	Meaning	Developing Capacity
Individual	The knowledge, skills, attitudes and behaviours that a person holds and uses. Includes more intangible - but important - aspects such as motivation, ambition, and values. Also includes the biases and assumptions that influence behaviour, for example around age, class, gender, sexual orientation, disability, religion etc.	Also referred to as capability, developing capacity may blend coaching and hands-on support; it may include a series of training sessions and workshops with a group of staff to increase their knowledge and skills, (see box below) i.e. • Training (with groups) • On the job training (individual) • Coaching and mentoring (see box below for more details)
Organisational/ departmental	The processes and systems, management structures, that guide the organisation in carrying out its mandate. In the case of PFRC interventions, this will focus on implementing reforms and operationalising strengthened technical functions. For example: • strategies and vision • the legal framework that underpins specific functional areas • staff recruitment, compensation, performance policies • specific PFM processes such as planning, budgeting, cash management, financial reporting, etc. • specific tax administration processes such as data management, risk management, tax audit, investigations, etc. • information management systems that feed the organisation's decision-making.	Addresses organisational capacity, including systems. Often starts with conducting an organisational assessment to understand the current capacity, culture and needs of the organisation. Based on this needs analysis, there may be support given to, for example, co-develop a new strategy or a draft update on a policy. Similarly, new Standard Operating Procedures and accompanying new tools may be codeveloped with technical working groups. (This may be complemented by a series of training sessions for staff on tactics for implementation – individual capacity).

Level	Meaning	Developing Capacity
Institutional/ systemic	The broad definition includes national policies and legislation; the institutional framework and relationships between the institutions; societal norms and conventions; the labour market and economy; and class and power structures. In the context of the PFRC, this is most likely to include national-level legislation and formal agreements/ cooperation across different institutions such as Ministries or between government and the private sector.	A long-term intervention may include working at this level across several departments, strengthening links, information sharing between organisations and/ or seeking to update national laws and policies. This implicitly recognises the importance of addressing wider institutional constraints.

Training is the transfer of knowledge and skills, often in a formal setting. Good practice in training involves setting learning objectives, developing materials, an agenda, a plan for delivery etc. Training can be a one-off event or a planned series of sessions, either in person or online. If there is to be a series of sessions, overall objectives should be set for the series, as well as individual ones for the sessions. Training sessions may be supplemented by/ interspersed with other activities such as practice of new techniques or knowledge, working through a real-life case study or individual reading or preparation.

Coaching aims to improve the performance of an individual at work. It is often based around a series of meetings over a defined period of time where the coach asks questions designed to provoke reflection and suggested solutions from the person being coached. Objectives should be set around specific skills and goals to be achieved through coaching, such as:

- improving performance against organisational targets
- supporting the application of new skills or practices
- preparing and supporting people through change

For success an individual needs to be open and ready to be coached.

Mentoring takes place when a more experienced colleague shares their knowledge to support the development of an inexperienced individual. It calls on the skills of questioning, listening, clarifying and reframing that are associated with coaching and tend to be longer term than coaching arrangements. An effective mentoring relationship is where there are learning opportunities for both participants, encouraging joint sharing and learning.

3 Embedding the PFRC Approach

Given that the PFRC delivers through technical assistance, the capacity development framework set out in the previous section underpins the objectives and pathways of change for the intervention.

The objectives of the intervention at different levels are considered below, with relevant definitions in Annex 2.

In practice within the PFRC, the long-term **impact** of a project will most often relate to the benefit to the macro-fiscal situation at the national level, more specifically around Revenue or Public Financial Management (PFM). This may include steps to address fiscal deficits, to strengthen revenue collection systems or ensure allocation of sufficient resources on social sectors or economic development.

Outcome level objectives should reflect the take-up or institutionalisation of specific reforms (i.e. a strengthened process or a function), that is reforms have been operationalised by the counterparts. Wherever possible these should be aligned with standard frameworks such as the Public Expenditure and Financial Accountability (PEFA) pillars and the Tax Administration Diagnostic Assessment Tool (TADAT) Performance Outcome Areas, and the Open Budget Survey (OBS) assessments, including transparency.

A starting point

The outcomes of the PFRC as a whole from the FCDO Business Case are: more *effective* and *equitable* tax policy and administration; more *effective* public financial management; and *improved* transparency and accountability in public expenditure. At the intervention level, the adjectives (in italics) in these statements could be used as a starting point for outcomes, to think through the objectives. For example, with tax administration, what does this intervention mean by more effective? Is it about the quality, timeliness, availability of data, the reliability of the data models, or the utilisation of the analyses by decision-makers?

Examples of outcome statements that align with the PEFA and TADAT frameworks are given in separate documents. These should be used wherever possible. Where there is no suitable, aligned outcome, the language that should be used is to give the objective as the 'intended future state' i.e. the situation once that outcome has been achieved.

