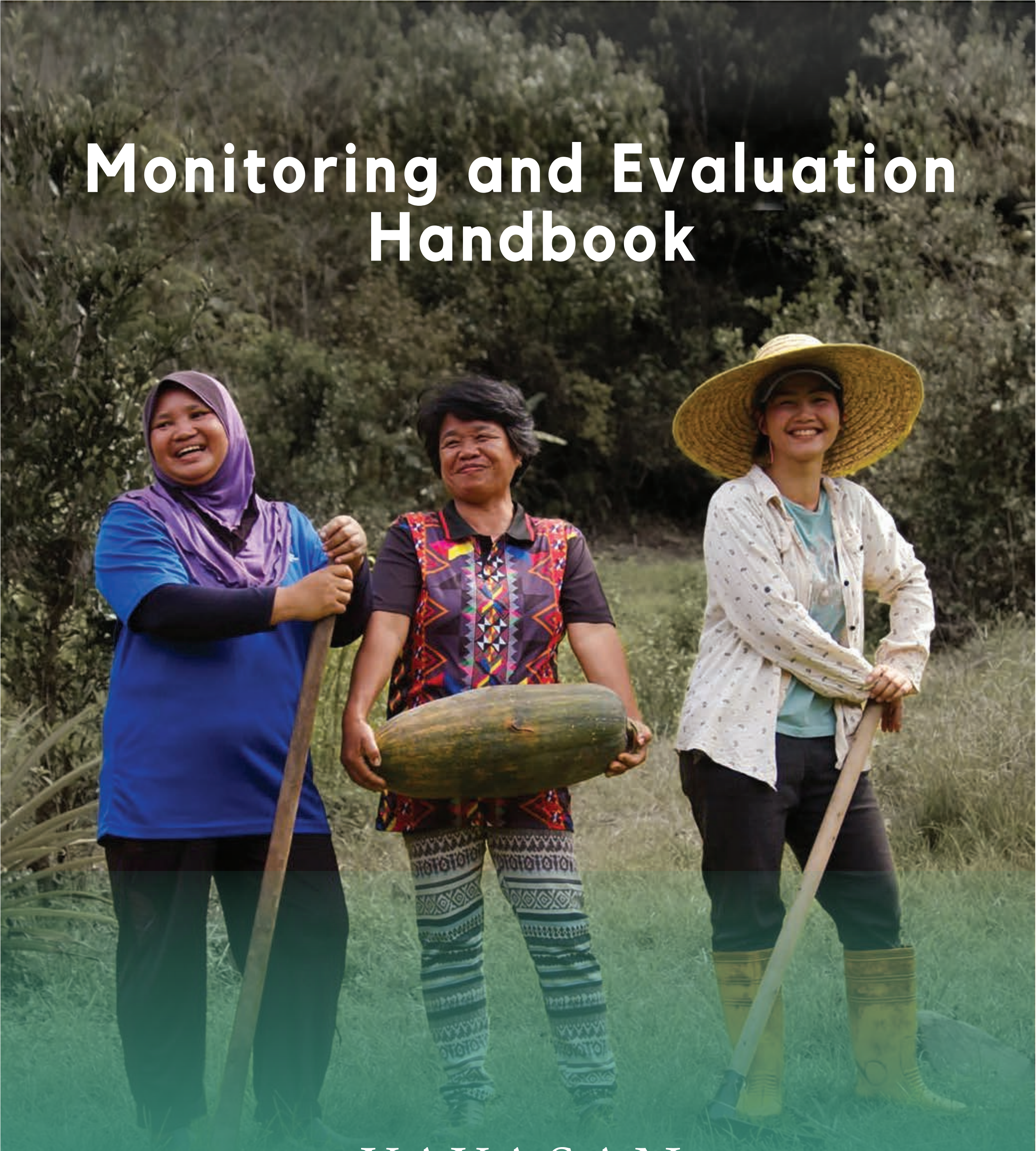
Monitoring and Evaluation Handbook



YAYASAN HASANAH

A foundation of Khazanah Nasional

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Monitoring and Evaluation Handbook – Yayasan Hasanah

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Cover photo from Yayasan Hasanah; featuring agripreneurs of Good Shepherd Services Tambunan, Sabah.

All photos used in the publication have been sourced from Yayasan Hasanah archives or from Yayasan Hasanah's partners.

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List of Acronyms

GMs	Grant Manager
IA	Impact Area
IOs	International Organisations
KPIs	Key Performance Indicators
M&E	Monitoring and Evaluation
MLEK	Monitoring, Learning and Evaluation & Knowledge Department of Yayasan Hasanah
MoV	Means of Verification
MRE	Monitoring, Review, and Evaluation
MSC	Most Significant Change
RBM	Result-Based Management
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SoD	Source of Data
SoV	Source of Verification
ToC	Theory of Change
ToR	Terms of Reference
YH	Yayasan Hasanah

Introduction to the Handbook

As an impact-based foundation, Yayasan Hasanah recognises that social change is complex and requires long term sustained interventions and resources. On the implementation side, we are cognisant that complex problems require solutions that are derived through community-led or bottom-up approaches.

Measuring and articulating the outcomes and impact of such solutions is often not an easy task. Measurement is seen as arduous, time and resource intensive. However, its true value lies in enabling learning, and thereafter accelerating the right levers that will effectively and efficiently address social problems at hand.

This Monitoring and Evaluation (M&E) Handbook is written to support Hasanah's partners and other actors working in the Malaysian social sector. It contains widely used best practices for project lifecycle management, from programme planning and design to monitoring and evaluation. It offers a structured approach to thinking about the needs on the ground, determining what positive change looks like, and how to go about designing a programme or a project to achieve and better measure those changes.

At Yayasan Hasanah, we believe that M&E is not merely the routine act of monitoring and reviewing deliverables within a project, but it plays a role that is a lot more nuanced and far-reaching. M&E is key to understanding and measuring social change and learnings. For example, learnings gleaned through understanding a programme's challenges and outcomes will help us to understand what a better solution to the identified need/problem could be, and timely modify the programme's design toward that end. Evaluating a programme might also throw up unintended consequences of a given intervention, one which had not been thought of or considered beforehand. This would then inform future improved programme designs. In essence, sound M&E starts with the programme design which, amongst other things, helps to ensure that project resources are effectively deployed throughout the project lifecycle and that potential risks are better mitigated.

All of this takes time and hence we strive to ensure that our, and our partners' development projects are well-planned, well-implemented and that we learn from our work and continuously improve. Evidence-based information is key to informed decision-making for planning and implementation, for both funders and implementors alike.

This handbook is the first step to align and build an understanding between Hasanah and our partners on best monitoring and evaluation practices, and to continuously learn and improve our efforts to the communities we serve.

Objectives

This Handbook aims to:

- Explain Hasanah's impact framework: **EMPACT**
- Outline Hasanah's Theory of Change (TOC) and how grant partners' projects contribute to national advancement
- Introduce core principles of Results-Based Management and Impact Measurement
- Describe standardised approaches, methods, tools and formats for assessing progress and achievements of grant projects, setting a minimum standard for Hasanah's grant partners

Conceptualising the EMPACT Framework and Handbook

As you will read in subsequent sections, the EMPACT framework is an attempt by Hasanah to forge a meaningful narrative around what impact means to Hasanah, and how it is driven through our grant-giving and engagements with partners, communities, stakeholders, and others. We should add here that EMPACT was conceptualised using participatory methods, whereby we sought input from our partners via roundtables, and through engagements with external stakeholders, YH staff, communities we serve, and the Hasanah Board of Trustees. As such, we are proud to say that it belongs to us all! Finally, we engaged an independent consultant to facilitate the discussions to avoid bias and to truly assess YH's impact process and framework.

