Annex 4: Prosperity Fund Evaluation Framework

Prosperity Fund - Evaluation and Learning

March 2018

HM Government

Prosperity Fund

Evaluation & Learning services delivered by:

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Acronyms

Acronym	
BC	Business case
BEIS	Department for Business, Energy & Industrial Strategy
CCS	Crown Commercial Service
DFID	Department for International Development
DIT	Department for Internal Trade
E&L	Evaluation and Learning
EQ	Evaluation Question
FCO	Foreign and Commonwealth Office
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
ICF	International Climate Fund
MR	Monitoring and Reporting
MREL	Monitoring, Reporting, Evaluation and Learning [team of the PFMO]
NSS	National Security Secretariat
OECD-DAC	Organisation for Economic Co-operation and Development, Development Assistance Committee
PF	Prosperity Fund
PFMO	Prosperity Fund Management Office

Acronym	
PM	Programme Managers
QA	Quality Assurance
ToC	Theory of Change
ToR	Terms of Reference
VfM	Value for Money

Version History

Document Title	Evaluation Framework		
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Revision	**Written By**	**Checked By**	**Approved By**
Revision 0	Multiple contributors, edited by Rebecca Adler	Paddy Abbot/ Michael Schultz	
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This report has been prepared during the inception phase of the Prosperity Fund Evaluation and Learning contract. It forms an annex to the main Inception Report.

It was produced and approved by the Prosperity Fund Management Office before the main Inception Report and Workplan were finalised and agreed.

If there is any inconsistency between this annex and the main Inception Report and Workplan, the main Inception Report and Workplan provides the agreed position.

1. Introduction and Purpose

This document outlines the evaluation framework for the Evaluation and Learning (E&L) team for the Prosperity Fund (PF), which will be used to guide the implementation of the evaluation. As outlined in the Magenta book, an evaluation requires a framework within which the evaluation can be designed, data analysed and results interpreted[1]. For the PF, the evaluation framework will be based on the Fund's theory of change (ToC included as Figure 1 in this document). The evaluation has a dual purpose to support organisational learning and contribute to the accountability mechanisms of the Fund. This dual purpose will be achieved through both the way in which it is conducted and the evidence it will generate.

This framework outlines for both the Fund and programme level:

- The evaluation approach to assessing the Prosperity Fund's contribution to its primary purpose, secondary (UK) benefits and value for money (VfM);
- The identification and organisation of evaluation questions (EQs);
- The basis for how the evaluation and learning will use evaluation data and findings; and
- How the evaluation will present evaluation findings, conclusions and recommendations and the process through which the evaluation framework will be reviewed and further iterated based on evidence.

This document is one output of the PF evaluation and learning Inception Phase. This document acts as a guiding framework to the overall evaluation and learning approach and is supported by a range of other evaluation outputs, including detailed approach papers on how the PF evaluations will consider secondary benefits, VfM, synthesis and gender. An evaluation question matrix, detailing methods and data sources is also being developed as part of the methodology. The content of this framework will be integrated and further expanded upon in the inception report submitted at the end of the PF evaluation and learning Inception Phase. The inception report will provide further detail on the specific evaluation and learning approach and methods for both the Fund and programme level evaluations, data sources and indicators to support implementation of this framework.

Submission of this framework separately and prior to the conclusion of the Inception Phase allows the PFMO and evaluation and learning stakeholders an early opportunity to comment on its content, thereby ensuring the approach and methods developed by the E&L team address stakeholders needs.

1.1 Process to develop this document

This document has been developed based on design work undertaken by the E&L team since contract start in September 2017. This began with an initial review of the PF documents that were provided by the PFMO and the wider literature by the evaluation team. This included in-depth review of Fund and management level documents and an in-depth mapping and review of Business Cases (BCs) and interventions.

Given the user focus of the evaluation, it also drew on discussions with key PF stakeholder groups. This has been led by the E&L engagement team. The E&L team have been guided by PFMO in deciding the stakeholder groups outlined in Table 1 below.