The outcomes will often relate to the implementation of specific reforms supported, as a result of capacity being operationalised at the departmental or organisational level – that is behavioural change in counterpart institutions.

In practical terms, for many PFRC interventions the outcome statements might be very high level. In such situations, setting **intermediate outcomes** can be useful in articulating and agreeing what can be achieved within the life of the intervention by providing a statement of the situation this specific intervention can expect to see at the end of implementation, that is, giving a specific description of 'what good looks like'. This is particularly useful to clarify expectations when an intervention has a limitation in timespan and/ or budget. An example of intermediate outcomes for a one-year programme in strengthening revenue administration is given below.

Data security and management	Data-driven risk management	Taxpayer engagement
Sector-specific and disaggregated data (by gender, age, and disability) is beginning to be integrated into the revenue authority's core systems, with staff applying international data governance and security standards	Risk matrices and sector-specific models (e.g. tourism, high income individuals) have been piloted to support risk identification by taxpayer category and tax type.	A long-term framework has been developed to build trust in the revenue authority. Staff have piloted tailored messages and campaigns for different sectors and taxpayer groups (including women, persons with disabilities, rural populations, and informal workers).

The **outputs** that the intervention will actually deliver usually relate to:

i) Improvements in individual skills, knowledge, attitude and confidence (individual capacity) across a department or function
ii) Co-development of procedures, tools, guides, policies, etc. (departmental capacity)
iii) Inter-departmental coordination, new laws (systemic capacity)

3.1 The Theory of Change (ToC)

A **ToC** starts with a definition of the problem that the project is aiming to address. This is the foundation for the intervention, and time and effort should be invested in ensuring there is shared agreement on this. It evolves from conversations with Post and counterparts, the PEA findings, and understanding of the context in which the intervention is being delivered. The problem is documented in the ToR for the intervention but may need to be updated or refreshed to reflect the current situation, or the increased understanding that the PEA brings.

The problem should not be stated as the lack of a solution (e.g. lack of strategy/ procedures/ trained staff). A clear understanding of problem being addressed may require drilling down into the root of the problem (e.g. incentives promote individualised decision making) rather than describing how the problem manifests itself. Useful resources on problem analysis include using a problem tree, a fishbone or Ishikawa diagram.

The main elements of a ToC are a one-page diagram supported by two to four pages of text. The diagram links the groups of activities (or workstreams) that the intervention will manage, through the outputs that will be delivered, through to the longer-term changes that the intervention will contribute to, i.e. the outcomes. The narrative gives more details linking the core problem the intervention is addressing through the story of change, describing the pathways that link activities to outputs and then outcomes. The narrative should also clearly weave in the assumptions that underpin the pathways of change, and make explicit what needs to be present in the environment for the activities to contribute to an outcome, and the outcomes to contribute to the impact.

The ToC should:

- Be fully grounded in the Political Economy Analysis
- Reflect the in-depth understanding of the intervention and context that exists within the intervention team, after consultation with counterparts
- Reflect the strategic approach to delivery of the intervention
- Include action to address Gender Equality and Social Inclusion (GESI) (see separate guide)
- Clearly link the outcomes (changes in counterpart systems and behaviour) to the impact
- Ensure all activities are necessary to achieve higher level objectives (i.e. there are no superfluous activities); and that the stated activities, given stated assumptions are in place, add up to the objectives (i.e. there are no missing activities).
- Articulate key assumptions underpinning each causal link (outputs to outcomes to impact)

- Where possible assumptions should be tested against evidence and where there are gaps in research these should be acknowledged - and monitored. The assumptions should link to risk management
- The contribution of the intervention is distinguished from that of other actors

The process of developing the ToC needs to involve the delivery team, PFRC MS and Post, and the final result should be tested with counterparts. An example of a process is given below.

- Facilitated by the delivery team MEL Lead, the delivery team brainstorm the impact, outcomes and outputs. Preparation will include understanding the business case (if relevant), Terms of Reference, Post's view, the PEA and what the counterparts see as the core problem, and what their priorities are. The priorities may be articulated in national plans, ministry strategies – and would need confirmation of ownership from counterparts. From this, a skeletal draft of the ToC problem statement and diagram is produced.
- This ToC should be tested and developed in a series of conversations the management team, technical staff and others to ensure there is logic across the diagram (between outputs, between outcomes), and up and down the levels (output to outcome, outcome to impact). The assumptions at the different levels should also be fleshed out. Working through a two-page narrative bringing all the elements of the ToC together is also useful in testing the logic and completeness.
- The draft ToC diagram and logframe is presented to the PFRC MS in a challenge session for feedback and suggestions.
- The updated ToC with the narrative is presented to Post by the delivery MEL Lead for final approval by the end of the inception phase.