The idea of this handbook emerged as we saw a need for clarity on M&E as a field and for its requirements. We wanted to bring to the fore the idea that M&E should not be seen as a reporting requirement, rather, that its value in enabling learning is appreciated, and effort is placed in designing and implementing M&E systems in organisations, just as we do for projects.

Guide to Using the Handbook

This Handbook is by no means an authority on all aspects of M&E, and we realise that there will be knowledge gaps. However, it should be seen as essential reading for Hasanah's partners, as it provides a background on Hasanah's grant giving philosophy, practices and requirements.

It is intended as a reference and guidance for stakeholders involved in Hasanah's programmes: Hasanah staff overseeing programmes, implementing partners, potential partners (civil society organisations; government; private sector), funders and other stakeholders interested in Yayasan Hasanah's work. It is not a strategy document of Yayasan Hasanah and its sole aim is to provide guidance on programme planning, monitoring and evaluation.

We hope you enjoy reading the handbook. May we collectively strive to support and bring value to our communities.

Aditi Malhotra and the Monitoring, Learning, Evaluation & Knowledge Team (MLEK)
Yayasan Hasanah

1. Yayasan Hasanah's EMPACT Framework

1.1. EMPACT: Empowerment, Partnership, Accountability, Collaboration, Trust

As an impact-based foundation, Hasanah strongly believes that a sound impact framework is crucial to enable informed planning, management and decision-making for both implementors and donors. This approach maximises the effectiveness and impact of programmes, providing realistic and implementable solutions to entrenched problems. Yayasan Hasanah aims to support a well-functioning lifecycle of social impact programmes in the development sector, especially in planning and monitoring for long-term impact. Herein, we believe that our impact framework brings together two seemingly disparate objects: a value system alongside technical M&E tools, underpinned by values of empowerment, partnerships, accountability, collaboration, and trust.

Our strong social impact value system plays an essential role in guiding how we understand and interpret results from programmes. We believe that a foundation of Trust between Hasanah and its Partners must underpin all our planning, monitoring and evaluation work processes, systems and tools. **Trust** itself is built upon mutual respect and integrity, honouring each other's rights and intention that the solution proposed is in the best interest of the communities we serve. This, in turn, leads to a sense of **Accountability**, accountability to both our own and our partners' standards, but significantly also our shared accountability towards the individuals and communities impacted by our interventions.

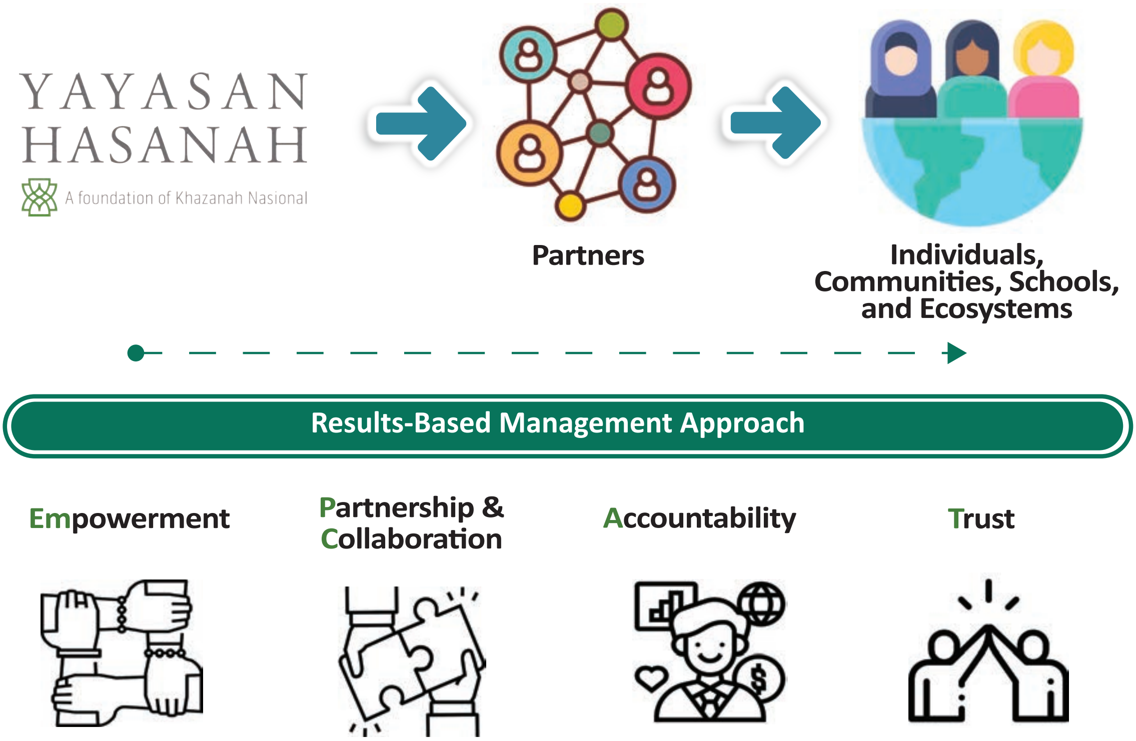
In addition to that, Hasanah's impact framework is driven by the values of **Empathy, Partnership and Empowerment** – without which we would not be able to support the transformation of Malaysian communities, the rakyat and ultimately drive lasting change at the societal level. First, by fostering empathy to consider the needs, concerns and capacity of the communities with whom we work, we can help to drive real change by developing a deep understanding of how people and systems interact. This understanding helps us design fit-for-purpose projects through inclusive and participatory approaches. Second, the Hasanah impact framework is conducted collaboratively and in partnership with our stakeholders and partners. We believe in our role as a convener, collaborator and catalyst for change, bringing together various stakeholders in the ecosystem, from policymakers to grassroots leaders. Our vision is to journey together with partners in the implementation of programmes, and to strengthen partner resilience where there are gaps. Third, we believe in the responsibility to look beyond our regular projects and to equip partners and stakeholders with the right tools and knowledge through relevant capacity development initiatives, thereby contributing to the empowerment of the local ecosystem. This serves our role as a catalyst of social impact. Our aim is that all our interventions serve as inspiration and increased capacity to continue building upon the successes and take them one step further.

On the other hand, values without appropriate and relevant tools lead to feel-good intentions that do not translate into real or meaningful change at the individual, community and organisational levels.

Every programme involves different sets of stakeholders and comes with its own unique layers of complexity. To address the different needs on the ground, wherever they may be, stakeholders consider the best and most feasible approach across all aspects. This includes community engagement, project design, types of activities, methods and frequency of data collection, cost-effectiveness versus programmatic effectiveness, and more. Critical thinking and the ability to weigh the merits and drawbacks of each side play an important role here, as we attempt to ground our values in actual and contextualised strategy and implementation for a specific intervention.

Finally, Learning, Unlearning, and Relearning, ideally occurring during and after the project lifecycle, are intrinsically linked to an organisation's openness to learning and adapting. The process of learning aligns our value systems with the impact that we desire to achieve, by responsibly providing a solution to a demonstrated need on the ground. This process – based on evidence, data and knowledge acquired from implementing the project – continues as a virtuous cycle. It enables our approaches, baseline assumptions and strategies to adapt with agility, depending on the changing internal and external contexts. Our impact framework hopes to guide this path towards outcomes-achievement, learning-catalysed development, and should ultimately support communities and individuals to be self-sustaining. Through this, our goal is to support our partners in their impact journeys by helping fill in the missing gaps, be it in their organisational strategy or programmatic approach.