[1] H M Treasury, (2011), The Magenta Book: Guidance for evaluation, UK Government. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220542/magenta_book_combined.pdf

Table 1: Stakeholder Groups

Stakeholder Group	Sub-Group
Prosperity Fund Management Office (PFMO)	Design Team
	Programme Delivery and Operations team
	Strategy and Design Adviser
	MREL team
	Portfolio Managers
	Secondary benefit lead
	Communications Team
	Head of the PF
Programme Managers (PMs) and staff	Programmes are split into 3 groups: (1) Country-based programmes (largely Foreign & Commonwealth Office (FCO)) (2) Thematic programmes (largely London based) (3) Multilateral-led programmes.
The Portfolio Board	Includes representation from: FCO, Department for Internal Trade (DIT) Department for Business, Energy & Industrial Strategy (BEIS) Her Majesty's Treasury (HMT), NSS, CCS, Cabinet Office, Department for International Development (DFID)
Technical Advisory Group	Includes representation from: FCO, DIT, BEIS, DFID, ICF Leads

The majority of meetings underpinning this process have been face-to-face between PF stakeholders and members of the E&L engagement team. These have been undertaken along an agreed rubric designed by the team and agreed by the PFMO. Where not possible to meet in-person, the meetings have been conducted by phone or Skype. The process has been a rolling one, with initial meetings often followed up by further information and documentation gathering.

E&L team members also attended 3 regional workshops: in Beijing for the China programmes; in Miami for the Latin American ones; and in Singapore for those in SE Asia. In each case E&L team members participated in the last day of the training, and held a 'clinic' with programme teams to explore their needs and expectations. A further London event attended by PF programme staff from across posts provided 'clinic' support and delivered an outreach presentation to the audience as part of the plenary session.

The process also benefited from in depth discussion and working sessions with the PFMO MREL and wider PF stakeholders on the scope, objectives and approach to delivering the Fund and programme evaluations. One highlight of this engagement included a workshop in October on the ToC that explored how ToC can best be used for evaluation and learning.

An important stakeholder in the development of this framework has been the Monitoring and Reporting (MR) contractor, who is responsible for developing indicators that will support performance management. The E&L team have had several engagements with the MR contractor, with a particular focus on proposed indicators and EQs to ensure coherence. This engagement will continue throughout inception and during implementation.

This document has also benefited from a range of in person and Skype brainstorming sessions between the E&L team to bring together the diverse workstreams, proposed visions and approaches to ensure a coherent vision for the PF evaluations at both the Fund and programme levels.

1. Methodological Approach

1.1 Capturing the Dual Purpose

The evaluation – both through the way it is conducted and the evidence it generates - will support organisational learning and contribute to the accountability mechanisms of the Fund and its participating Departments. An annual evaluation and learning cycle will drive evidence-based review of progress (on what has been achieved, how and why) and facilitate the sharing of, reflection on, and use of the evaluation evidence to support decision making at project, programme and Fund levels. Learning about what works (or doesn't), why and how, is expected to strengthen the interpretation of the progress monitoring and to improve reporting. In this way the evaluation can support adaptation and course correction at Programme level; and feed into adaptive management at the Fund level to improve performance of the Fund. In this regard, the evaluation will deliver evaluation findings on progress toward, and the achievement of:

- Primary Purpose (ODA requirements as articulated through the provisions of the UK International Development Act 2002 & International Development (Gender Equality) Act 2014);
- Secondary benefit through creation of opportunities for international business including UK companies; and
- VfM in the way resources are planned, managed and used to achieve the results.

To do this we will need to provide high-quality evidence and knowledge of what works, why, where, and for whom, in achieving the goals of the PF. If successful, there should be demonstrable impact of this knowledge at all levels of the PF, including centrally, as well as within individual programme management units and within Whitehall departments working with the PF.

The evaluation will be designed to be responsive to emerging evaluation needs from the range of different PF stakeholders (from PFMO to Programme Managers (PMs)) through structured consultative processes at the different levels. This allows plans to be adapted and evaluation and learning activities to be tailored so that a range of different evaluation and learning outputs are generated that can support lesson learning and inform adaptive management.