The ToC is a living document: it should guide decisions and be updated to remain current to the counterpart and FCDO priorities, and to the context.

3.2 The Logframe

Once the ToC impact, outcomes and outputs are drafted, they will be inserted into the standard FCDO logframe format. There is a template for PFRC specifically available as a separate file (cross reference).

Logframes are essential for planning and monitoring progress. Quarterly reports from delivery teams include an analysis of progress against the logframe at the output level, and annual reports will include progress against outputs, outcomes and impact. Logframes also serve as the basis for the FCDO Annual Review process.

The impact, outcomes, outputs and assumptions from the ToC form the 'bones' of the initial draft of the logframe. Indicators (how progress will be measured), milestones (showing progress over time) and targets (the indicator value at the end of project) then need to be added. These should be developed in a series of conversations with the delivery team members to understand the expected pace of change, and how the planned changes can be measured. The indicators, milestones and targets are set to correspond with impact, outcomes and outputs.

Using the most appropriate indicators in the logframe and monitoring of progress is a vital part of project management and requires full inputs from the delivery team.

Information on performance against indicators needs to be collected to understand the results that the activities are delivering, what is working well and what might need to be changed, started or stopped. Beyond these decisions at the project level, performance information should be reported to PFRC MS to enable programme-level comparison, aggregation and learning. Logframes for individual interventions should align with the overall PFRC logframe.

Impact indicators. At the **impact** level, the indicators are usually related to national statistics and to the overall macro-fiscal situation. This data will be available from national statistical offices, or international organisations such as the IMF. Three or four of the most appropriate indicators from this list should be chosen for the impact and for each outcome, depending on the project goals and environment.

Objective	Indicator Examples
Economic performance	• Overall PEFA score • Overall TADAT Score • Budget deficit (GGE – total revenues) in absolute terms • Budget deficit as a percentage of General Government Expenditure (GGE) • Share of budget allocated to social and economic development sectors
Income collected by government	• Total tax revenue, disaggregated • Total, direct and indirect tax revenues as a percentage of GGE and GDP • Measure of tax effort i.e. tax collected as a share of estimated tax revenues with full compliance • Total number of taxpayers
Debt service	• Gross financing needs as percentage of GDP (debt service); • Total Public / Government Debt (GBP)

There is also, as standard, a qualitative analysis of the implications of changes in terms of the socioeconomic realities of different groups such as men and women, high and low wealth/ income, urban and rural, and excluded groups.

Outcome indicators. The **outcome** level states the strengthened processes and systems in use, new or updated policies and laws in use, and improved organisational performance statistics, separated into revenue, PFM and transparency. The processes should be, to the extent possible, aligned with the definitions of processes/ functions/ outcome areas from PEFA and TADAT.

While logframe template document provides a full list of suggested indicators that align with the PEFA and TADAT frameworks, some illustrative examples are provided below:

PEFA Pillars	Indicator Examples
1. Budget reliability.	• Aggregate expenditure outturn versus aggregate budgeted expenditure (%) • Aggregate revenue outturn versus aggregate budgeted revenue (%) •
2. Transparency of public finances	• Budget formulation, execution, and reporting are based on appropriate administrative, economic, and functional classifications using GFS/Classification of the Functions of Government (COFOG) standards • Extent of annual budget documentation and reporting, in terms of content (aligned with international standards) and timeliness. • % of MDA policy or programme objectives, key performance indicators, and MDA outputs and outcomes that are published
3. Management of assets and liabilities	• Process for development, appraisal and approval of public investment projects aligned with international standards, fully operational • % of proposed large public investment projects being costed and having cost benefit analyses and feasibility assessments done • Extent to which data on domestic and external debt are maintained and updated
4. Policy based fiscal strategy and budgeting	• Process for development of policy based medium-term budget aligned with international standards fully operational • Macro forecasts (budget year plus at least 2 outer years) covering key macro indicators are submitted as part of budget documentation and updated annually • Assessment of Medium-Term Expenditure Framework (MTEF) quality • Assessment of quality of the Budget Calendar, (including feasibility of timings) and documented budget preparation and submission process • Quality of MDA budget submissions in terms of policy or programme objectives, key performance indicators, and MDA outputs and outcomes

	• Alignment of budget allocation with MDA programme objectives, outputs and outcomes
5. Predictability and control in budget execution	• Process for in-year cash management, aligned with international standards, fully operational • Expenditure arrears as % total government expenditure • % public procurements undertaken using documented domestic or international competitive bidding procedures
6. Accounting and reporting	• Budget execution reports are prepared regularly (at least quarterly) and issued promptly • An analysis of budget execution is done at least bi-annually
7. External scrutiny and audit	• % of central government financial reports audited using ISAI auditing standards during the last three completed fiscal years • % external audit reports submitted annually to the legislature within 6 months from receipt of the financial reports by the audit office