We encapsulate the above impact framework in the name "EMPACT", representing the key values outlined here.



*Credits: MLEK Team, Yayasan Hasanah

1.2. Yayasan Hasanah's Strategy 2030

Yayasan Hasanah focuses on addressing pressing community, social, and environmental issues in Malaysia by bringing together policymakers, civil society organisations, corporations, and local communities to enable collective impact for the people and the environment.

Yayasan Hasanah's strategy until 2030 is formulated into 5 Impact Areas:

Education: To maximise individual potential and produce empowered and future-ready talents.

Community Development: To enable social and economic upliftment of vulnerable communities to improve their resilience and well-being.

Environment: To catalyse innovative solutions towards sustainability for nature and people.

Arts and Public Spaces: To strengthen national identity by mainstreaming Malaysian arts, heritage, and culture as an economically viable sector.

Knowledge: To advance Malaysia's social sector through justice-driven thought leadership, and evidence-based research and interventions.

These Impact Areas together contribute to Yayasan Hasanah's overarching vision:

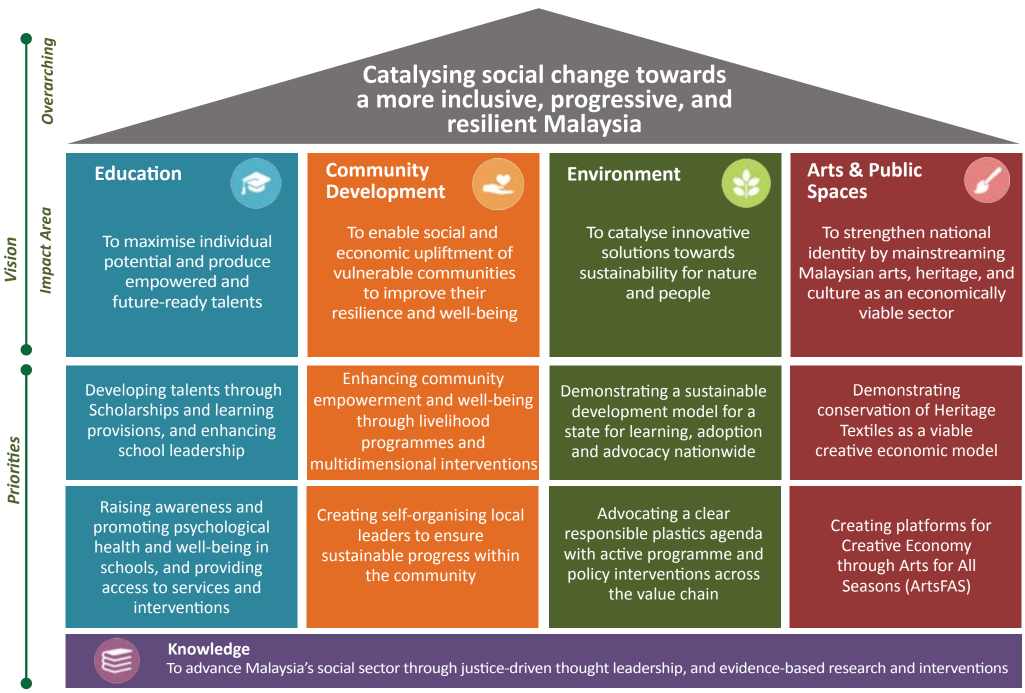


Figure 1: Yayasan Hasanah's Impact Areas

1.3. Yayasan Hasanah's Results-Based Management (RBM) Principles

Results-Based Management

To ensure that projects are achieving the desired results, Yayasan Hasanah adheres to the principles of results-based management (RBM). RBM aims to direct the main management focus from activities to the actual results, ensuring that project management, review and corrective actions are always conducted with a focus on achieving results. Through an RBM approach, the measurement of progress and intended results of a project are clearly defined to assess whether a genuine difference has been made for the individuals involved.

What is Results-Based Management (RBM)?

RBM is a management strategy by which all actors, whether contributing directly or indirectly to achieving a set of results, ensure that their processes, products and services contribute to the desired results (outputs, outcomes, and higher-level goals or impact). These actors then use information and evidence on actual results to inform decision-making regarding the design, resourcing and delivery of programmes and activities, as well as for accountability and reporting.

RBM starts with proper, results-oriented planning by means of a Theory of Change[1]. The Theory of Change (ToC) is an important tool for planning and quality control of projects and defines all of the necessary and sufficient conditions required to bring about a given long term result that is relevant and useful. A ToC is a comprehensive visual representation of how and why a long-term result is expected to occur. It employs a backward mapping approach, where planners work backward from the long-term desired change to identify the intermediate and early-term changes necessary to achieve that goal. The ToC of a project or programme can be represented in different formats, one of the most frequently used being the 'Results Chain'. Once partners agree to pursue a set of results through a project/ programme, project implementation starts, and the process of monitoring is essential to ensure results are achieved (and reported on). Finally, the RBM approach ends with assessing the impact of our programmes.

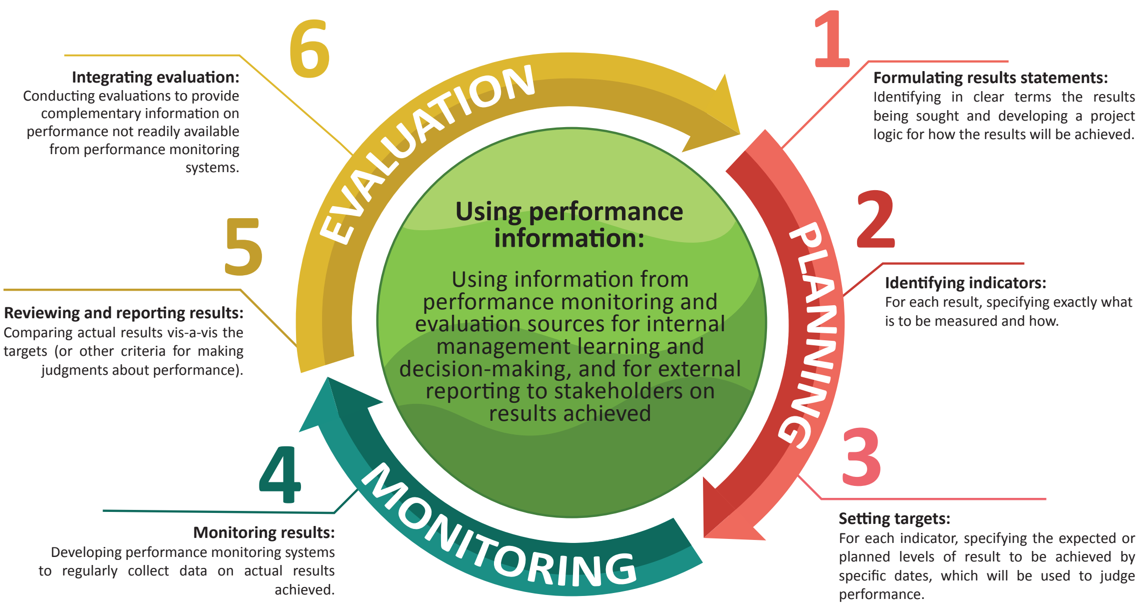


Figure 2: RBM as a Life-cycle Approach

[1] For an explanation on the Theory of Change and Results-Chains, see Chapter 3 and https://unsdg.un.org/sites/default/files/UNDG-UNDAF-Companion-Pieces-7-Theory-of-Change.pdf

For Yayasan Hasanah, every project requires a proper results chain. A results chain consists of three levels of results to be achieved, and monitored: Outputs, Outcomes and Impact, with activities designed to help achieve these results. A Theory of Change's results chain illustrates the relation between the activities that are conducted (such as trainings, drafting of policies/guidelines, installing water pumps, etc.) and the outputs they generate (eg., a study/review of certain policies, increased knowledge of beneficiaries, etc.). These outputs are within the control of the project/programme.