1.2 Theory-based approach

The evaluation framework uses the PF Fund ToC (Figure 1) as its central organising framework: applying a theory-based approach that draws on evidence from the range of evaluations and evidence sources will allow us to test the assumptions underlying the causal chain from inputs to Intermediate outcomes, outcomes and contributions towards impact[2]. Theory-based evaluation is appropriate in the overall context of PF as it is suitable when an intervention or the context of implementation has attributes of complexity. However, it may not be appropriate for the evaluation of all interventions and therefore other approaches may be used such as developmental approaches if the need emerges[3].

[2] Carvalho, Soniya and Howard White (2004) 'Theory-based evaluation: the case of social Funds' American Journal of Evaluation 25(2) 141-60, 2004.
[3] Stern Elliot *et al* (2012): Broadening the range of designs and methods for impact evaluations. Department for International Development, Working Paper 38.

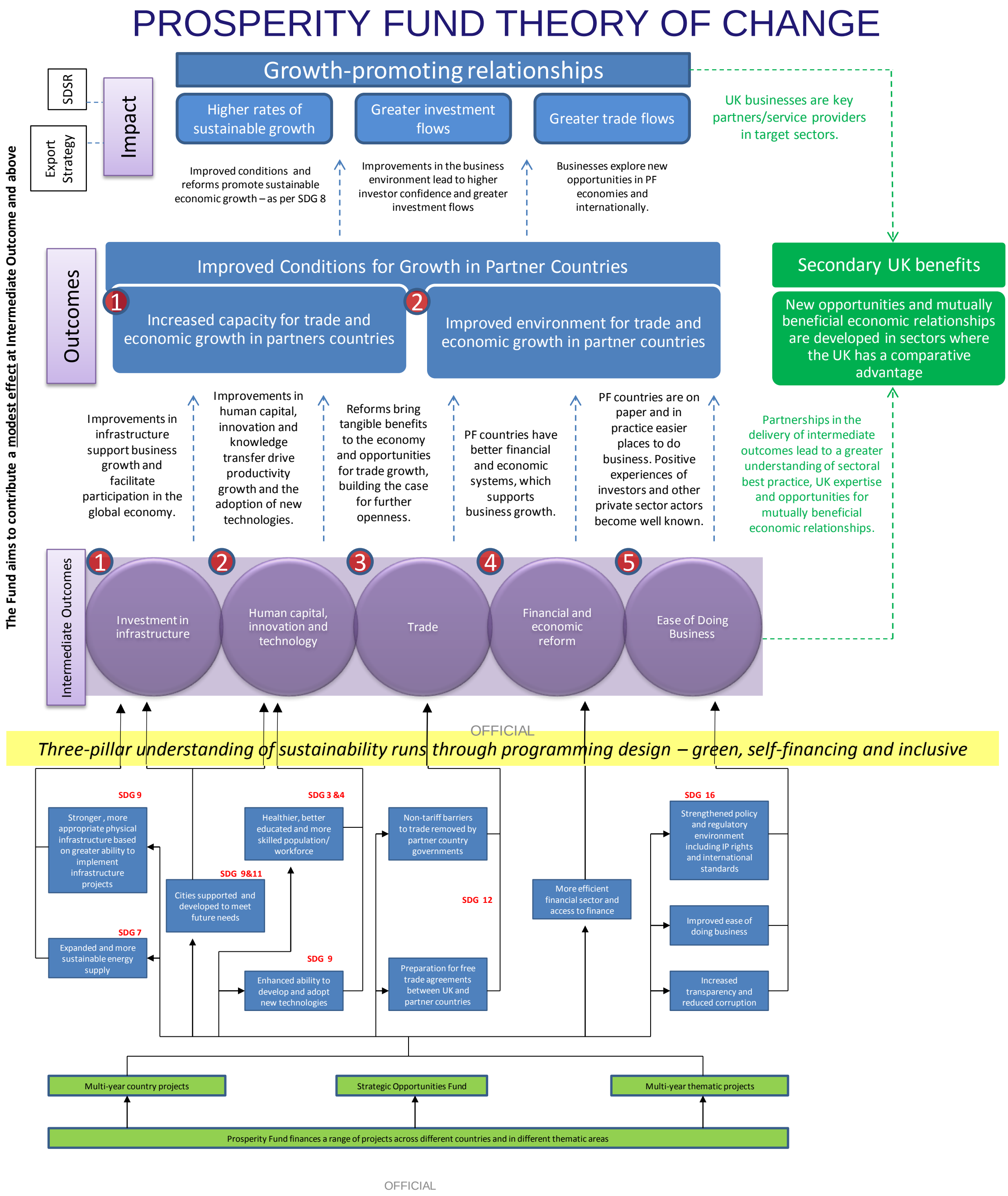

Figure 1: Prosperity Fund Theory of Change

This approach means that the PF ToC (Figure 1 above) will be the overarching framework guiding the evaluation and we will use the ToC in a dynamic way, testing causal assumptions during implementation and recommending modifications as appropriate.