TADAT Pillar	Indicator Examples
1. Integrity of the Registered Taxpayer Base	• % register containing all relevant content (name; legal entity; address; contacts; trade sector; tax types and filing/ payment obligations; associated entities; tax agent) • Maintenance plan/ process co-designed/ being piloted/ fully operational for the registration database • Number and % of previously non-registered taxpayers registered
2. Effective Risk Management	• Governance structure/ agenda/operational guidelines co-designed/ reviewed/ upgraded to align with appropriate international standards.
3. Supporting Voluntary Compliance	• Tax obligations guide being rolled out/ fully operational for each main function (Registration, Filing, Payment and Reporting) for one or more tax type, formatted for at least two media platforms (e.g. hardcopy and website) • Stakeholder engagement programme being rolled out/ fully operational (to include taxpayers and representatives), to seek input to taxpayer service policy, • % agreed action points from stakeholder engagements completed within agreed timeframe
4. On-time Filing of Declarations:	• % of taxpayers filing on time [disaggregated by e.g. tax type, taxpayer group, region, office, sector etc] • Qualitative studies demonstrating improvement in on-time filing or targeting individuals or taxpayer categories who are late/ non filing. • Process for monitoring taxpayer returns being rolled out/ fully operational (to an international standard as appropriate)
5. On-time Payment of Taxes	• % of taxpayers paying on time [disaggregated by e.g. tax type, taxpayer group, region, office, sector etc] • Collection rates of debt stock (# cases/ £ amounts) • Collection rates of young debt (< 3mnths) • Process fully implemented to take stock of Debt (number of cases and amounts), (to an international standard as appropriate) • Plan for collection of debt fully implemented, capturing, segmented according by collection officer, office, method of collection, age (etc)
6. Accurate Reporting in Declarations	• Annual audit plan fully implemented that reflects revenue risk (revenue size, complexity of trading environment, known compliance risks); this to determine most efficient and effective audit intervention • % implementation of annual audit plan
7. Effective Tax Dispute Resolution	• Appeals fully implemented (to an international standard as appropriate), introducing independent review of appealable decisions at administration and judicial levels, with data designed and methodology • % action points in monthly reports followed up on time

	• # and £value of appeals *adopted*
8. Efficient Revenue Management	• VAT Refund process fully implemented (to an international standard as appropriate) to take stock of and manage VAT refunds • VAT refunds (cases and £ amounts), segmented by sector, tax office (and officer), sector • # and £value applications received; • #, % and £value rejected/ allowed; • # and £value carried forward/ off-set/ refunded;

For each change, a qualitative analysis (integrating **a distribution analysis**) of actual/ expected consequences of take-up of / change should be included. Further indicators on gender responsiveness and budget transparency specifically may also be useful – see below and separate guidance:

Objective	Indicator Examples
Gender Responsiveness of Public Financial Management Systems (GRPFM)	The extent to which the government prepares an assessment of the gender impacts of proposed changes in government expenditure and revenue policy The extent to which robust appraisal methods, based on economic analysis, of feasibility or prefeasibility studies for major investment projects include analysis of the impacts on gender.

At the outcome level, **transparency and accountability** of the government processes should be measured, wherever relevant. This can be done through integration of OBS indicators or TADAT accountability and transparency indicators, or inclusion of taxpayer surveys results, such as:

OBS: Budget transparency score	• Participation: are there formal and meaningful opportunities for the public – including the most disadvantaged – to engage in the national budget process? • Oversight: are oversight institutions – the legislature, the national audit office, independent fiscal institution(s) – in place and enabled to function properly? • Transparency: is comprehensive budget information from the central government available to the public in a useful time frame?
TADAT: Accountability and Transparency measures (POA 9)	• Process fully implemented (to an international standard as appropriate), to publish data on the tax administration's financial and operational performance; this to include year-end publication of the tax administration's reports to government • 'Whistleblowing' policy/ process fully implemented (to an international standard as appropriate), to manage allegations of wrongdoing and maladministration by tax administration staff; this to include transparent, independent investigation and (anonymised) data publication • # reports, split by type of tax, taxpayer region • % reports resulting in full investigation
Third party citizen satisfaction surveys	• Participation of citizens of services provided • Perception of taxpayers of sesrvice provided in tax administration, or with fairness of tax policy and administration.

The level of **counterpart satisfaction** with the technical assistance provided will also be measured as standard.