These outputs, in turn, will benefit the intended target group, resulting in **outcomes**. Outcomes include adoption/implementation of policies, behaviour changes, improved health status or any other wider use of the outputs by (or for) the target group. Since the project/programme cannot fully control the usage, benefits, or behaviour changes, outcomes are considered within the sphere of influence of the project/programme, but are not fully under its control.

TIP!

Even though it is widely recognised that outcomes are not entirely within the project/programme's control, the project/programme is still held accountable for achieving these outcomes.

Ultimately, these outcomes are meant to contribute to achieving impact, i.e., the longer-term positive changes for society or a larger target group. The impact(s) answer the 'why' of the project ("why was this project needed?") and are therefore regarded as the sphere of interest of the project/programme.

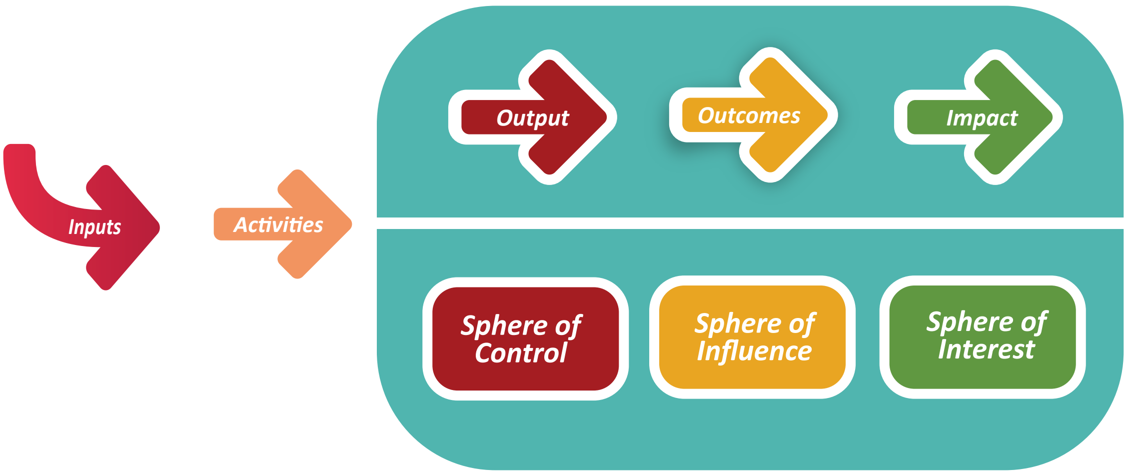
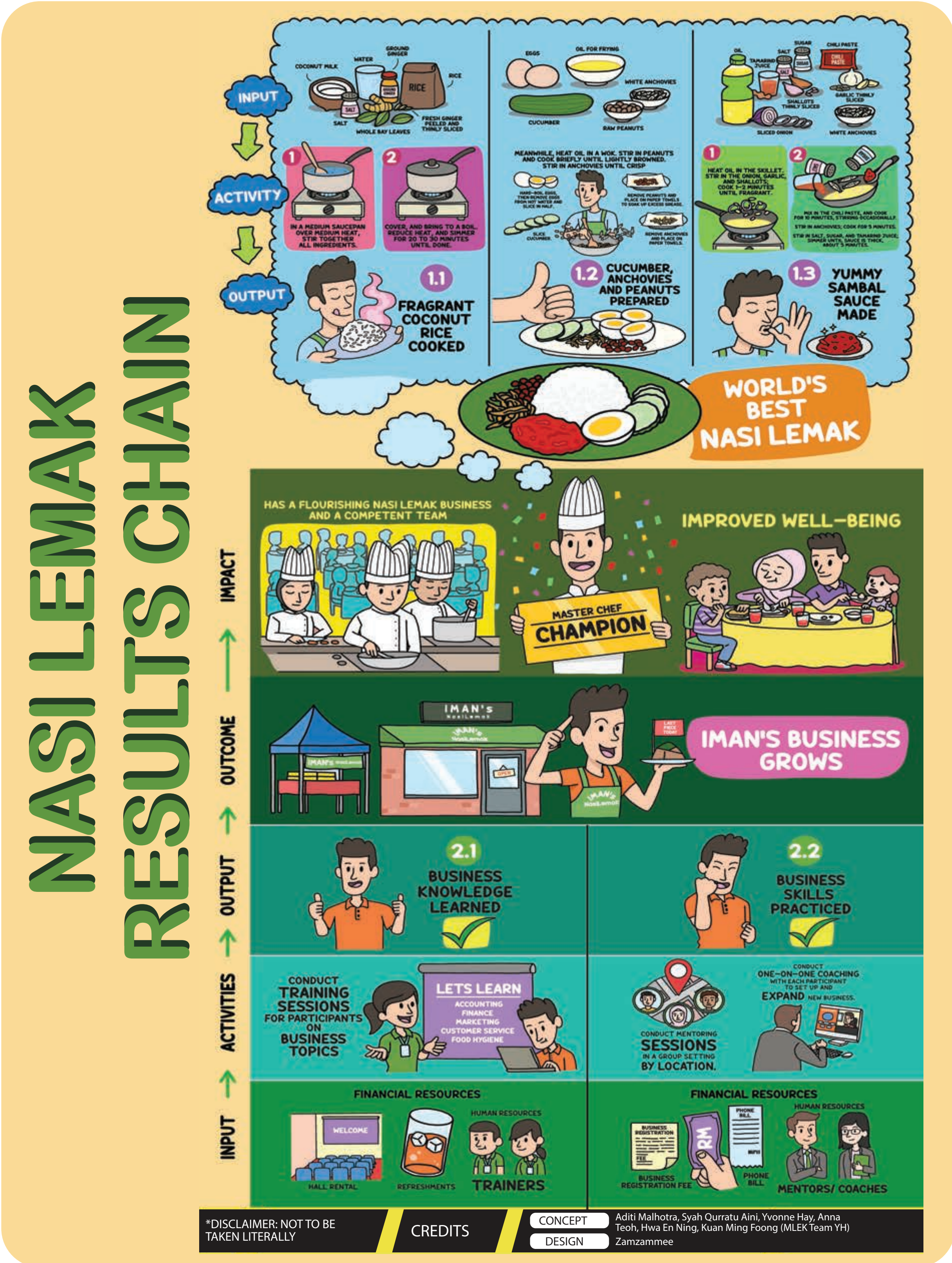


Figure 3: The Theory of Change and Levels of Control of the Project Over the Results to be Achieved

A results chain is often depicted as follows, using the English proverb "You can lead a horse to water, but you can't make it drink". Meaning that the outcome (the use and benefit of drinking water) cannot be forced, only facilitated.

Another example of a results-chain is depicted below: a project to set up a business which makes the world's best nasi lemak.



To complete the results chain (from activity to output to outcome to impact), the project must identify potential risks and assume that not all risks will materialise. These are called assumptions. If these assumptions hold true (i.e., certain identified risks do not occur), then the next, higher level of results will be achieved.