The evaluation will draw and triangulate evidence from multiples sources, including the evidence emerging from the evaluation and learning activities and wider evidence bases to test and refine assumptions embedded in this model. The ToC as described in Figure 1 will guide examination of what changes have occurred, as well as how and why they have occurred; if the changes match those intended; the role of contextual factors; and the role of causal assumptions within the ToC in terms of adaptation and refinement during implementation. The PF ToC will also guide the design of EQs, the sampling of programmes, the approach to synthesis of PF results and the selection of themes for investigation for each evaluation cycle. The PF ToC has been iterated several times and is suitable in its current form as a high-level set of hypotheses to frame the evaluation. However, more work is needed to flesh out the ToC at Programme level and at the level of contracted projects that sit underneath and feed into different causal pathways at this high level. Theories at all levels will be viewed in a dynamic way and causal pathways and assumptions may be modified and refined in the light of evidence from the evaluation.

1.3 Applying a user and learning focus

To ensure the evaluation is relevant, useful and usable, it will apply a user and learning focused approach[4] through the following points:

- Identify primary intended users;
- Gain commitment to the utility and focus for the evaluation;
- Decide on evaluation options;
- Analyse and interpret findings and reach conclusions through engagement with users;
- Disseminate evaluation findings with users in mind.

In this connection, evaluation activities will be designed to facilitate a learning process by responding to PMs' learning and information needs. This will help the PF at central level and PMs to apply evaluation findings and lessons to their work. Learning will be a focus at both the Fund and Programme levels, with opportunities for cross-programme learning facilitated in the latter case.

A focus on the users of the evaluation findings means that the PF managers at central and Programme level will need to be engaged in key decision and analysis points during the evaluation: the evaluation is done "with" them, not "on" them. In this way, they are more likely to use and benefit from an evaluation where there is ownership and engagement in the evaluation process and its findings. In a complex multi-stakeholder environment, such as the PF, there is added value in having a conscious approach to learning that will both build stakeholder relationships, awareness and ownership of evaluation objectives, and also enhance and accelerate its progress. At the same time, we expect this to strengthen confidence in the evaluative assessment of emerging results used by PMs and Fund management for reporting on the performance of the PF towards achievement of its stated objectives.

Engagement with the evaluation users has been initiated during the Inception Phase, with the aim of introducing the evaluation and learning function to all PMs, as well as representatives from the Advisory Group and PFMO. This early engagement has been used, particularly with PMs, to identify priority evaluation and learning support for the early implementation phase and to support development of an approach to evaluation and learning that can be useful.

The user and learning focus will be reviewed annually, as part of the annual evaluation and learning cycle (Section 5). The 5 points above will be assessed with the users and the feedback used to adapt our approach.

1.4 Fund and Programme Level Evaluations

Our approach integrates the Fund and Programme level evaluation and learning activities into one framework that seeks to map evaluations to the PF ToC (Figure 1). The way we will do this is described below. The advantages of this are:

- Ensuring that information collected at all levels can be used to answer the overarching EQs guiding the PF evaluation and learning assignment;
- Avoiding evaluation fatigue from multiple evaluations with different objectives, duplication and irrational use of data at the programme and Fund levels and having Fund evaluations being perceived as extractive by programme implementers and beneficiaries; and

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[4] Drawing on the approaches proposed by Patton, M.Q. (2008). Utilization-focused evaluation, 4th edition. Thousand Oaks, CA: Sage, and the 5 step approach outlined by Patton, M.Q. and Horton, D. (2009). Utilization-Focused Evaluation for Agricultural Innovation. International Labor Accreditation Cooperation (ILAC) Brief No. 22. ILAC, Bioversity, Rome.