In some cases, a more qualitative tool for assessing progress can add value. Where an intervention is working across a number of departments or an organisation, using both individual capacity development and the co-development of tools and processes, with significant resources and over a significant period of time, a more qualitative tool for assessing progress can add value. A template for an **assessment of organisational capability** is outlined in a separate document.

Output indicators. At the output level, changes in the knowledge and skills at the individual capacity will be measured. The co-development of policies, frameworks, tools and analyses will also be measured.

Output level measures the following:

- Building individual capacity - changes in the knowledge and skills at the individual capacity,
- Building organisational capacity - co-development of policies, frameworks, tools and analyses,

As well as the deliverables specific to the project, a standard indicator related to social value and the quality of delivery is included – shown as output 4 in the template (available in a separate document).

Building individual capacity. Technical assistance projects such as those managed through the PFRC often use a combination of techniques and approaches in working with counterpart organisations. This section aims to share good practice in how the effectiveness of such activities can be measured.

Good practice in building individual capacity involves setting learning objectives (with counterparts, counterpart organisation leaders). That blended learning may include some combination of training, coaching and mentoring.

In measuring the development of capacity, the *effectiveness* of the training should be the focus, rather than the inputs and process (i.e. how many people were trained, how many hours of training were delivered, how many training sessions were completed etc.).

The model below gives a structure that supports understanding what has changed as a result of the capacity development. It is based on work by Donald Kirkpatrick in relation to training and is well established as good practice. It was developed using training specifically, but the principles are also applicable to coaching and mentoring.

The model focuses on four different levels of response, starting from a training or coaching event and continuing through to the longer-term benefits. The levels relate to the immediate response, what has been learned as a result, how that learning is used (changing behaviour) and the final level 4, of how that changed behaviour improves departmental performance.

	Description	Potential Indicators
a. Reaction	Focus on the event and immediate feedback from counterparts/ learners. Was the training or coaching engaging and relevant? More specifically: i. Relevance of training: objectives, materials ii. Materials: quality and clarity ii. Methods used/ presentation: delivery and pace v. Facilitator/ coach: knowledge, skills and approachability This level is most commonly measured by a questionnaire administered at the end of the session - but can also involve interviews and focus group discussions, often later. Open-ended questions should be included e.g. are there any suggestions for improving the delivery, was there any content that should have been included but wasn't?	○ Participant satisfaction with/ perception of: ○ relevance ○ materials ○ presentation ○ facilitation ○ Capacity development goals: participant perception of whether the immediate/ reaction-level goals were met. ○ Completion rate (% participants who completed session/ series) ○ All data needs to be disaggregated by participant – age, gender, disability, seniority/ position etc.
b. Learning	Focuses on the extent to which the participant has absorbed the training or coaching content. Have participants acquired the intended knowledge, skills, attitudes, confidence and commitment? This uses learning outcomes, defined beforehand.	○ % improvement in score (before and after test of knowledge) ○ Participants perception of their own changed knowledge, skills, confidence

	Description	Potential Indicators
	Measured by testing knowledge, perceptions before and after. Can also use participant presentations, group work, reflective essays. Again, open questions should be included such as ‘are you confident in your ability to perform in your job following the training’ and ‘if not, what else would enable you to feel confident’?	o Capacity development goals: participant perception of whether the goals relating to learning were met. o All disaggregated by participant – age, seniority, gender, disability etc.
c. Behaviour	Establishes the extent to which the counterpart/ trainee is applying their acquired skills when back in their working environment – the purpose of the training or coaching. Can – and do – the participants apply their new skills and knowledge in their day-to-day work? Measured by keeping a log/ behaviour diary, carrying out observations, interviews or specific assessments. It is useful to involve participants’ managers (or colleagues) in this, for example in assessing the log, and using their own observations and feedback.	o % of participants showing changed behaviour e.g. % of senior MoF staff demonstrating applied knowledge and leadership in revenue administration reform processes o Measure of degree of behaviour change o Participant perception of whether the capacity development goals relating to behaviour were met. o Manager satisfaction with participant behaviour change o Participants perception of the degree to which behaviour change is related to training or coaching o All disaggregated by participant – age, seniority, gender, disability etc.
d. Results	Focus on improvements in the processes and outputs of the department or organisation. Has there been a positive improvement in the performance of the organisation or department? Measured by standard operational performance metrics agreed before the capacity development starts.	o Change in performance e.g. volume of work or service provided, productivity, quality, revenue, decrease in costs or errors, customer satisfaction etc.

More advice and examples are available in the logframe template and notes on monitoring individual capacity as separate documents. The table below illustrates typical indicators we will most often use in the PFRC at the levels of output and outcome.