All grant projects' ToCs also need a clear connection to the Hasanah Impact Areas. This completes the picture of a proper ToC, and its connection to Yayasan Hasanah's Impact Areas:

ToC and Yayasan Hasanah's Strategy

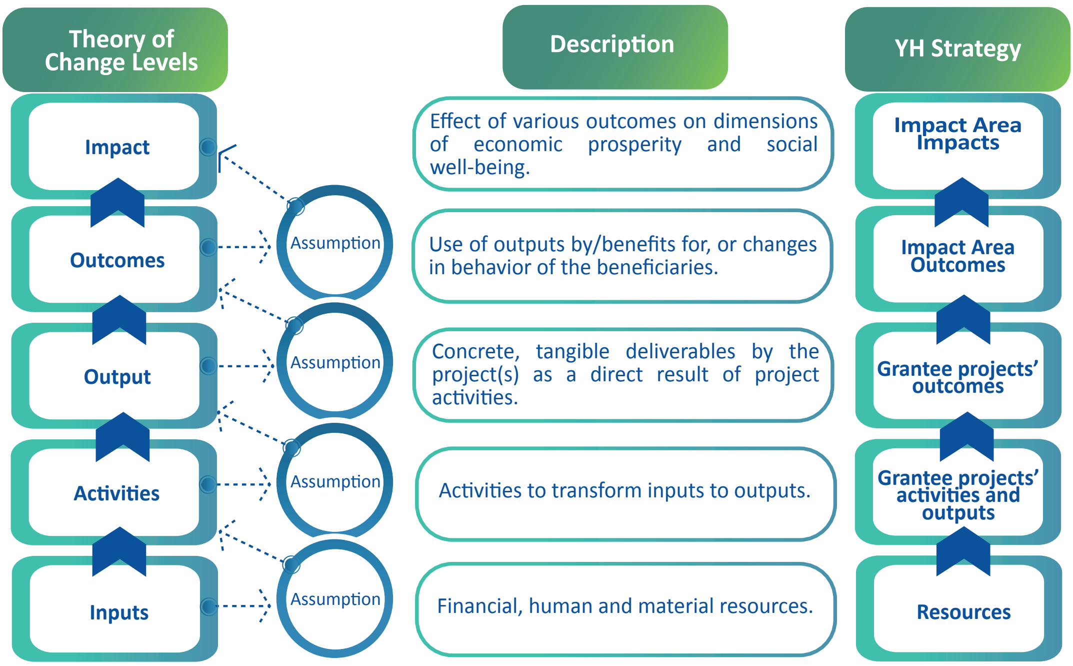


Figure 4: The Theory of Change and Yayasan Hasanah's Strategy

Monitoring and Evaluation (M&E) are part of a results-based management approach. As an organisation that embraces life-long learning, Yayasan Hasanah wants to know how projects are contributing to our Impact Areas. Therefore, we value results-oriented planning and M&E, which includes independent external oversight and evaluations, to serve our communities better. We expect the same results-orientation, accountability and learning approach from the partners we work with. For more on RBM planning and monitoring, please refer to Chapters 2 and 3.

Key Take-Aways

- Yayasan Hasanah aims to empower our partners, collaborate in partnership, build trust and mutual accountability (EMPACT).
- Yayasan Hasanah works in 5 Impact Areas to catalyse social change towards a more inclusive and progressive Malaysia. Our partners' projects help us to achieve the Impact Areas' results.
- Yayasan Hasanah values a results-oriented approach in the planning and implementation of our projects and uses a Results-Based Management framework, systematising Planning, Monitoring and Evaluation.

2. Monitoring and Evaluation Principles

2.1. What is Monitoring and Evaluation

Monitoring and Evaluation is the set of activities that measures and checks if we are on track to achieve the projects' results we aim for. M&E serves two functions: accountability and learning, both of which are important for Yayasan Hasanah. In partnership with our grant partners, we aim to contribute significantly to positive social impact in Malaysia, and in open and transparent partnerships we learn and improve our work every day. For that, a well-functioning M&E system is indispensable.

Monitoring differs from evaluation. Monitoring is a continuous set of activities during project implementation to check if we are still on the right track to achieve our planned projects' results. Evaluation is usually done by someone other than the project implementors to check the progress of a project against its planned deliverables, as well as to see what was achieved in the past period, including an assessment of results. The former is often conducted by M&E units in the organisation whereas the latter is often conducted by independent evaluators.

A key challenge of monitoring is to collect data systematically and regularly, so that the right and correct information is available on time to check if we are on track to achieve our results.

TIP!

Oftentimes, too much data is collected, or too little, simply because we didn't plan for it. A properly designed M&E system is crucial to determine the right (and right amount of) data to be collected.

Evaluations look beyond the planned-for-project results, and often ask the question "why did this happen?", taking into account contextual factors that influenced the projects' results. In general, project and programme evaluations may be conducted during, at the end, and after the timeframe of a project. A final project evaluation usually focuses on the achievements of the outputs and outcomes, and the effectiveness and efficiency of the activities and outputs to achieving those outcomes. This is different from an Impact Evaluation, which focuses on the longer-term achievements (or impact) after a project has ended. The decision whether to conduct an evaluation, as well as the number and type of evaluations to be conducted for any programme, ultimately depend on several factors including the duration, scope, geographies and thematic areas of a programme or project.

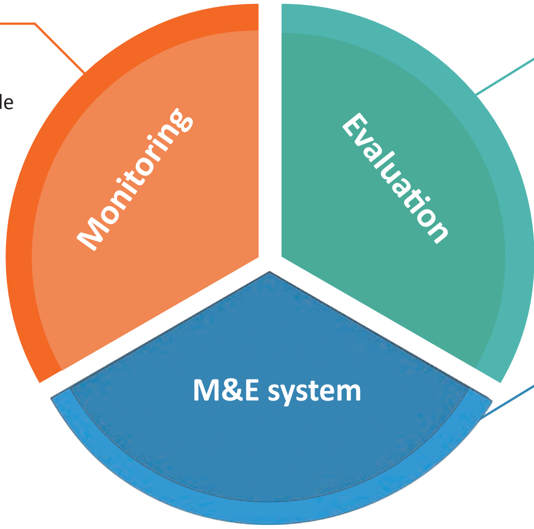
Both monitoring and evaluation serve as a learning exercise for our projects and wider strategy, with the aim of improving our future interventions.

TIP!

Evaluations need to be very well prepared, including the drafting of proper evaluation questions for each of the evaluation criteria: relevance, coherence, effectiveness, efficiency, impact, and sustainability[2]. Evaluations do not always need to be done by consultants. They can be done by peers as well, provided the evaluation is properly guided.

[2] See the OECD DAC criteria: https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

Definitions within the realm of monitoring and evaluation can vary. Hence, a short overview is provided of the definitions Yayasan Hasanah adheres to.



The systematic collection of data (and the translation of this data into useful information) to provide the management and other stakeholders of an ongoing project/ programme with indications of the extent of progress and achievement of results.

An assessment, conducted as systematically and impartially as possible, of a completed or ongoing project/ programme or strategy, to analyse the level of achievement of both expected and unexpected results using the following criteria: relevance, coherence, effectiveness, efficiency, impact, and sustainability[3].

The activities, processes, formats, and means of data collection, processing data into information, validation, analysing and submission (=reporting) in a manner that ensures the information is correct, relevant (no more than needed), sufficient (no less than needed) and timely (for corrective action).

How to set up an M&E system will be explained in Chapter 3.

[3] See the OECD DAC criteria: https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

2.2. Yayasan Hasanah's M&E Principles

In order to measure and ensure the relevance, usefulness, timeliness and credibility of the implementation of Yayasan Hasanah's Theory of Change for each Impact Area, the following impact measurement principles must be adhered to:

Contribution Measurement

We measure the contribution of projects towards achieving Impact Area results, being conscious that this differs from "attribution" which measures results for which we are directly responsible.