		Typical Indicators
Output	Reaction	o Capacity development goals: participant perception of whether the coaching/ training was relevant, well-facilitated o Completion rate (% participants who completed session/ series) All data needs to be disaggregated by participant – age, gender, disability, seniority/ position etc.
	Learning	o % improvement in score (before and after test of knowledge) o Participants perception of whether the goals relating to learning were met. o Participants perception of their own changed knowledge, skills, confidence All data needs to be disaggregated by participant – age, gender, disability, seniority/ position etc.
Outcome	Behaviour	o % of participants showing changed behaviour o Participants perception of whether they are applying their new skills, knowledge and confidence

		All data needs to be disaggregated by participant – age, gender, disability, seniority/ position etc.
	Results	○ Change in departmental performance measures (e.g. greater efficiency, better customer satisfaction, decreased error rates)

4 Learning: Reflection Sessions

On PFRC we distinguish between reflection and learning as follows :

- **Reflection** comes after an event, an activity, a trial, and involves the people involved sitting together, thinking about what was planned, what actually happened and why the difference. It is typically an internal (i.e. intervention team) process, carried out after an event or an activity, around a single issue and used to inform immediate 'tweaking' of activities. It is an important component of the adaptive approach required of medium- and long-term interventions. This is a standard part of intervention management and will be carried out regularly by the delivery team as part of their adaptive management.
- **Learning** involves a deeper level of thinking, based on more data (that comes over time, or from more activities or projects), more reflections, and makes more robust recommended actions. Lessons learned have several characteristics. First of all, a lesson should be based on a pattern, taken from multiple data points. It should be transferable in that it can be applied in other contexts: it makes a contribution to general knowledge. The third aspect is that the lesson is based on/ supported by evidence. For best practice, lessons should also have a root cause analysis to understand *why* something happened rather than just observing that it took place.

Both reflections and lessons need to have a tangible result. Informed and appropriate **action** needs to be taken to follow through.

For long term and more complex interventions, periodic reflection sessions are held, usually every 6 to 9 months, led by the PFRC MS MERL team. These reflections aim to supplement the adaptive approach of the delivery team (which addresses operational issues), with a deeper, more strategic review addressing higher-level questions. The purpose is to assess if the approach taken in delivering the intervention is yielding the required results, and to agree any adaptations required. Actions are agreed as part of the reflection presentation, and followed up in regular reporting. Each reflection has specific objectives, customised to the situation at that point in time. There are 3 broad types:

1. Relating to the post-inception period, focusing on the shared understanding of the problem the intervention is addressing, and the approach
2. Implementation focusing on revisiting the Theory of Change and logframe, including the assumptions
3. Closure.

Occasionally reflections are requested with a specific purpose outside these categories, for example, when an extension is being considered. The dates are scheduled in the MERL diary, but may be adjusted at the request of Post, the Regional Advisor (RA), the delivery team or the PFRC MS. The methodology is based on discussions within the MS and finalised with the Regional Adviser. Reflections consist of interviews with counterparts (in host organisations), Post, the Regional Adviser, the relevant MS staff (project management and technical) and the delivery team. Interviews are carried out using a set of agreed questions for each group each taking around an hour. For Post and the counterparts, the questions include an assessment of satisfaction on the work of the delivery team, and for Post only, the MS.

The delivery team (and PFRC MS) will then use the findings to draft actions, a timetable and responsibilities in taking action to strengthen delivery. Progress on the actions will be included in Quarterly Reports.

An example of questions used in the initial post-inception phase reflection is given in the box below.

Post-inception phase reflection. Given the development of thinking through the design, contracting, startup and completion of the inception phase, this is an opportunity to reflect on the process to date, and to address overarching questions such as:

- **The core problem**
    - Was the problem defined clearly?
    - Are all the stakeholders aligned on the understanding of the problem we are trying to solve?
    - Does that understanding reflect the realities on the ground?
- **Work done to date**
    - What has gone well so far, and what did not go well?
- **Feedback**
    - What would you do differently next time? (on intervention design, on inception as relevant)
    - What could (PFRC MS/ Post/ Counterpart) do better to work with/ support you?
    - How satisfied are you with the support that PFRC provides? (Extremely dissatisfied, Dissatisfied, neither satisfied nor dissatisfied, Satisfied, Extremely satisfied)
    - How satisfied are you with the quality of deliverables?(Extremely dissatisfied, Dissatisfied, neither satisfied nor dissatisfied, Satisfied, Extremely satisfied)

5 Reporting

Information regarding progress against the milestones needs to be shared regularly with the PFRC as part of the regular project reporting such as the quarterly report, to the PFRC PMU. Reporting details are given in the contract management plan and guidance on reporting.