Directionally Valid

Progress can rarely be expressed with only numbers. Hence, a limited number of Key Performance Indicators (KPIs) and a narrative provide a better indication of progress compared to one or two numbers alone.

Utilisation-Focused

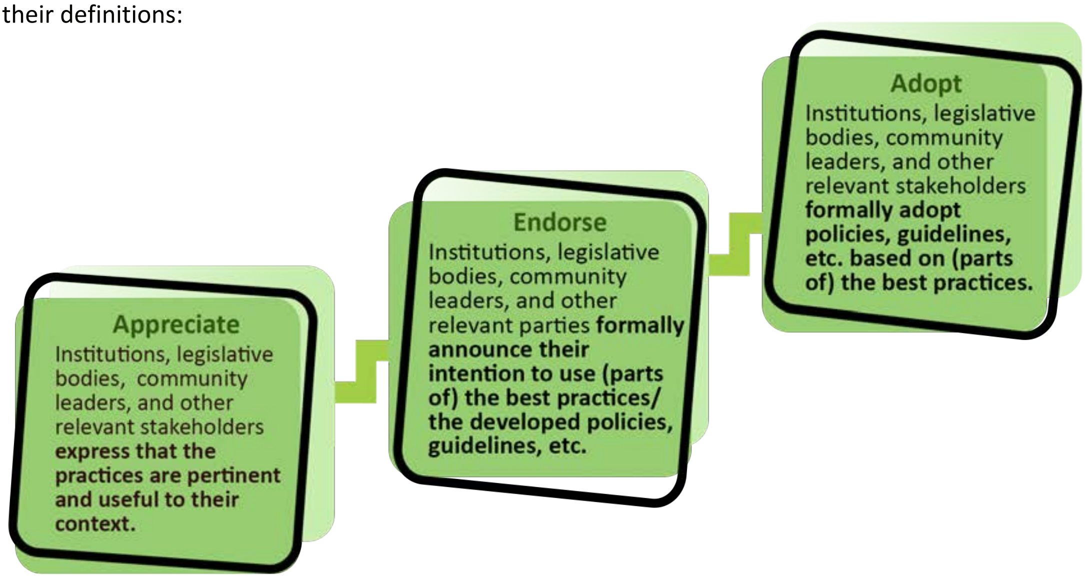
Only relevant, sufficient, correct and timely data will need to be collected: no more and no less data than strictly needed, verified and collected on time.

Results-Oriented

Monitoring & Evaluation is a continuous work in progress, and flexibility in implementation, and adjustments, will always be needed. A results orientation is always the key defining element.

Yayasan Hasanah as a Catalyst for Sustainability

In our commitment to sustainable impact, Yayasan Hasanah aims to ensure that our best development practices are widely shared with relevant government institutions, legislative bodies, community leaders, civil society, and other stakeholders. Through this effort, we aspire for these best practices to not only inspire ecosystem players to adopt sound M&E policies, guidelines, standard operating procedures (SOPs) and frameworks, but also to serve as a continuous learning model for all, including ourselves at Yayasan Hasanah. To measure progress over time, Yayasan Hasanah distinguishes three distinct phases of appreciation and uptake (not always in this order), along with their definitions:



2.3. Components of a Monitoring and Evaluation System

Three requirements are indispensable for a good M&E system:

a) a properly formulated results chain, and preferably a ToC.
b) indicators to measure performance/achievement, and
c) the sources and/or means for collecting the data to measure the indicators.

The Results Chain and Types of Monitoring

For any development project, it is advisable for the project to have a properly formulated results chain, including assumptions based on a risk assessment[4]. Yayasan Hasanah employs four major types of monitoring: activities, results, processes (finances, quality control, etc.), and context (outside risks and opportunities). These types of monitoring relate to different levels of the results chain as follows:

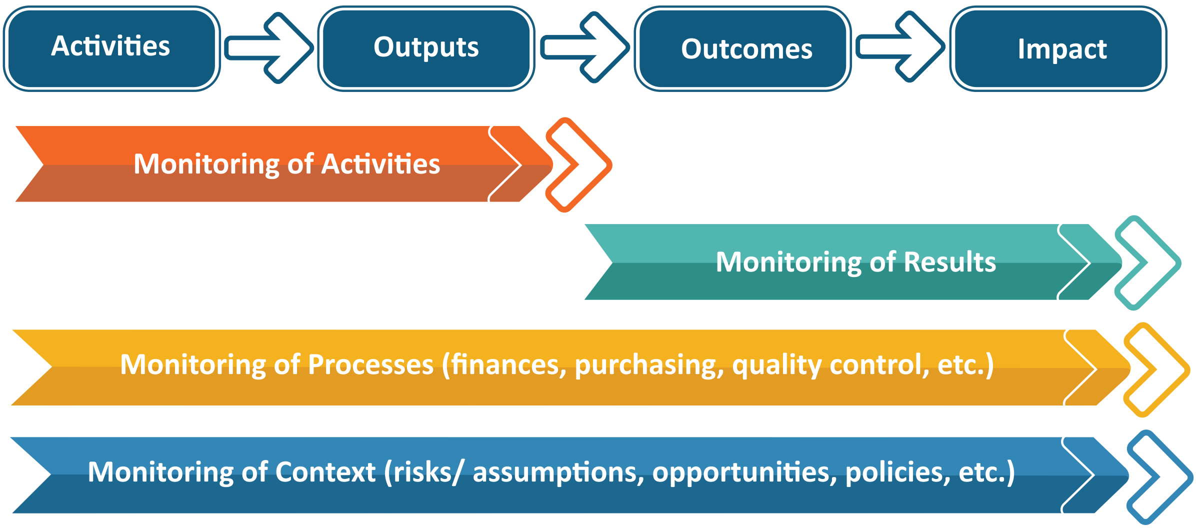


Figure 5: The Results Chain and Monitoring Types

Key Performance Indicators

A Key Performance Indicator (KPI or Indicator) is a 'measuring stick' that quantitatively and qualitatively measures the achievement of formulated results (impact, outcome, output). It consists of a variable, a number with a baseline, often a target number, the beneficiaries, and the time and place when and where the results will be achieved.

TIP!

Indicators should consider not only numbers, but also qualitative aspects (the success rate of the training, the quality of the increased harvest yield) in order to truly measure impact.

[4] https://www.adb.org/sites/default/files/linked-documents/38176-015-nep-ra.pdf

At minimum, projects should have clear, SMART indicators (Chapter 3) per result level that allow us to assess progress. However, indicators can, and often should, be complemented by non-indicator-based monitoring tools, such as Most Significant Change stories or others (Chapter 3).

Sources of Data

A project needs data to measure KPIs. Examples of KPIs are the number of people trained, appreciation of an output, and increase in income. That data is collected from a 'source', henceforth referred to as a **Source of Data (SoD)**, and the purpose of an SoD is to demonstrate the progress made against a specific KPI. A SoD can be either a pre-existing source such as a report, database, or we can create the source by conducting data-collection activities ourselves. In Hasanah's terminology, both are known as Sources of Data, but the first (existing source) is more commonly referred to as a Source of Verification, while the second (data collection activity) is referred to as a Means of Verification.

A **Source of Verification** (SoV) is an existing, reliable, external source from which the data from the indicator can be found. Examples of SoVs are reports, books, databases, and publications from government departments. An existing, reliable and up-to-date SoV is preferred over data collection by the project itself, as data collection can be costly, time-consuming, and prone to mistakes. However, if no SoV for an indicator can be found, a project may resort to verifying the progress of a KPI via a Means of Verification instead.

A **Means of Verification (MoV)** is a source that has to be created by the project itself through data collection activities. Examples of MoVs include surveys, interviews, enumeration, case studies, Most Significant Change stories, etc. Given the time and costs required, SoVs are preferred over MoVs.