Quarterly reports should include progress against each of the indicators at the output level of the log frame. This should include:

- A description of progress made in developing processes, tools, policies, etc.; the extent to which counterparts have participated in co-developing the processes and tools; and the extent of the senior management buy-in for the reform and new/strengthened processes proposed
- An analysis of the effectiveness of individual capacity building efforts – i.e. analysis of the results of pre- and post- training surveys conducted during the reporting period; and/ or an analysis of self-assessments conducted among the counterparts after a completion of a meaningful period of mentoring (for example once a macro-fiscal forecast has been completed) – see separate guidance
- A short table giving the relevant milestone for that period for each output, a description of achievement against the milestone and an assessment of the status (red, amber, green) of that achievement, with justification for any delays.

A summary of the reflections, and adaptations to programme activities and schedules, should also be given in the quarterly report.

The annual report should include progress against the milestones across the whole of the log frame, as well as actions from both the internal reflection processes, and the MERL team-facilitated sessions. This should include:

- Case studies or short qualitative analysis of progress against outcomes, including examples of reform institutionalisation
- Descriptive report on progress made in developing processes, tools, policies, etc.; extent to which counterparts have participated in co-developing the processes and tools
- Analysis of effectiveness of individual capacity building efforts – including analysis of skills uptake, feedback on utilisation of skills and overall satisfaction with TA provided – during the year
- Table with status (red, amber, green) of each target, description of achievement against target and short justification for any delays.
- Table with lessons learned during the year and adaptations taken in response.

The intervention MEL team should develop a **MEL calendar** for the life of the project with dates for reporting, reflection sessions, milestone updates, the Annual Review led by FCDO, any external evaluations etc. A **reporting schedule** with report contents, timing, distribution and assigned responsibility may also be useful for the implementation team to prepare. The indicator reference table referred to above, is another important part of internal documentation.

6 Responsibilities

Responsibility for developing the MEL system lies primarily the delivery team. The MEL lead on the delivery team requires significant and substantial inputs from the implementation team who will use the ToC and logframe as fundamental reference points. Aligned with that, responsibility for using the system to analyse and report on progress lies with the supplier.

The PFRC MS MERL Lead will provide ongoing support and guidance. In the inception phase, this will focus on supporting the development of good quality ToC and logframes, and then in the development of a high-quality MEL Plan.

In addition, MEL Leads on the supplier teams are encouraged to engage regularly with the PFRC MS MERL Lead throughout implementation. The frequency and format of these engagements should be flexible according to need. For example, weekly catchups might be useful as the ToC, logframe and MEL Plan are developed Frequency will be influenced by the intervention's level of complexity, by the emerging demands being made on MEL to support learning and adaptive delivery.

The table overleaf gives a summary of the main responsibilities of both the PFRC MS MERL Team and the delivery team:

	What the delivery team will do	and why	What the PFRC MS MERL team will do	and why
Theory of change and logframe	Manage the design of the ToC and LF, in collaboration with fellow delivery team members and managers. To be agreed usually by the end of the inception period.	Ensuring that both are firmly rooted in this specific political economy and context of the project, and owned by those responsible for delivery. The delivery team are close to counterparts, understand the constraints and the factors that will shape progress in delivering the vision articulated in these documents.	Provide guidance, inputs, insights and support to the MEL lead usually in a series of meetings and consultations during the inception period.	To ensure that the MEL of individual interventions is aligned with good practice, and with the overall PFRC MEL - the theory of change, the log frame and the reporting requirements. This also enables comparison and aggregation of results.
Indicators for outputs, outcomes and impact	Develop indicators (suitability, availability of data) Develop and maintain a MEL Plan, including an Indicator Reference Table which details the definition, source, regularity of update and responsibility for collecting the updates.	The implementation team have a more detailed understanding of the data available and sources. Reporting on progress against these indicators will be carried out by the delivery team regularly.	Suggest a format for a MEL plan, give examples of indicators, provide guidance on good practice, standardising where possible to enable aggregation and comparison	The PFRC MS MERL team have compiled a list of good quality indicators that are useful for PFM and tax interventions, aligned with PEFA, TADAT and other frameworks where possible.
Baseline, milestones and targets for each indicator	Agree 'stretch' milestones and targets for each, and baselines with Post	Given the team's responsibility for delivery, they will own the milestones and targets for each indicator.	Carry out a sense check on milestones and targets.	The PFRC MS is contractually accountable for delivery against the milestones.
Reflection sessions	Support logistical arrangements (e.g. interviews with counterparts) fully participate in the process (in interviews), and follow up on agreed actions.	Sharing insights as part of a facilitated learning process gives an opportunity to reflect and take action to improve delivery.	Design a methodology for these regular opportunities for review. Summarise the process, findings and actions from the reflection sessions. Aggregate and share lessons learned.	To provide an opportunity for the team and stakeholders to review priorities, progress, pace and methods. To bring together the elements of the reflection process, providing an aide memoire for the project and the FCDO.
Reporting	Ensure reports comply with reporting guidance and timelines. As part of the MEL Plan, detail a calendar, reporting schedule and indicator reference table.	To support the efficient and timely operationalisation of the MEL system.	Review the reports to ensure reporting on progress is clearly articulated against the milestones and targets. Review observations and lessons from implementation.	The PFRC aggregates results and learning across the portfolio for continuous improvement and accountability for FCDO.

Annex 1: References

On Technical Assistance and capacity development

https://unsdg.un.org/sites/default/files/UNDG-UNDAF-Companion-Pieces-8-Capacity-Development.pdf
https://www.gov.uk/government/publications/how-to-note-capacity-development
https://agulhas.co.uk/app/uploads/2020/10/OSF-Landscaping-Study-on-TA-final-version-2.pdf
https://doi.org/10.1080/09614520701469807
https://odi.org/en/publications/unblocking-results-using-aid-to-address-governance-constraints-in-public-service-delivery/
https://www.gov.uk/government/publications/understanding-institutional-analysis/understanding-institutional-analysis
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https://www.gov.uk/government/publications/understanding-change-as-politics-not-political-will
https://www.cipd.org/uk/knowledge/factsheets/coaching-mentoring-factsheet/#what-are-coaching-and-mentoring

Definitions

https://www.oecd.org/en/publications/glossary-of-key-terms-in-evaluation-and-results-based-management-for-sustainable-development-second-edition_632da462-en-fr-es.html
https://www.betterevaluation.org/sites/default/files/Breve_Guia.pdf

Organisational Maturity Assessment

FCDO guidance on undertaking institutional reviews.
The MOPAN assessment of multilateral organisation performance
Better Evaluation resources.
UK Cabinet Office capability reviews, see for example here and here.
An OECD assessment (published in 2009) relating specifically to tax administration

Learning Loops

The diagram is taken from this report from ODI and is based on a paper by Dias et al[2].

Theories of Change

- Isabel Vogel **/ DFID (2012)** — *Review of the use of 'Theory of Change' in international development*, identifies quality features: plausibility, testability, being informed by evidence, clarity and specificity of outcomes, and making assumptions explicit.
- **FCDO Programme Operating Framework (PrOF)** — the operational guidance for FCDO programmes, which embeds ToC requirements across the programme cycle and stresses proportionality, evidence, and learning.
- ODI**/ Craig Valters (2015)** — *Theories of Change: time for a radical approach to learning in development* — offers four principles: focus on process; prioritise learning; be locally led; think compass, not map.
- **IDS/ Stein & Valters (2012)** — *Understanding 'Theory of Change' in International Development: a review*: stresses power, politics, and the importance of surfacing assumptions about gender and inclusion.
- **Hivos/van Es, Guijt & Vogel (2015)** — *Theory of Change Thinking in Practice: a stepwise approach*

[2] Dias, L. P., Upperman, P. Trumpy, B. (2016) The Art of Leadership and Supervision, v. 1.0. Flat World Education.

Annex 2: Definitions

Some key definitions used in this document are given below.

Outputs: What the intervention will deliver within its implementation period. Operational results: products, services, skills, knowledge

Outcomes: The changes that the outputs will lead to. Medium term institutional and behavioural results.

Impact: The long-term effect (of an intervention) on people and society

Capacity in this context is the ability of organisations to carry out, effectively and efficiently, programmes of coordinated action in pursuit of formal agreed goals. We know that an organisation has capacity when it can: identify, plan, prioritise, implement, monitor, and learn from specific courses of action; mobilise, deploy and, where necessary, motivate resources (assets, people, money, and information) consistently and continuously on agreed priorities.

Organisations: to understand them, it is not simply determining how they are structured to deliver their roles. It requires probing issues of politics, social dynamics, inclusion, tradition, down to the vagaries of whether equipment and power supplies work.

Institutions are made up of organisations, norms and rules: they provide the systems, rules and processes (formal and informal) that enable or hinder human activity. Institutions are usually driven by actors with power, shaped and given direction by incentives. The impact of these drivers determines the degree to which institutions reflect inclusion, accountability and effectiveness (FCDO 2023).

Institutional reviews/ assessments: May be commissioned to guide the design of capacity development programmes in public sector bodies. Reviews can be used to establish a `baseline' assessment of existing capacity, enabling measurement of progress. Reviews only work well where the counterparts are fully involved in the process, setting the shared understanding of the purpose and objectives, providing the reviewers with access and support, and developing shared conclusions. A review may map processes, systems and workflow, drawing out blockages or gaps.

Training: the transfer of knowledge and skills, often in a formal setting.

https://www.oecd.org/en/publications/glossary-of-key-terms-in-evaluation-and-results-based-management-for-sustainable-development-second-edition_632da462-en-fr-es.html