Key Take-Aways

- Systematic monitoring and evaluation (M&E) is important to understand if the project is on track to achieve the aimed-for results. It serves two functions: accountability and learning.
- Yayasan Hasanah aims to measure results beyond mere numbers. We want to know what contribution our projects have to achieving the Impact Areas' results.
- Yayasan Hasanah realises that measuring contribution can not be expressed in one or two numbers. Hence, we look for directionally valid, utilisation-focused, and results-oriented information.

3. Designing an M&E System

3.1. Setting up an M&E System

Evidence-based information is key to informed decision-making for planning and implementation, for both funders and implementors alike. This is the role of an M&E system: to clarify the steps, activities, processes, formats, and means of data collection, specifying what data to collect, where and when to collect it, and when to report on this data.

Below is an overview of the various steps needed to set up an M&E system:

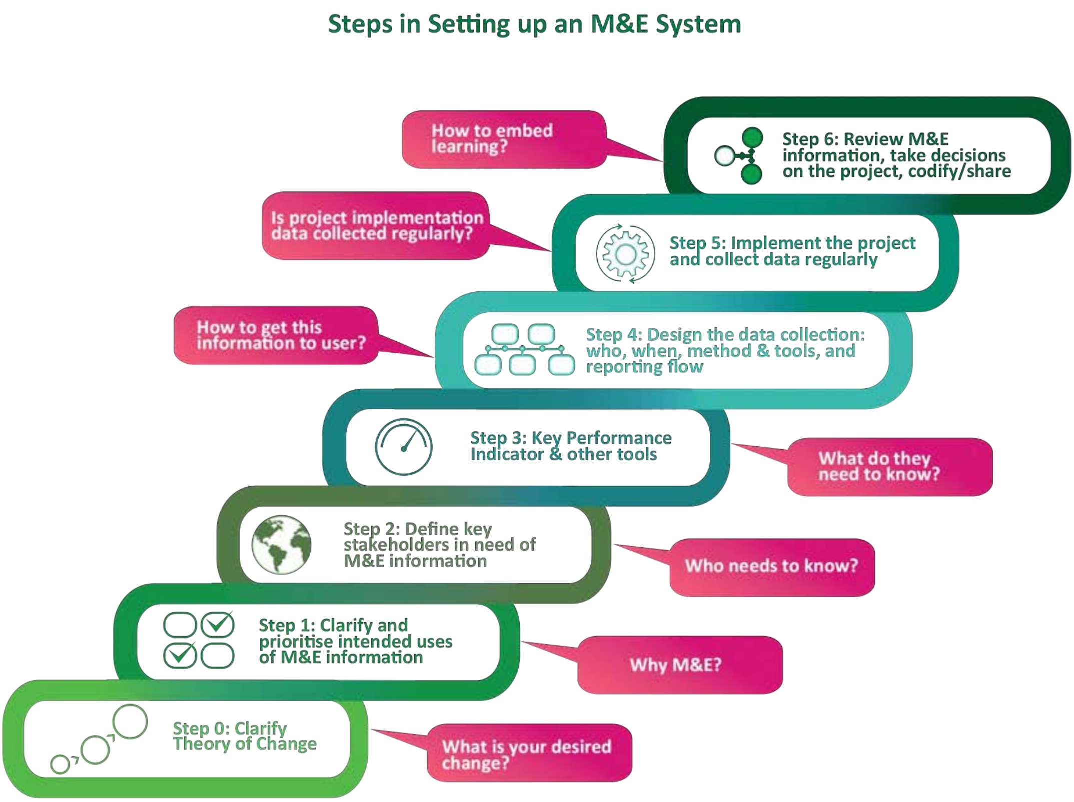


Figure 6: Steps in Setting up an M&E System

3.2. Drafting the Results Chain

The first phase in designing an M&E system amounts to defining the results to be achieved by your project, and the strategy of how to achieve these.

Formulating Results Statements: the Results Chain

The three key questions that define an RBM approach to planning are:

1. *"What do we want to achieve through the project or programme that is beneficial, of use, for the target group?"* (= Outcome)
2. *"How will we go about this (the strategy)"*? (= Outputs and their activities)
3. *"Why should this particular project or programme be carried out? What greater benefit does it have for society?"* (= Impact)

These three questions can be answered, through the results chain.

It is important that projects are aligned with Yayasan Hasanah's Impact Areas. Yayasan Hasanah is not an implementor of projects but works with grant partners ('Grantees') to implement projects. Therefore, the grant projects of Yayasan Hasanah are considered the 'activities' in its organisational results chain, and the projects, as a result, need to contribute meaningfully to the achievement of Yayasan Hasanah's Impact Areas. Since the grant projects are usually of shorter duration (usually 1 or 2 years), it would be difficult for one single project to achieve the same outcome level results as Yayasan Hasanah's results chain. Hence, the projects' outcomes usually contribute to Yayasan Hasanah's outputs, and seldom directly to its outcome. This is depicted in the diagram on the right:

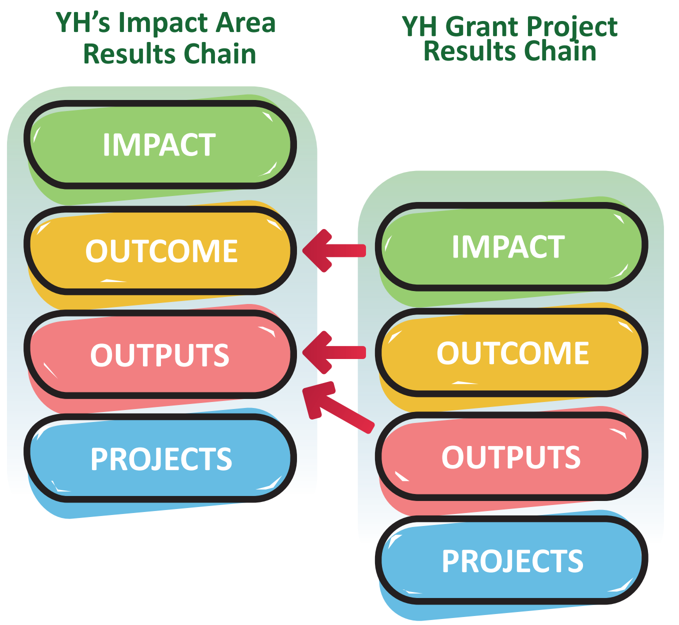


Figure 7: How the Results Chain of a YH-funded Project contributes to Yayasan Hasanah's Results Chain

3.3.Determining the Primary Use of the M&E System, and for Whom

M&E primarily guides the project's progress, fostering learning and understanding of the results. However, certain parts of M&E systems, such as the financial system or reporting, also ensure accountability, particularly for donors requiring specific reporting data and reporting formats. During the design phase of an M&E system, a set of 'management questions', or 'monitoring questions', is often formulated to identify what the M&E system should answer, and for whom. These questions guide the development of the indicators and other M&E tools. An example is provided below:

Activities	Results	Processes	Context
• Are activities implemented as planned, and on budget? • What is the satisfaction rate of recipients with our activities? • Are our activities inclusive enough?	• What is the quality, quantity and timeliness of our outputs? Why? • What is the uptake of our outputs by the beneficiaries? Why? • How is the outcome being achieved/used? Why?	• Are we financially on track/within budget? • What are the quality control mechanisms to validate quality? • How is the performance of project staff?	• Are our assumptions still holding true? • Have any new risks emerged that could affect project achievement? • Have any new, more urgent needs arisen?

3.4. Developing Indicators and Other Data Collection Tools

Indicators

An indicator is the 'measuring stick' of the results a project aims to achieve. Each level of result should have one or more indicators to comprehensively measure if a result is being achieved, and to what extent. Therefore, indicators should be formulated at the Impact, Outcome and Output levels. Additionally, it is recommended to also formulate indicators for the assumptions. For activities no indicators are needed.

A properly formulated indicator should be defined **SMART: Specific, Measurable, Achievable, Relevant,** and **Time-Bound**.

SMART	What does it mean?
SPECIFIC	The measuring stick should be very clear in what it aims to measure. For example, instead of 'increased economic self-reliance,' which is not measurable, specify 'increased yearly income in MYR.' Additionally, indicate the target group, such as 'small farmers owning less than 0.5 HA of land,' to ensure accuracy.
MEASURABLE	This means that indicators almost always include a number or a percentage. For instance, 'increase in well-being' is not measurable, so a relevant indicator (see below) needs to be identified to track the progress of well-being. It's important to note that if a percentage is used, there must always be a baseline number.
ACHIEVABLE	'Achievable' simply means that we have to be realistic. Can we achieve the number and quality mentioned, within the timeframe of the project?
RELEVANT	This R in SMART is often mistaken for 'Realistic' (which is the same as Achievable, above). The Relevance of an indicator is crucial. It should be directly connected to, and relevantly measuring, the Impact, Outcome or Output. For example, measuring a decrease in domestic violence cannot relevantly be measured with an indicator that measures 'reduced number of police reports of domestic violence' as many cases will go unreported. An increase in reports might actually mean that the awareness on domestic violence has increased, which is a positive development.
TIME-BOUND	The timeline by which the result should be achieved or the indicator number and quality should be realised.

Examples of good, SMART, indicators:

Increased rice yield can be measured by the following indicators:

- Produced x kg/ha of rice per year while maintaining the same rice quality as in 2022, for 80% of small-holder farmers (owning less than 0.5 HA of land) in Perak, by 2030.
- Trained 100 community members (45 male, 55 female) on plastic recycling methods, with 80% passing the post-test, in village/area Y in 2023 (acceptable as an output indicator, not an outcome indicator).
- Average percentage of income increase for participants from the previous year in the 7 CBA communities over the years 2022 to 2030.

Examples of bad, not SMART, indicators:

- Increased well-being of the community, or reduced poverty (both not measurable).
- 100 staff trained (this is merely a completed activity and has no qualitative component).

Other Data Collection Tools

Project indicators help us focus on measuring relevant indications of the success of our outputs, outcomes, and impact. However, they can also overly limit our focus. It's important not to lose sight of other important developments, both positive and negative, that might occur because of our interventions.

Here are four key considerations:

Storytelling and Most Significant Change (MSC)[5]

MSC is a participatory monitoring and evaluation method. It involves collecting stories of significant change (SC) from the field and systematically analysing these stories with designated panels of stakeholders or staff.

Field Visits 'Without a Purpose'

These field visits are of course never without a purpose. The field visits are intended to find out what is happening 'in the field', at the target group. The phrase 'without a purpose' merely reflects the open-minded nature of the visit: not intending to find specific and detailed information, but to open up and listen to the target group, field workers, and observe. The most common data tools for these field visits: interviews, Focus Group Discussions, and direct observations.

Outcome Harvesting[6]

Outcome harvesting is a monitoring and evaluation methodology used to identify, describe, verify and analyse outcomes. Outcome harvesting is designed to collect evidence of change (the outcomes) and then work backwards to assess whether or how an organisation, programme or project contributed to that change.

Open, Often Anonymous, Surveys

Another tool that is often used to gauge what is going on in the field beyond the project's indicators is to ask staff and target group alike to fill out a 'satisfaction' survey. This survey does not focus on indicators, but more generally on the satisfaction of the respondent, and allows for answers in narrative on a variety of topics. Survey results and tools should be read closely for bias of respondents' answers when analysing and interpreting results.

[5] For more information on MSC:
https://www.smartgrid-engagement-toolkit.eu/fileadmin/s3ctoolkit/user/guidelines/TOOL_MONITORING_AND_EVALUATION_THROUGH_STORIES_-_MOST_SIGNIFICANT_CHANGE.pdf

[6] https://www.intrac.org/wpcms/wp-content/uploads/2017/01/Outcome-harvesting.pdf

3.5. Designing the Data Collection and Reporting Flow

The design of the actual flow and frequency of the collection of data, based on the indicators and sources of verification, and the reporting on the data, is a crucial but often overlooked aspect of monitoring system design. The data collection and reporting flow should clearly spell out:

- **What** *detailed* data needs to be collected.

Poor Indicator	:	Average income increase per year.
SMART Indicator	:	Percentage of men and women that have an increase of: 0-5%, 5-10%, >10%, over the last year.

- **Where** can those details be collected? This often is the *Source of Verification.*
- **How** do we need to collect and/or process this data? This is the *Means of Verification* (if no SoV is available).
- **Who** collects the information? Usually a function, not the name of a person holding the function, as staff will change.
- **When** to collect the information?

Poor Information	:	Survey done.
SMART Information	:	Survey done with template X for training evaluations, after each project by the lead trainer and stored in location Y.

- **Analysis, validation and reporting** the information: who will validate and analyse the data, and report on its conclusions, with what frequency?

This step-by-step approach to designing the data collection and reporting flow can be changed depending on the needs of the projects, and various formats exist.

Key Take-Aways

- To design a good M&E system, Yayasan Hasanah stimulates and advocates the use of a Results-Based Management approach, starting with developing a Results Chain.
- Yayasan Hasanah identified 6 steps in drafting a good M&E system, which ensure that our partners' projects are designed and managed with our Impact Areas in mind.
- Drafting SMART indicators and designing the data collection and reporting flow (including trustworthy and available Sources of Data) is crucial to a properly functioning M&E system.

Appendix: Stakeholder Roles in Hasanah's M&E Processes

The previous chapters of this manual addressed what M&E is, what Yayasan Hasanah's M&E principles are, and how to set up a good M&E system.

This final chapter aims to provide an overview of the different roles and responsibilities of the stakeholders involved in monitoring Yayasan Hasanah's grant projects.

	Planning	Monitoring & Reporting	Validating
Partners	• Design the project to align with YH's impact areas and results. • Design a monitoring system that includes YH's indicators and non-indicator-based M&E tools.	• Monitor regularly and systematically, according to the M&E system. • Report according to the format and frequency. • Carefully document all data collection.	• Internally, partners ensure there is a system in place to validate collected data. • The validation mechanism is detailed in the project plan.
Impact Area Heads and Grant Managers	• Discuss internally on the project plans. • Provide YH's feedback to partners on the proposals. • Ensure proposals match YH's impact areas and its indicators.	• Ensure projects are reported on properly and include all agreed SoDs. • Discuss internally on the projects' progress. • Provide YH's feedback to partners on the progress. • Carefully document the progress made on all indicators.	• Regularly validate submitted data and request additional data from the partners if needed. • Conduct field visits or engage in other manners (see 3.4) to validate data/reports (in coordination with MLE).
MLEK	• Provide feedback to the grant managers on the project proposals, in particular the M&E components. • Review and approve final KPIs/deliverables.	• Provide feedback to the grant managers on the progress of indicators. • Provide feedback to the grant managers on the need for, and use of, a non-indicator-based monitoring tool.	• Conduct field visits or engage in other manners (see 3.4) to validate data/ reports (in coordination with GMs).
Finance	• Check the budgets.	• Check the financial reports.	• Develop audit instructions and checks audits.

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