- Enabling the E&L team to design a holistic approach to sampling and Programme level investigations which takes into account the dual learning and accountability purpose.

This approach entails a real-time annual evaluation and learning cycle linked to PF planning and decision time lines, with an initial focus on processes and in later phases contribution analysis – essentially moving up the ToC over time as evidence is generated and assumptions tested. This will involve the following activities:

1. *Evaluations for Programme level learning*: Responsive to PMs' needs to understand their portfolio and designed to provide information quickly to inform management decision-making, make course corrections and to support adaptation. In the first year, this evaluation would help set-up the PMs to use the evaluation strategically in their management cycle (*What does this evaluation finding mean for me?*). This would be conducted alongside the assessment of the evaluability of the programme's components (*i.e.* its projects in most cases), which would provide immediate information to the PMs on the strength of the programme's intervention designs and support readiness for implementation. The learning foci of these formative evaluations will be devised annually with the PMs, based on the results and learning needs identified across the programme portfolio. The aim would be to enable all programmes to be supported with these learning focused evaluations. The learning may be focused on specific programme needs or; where common learning needs are identified across programmes; may draw learning findings together for a number of programmes to support cross-programme learning. The learning findings from programme level will be synthesised annually and shared through the knowledge management system to be developed.
2. *Evaluations of families of projects and programmes*: Programmes and projects that contribute to the same intermediate outcome causal pathways may be evaluated as a group or 'family' of interventions, enabling joint evaluations or opportunities for cross programme comparison. These evaluations will sample projects and synthesise programme evaluations to support cross-programme learning on performance (*what is working well, why*), evaluating progress towards the Fund ToC intermediate outcomes, and direction of travel towards intended results.

   During the first year of evaluation these potential groupings of programmes or projects will be reviewed, through interaction with the PMs and the Programme evaluability assessments.

   Following the first year's formative programme evaluations, a sample of PF programmes and interventions will be identified – in discussion with the PFMO – for summative learning evaluations. Sampling will be undertaken against clear and transparent criteria, but are likely to focus on the major strands of investment made by the PF (e.g. trade, infrastructure, financial services). In this way, it will allow lessons to be generated from the sample that can be usable across that 'family' of interventions. These evaluations will retain the user-focused approach, but provide learning on performance (what works, why and for whom) that will be valuable across the portfolio. By drawing-together the findings through a synthesis, these evaluations will inform the Fund level ToC, management strategy and decision-making. Synthesis of the summative evaluations will need to be based on the timeframes for generating findings from evaluations across the portfolio and will be staggered according to the start-up timings of the respective programmes.
3. *Fund level thematic cross-cutting evaluations:* Exploring specific themes that will be agreed with the PFMO at the beginning of each annual evaluation and learning cycle, based on areas of the Fund level ToC that require more Fund level evidence. These will cover cross-cutting issues (e.g. gender, VfM, partnership building) that are not specific to a particular strand (like health, infrastructure) but which will contribute to Fund level learning and assessment of performance as well as the Fund level processes that support Fund operations in these areas. The evaluations will draw on the existing Programme level evaluations being undertaken (to minimise duplication) but are also likely to make comparative assessments to other funds and programmes where there is potential for shared learning and also against which to 'benchmark' the PF. There may also be some additional data collection required at the central

level and from the wider evidence base. The evidence will be synthesised from across the data sources and evaluations with the aim of providing Fund level user focused findings.

4. *Fund level analysis and ToC Review*: The data supporting the Fund review will come from the programme and evaluations of families of projects and programmes and Fund level thematic evaluations. This annual review will bring together the evidence on the overall performance and achievements of the Fund and draw out areas for Fund wide learning and strategy. The compiled evidence will be mapped to the Fund ToC and recommendations for adaptations made where relevant.

The responsibilities of the E&L contractor are limited to the time frame of the PF (2017/18-2020/21) and the requirement to conduct a ten-year impact evaluation of the Fund is not part of the scope of this assignment. While the assignment will not conduct an impact evaluation, it will generate conclusions about achievement of outcomes and direction of travel towards impact.

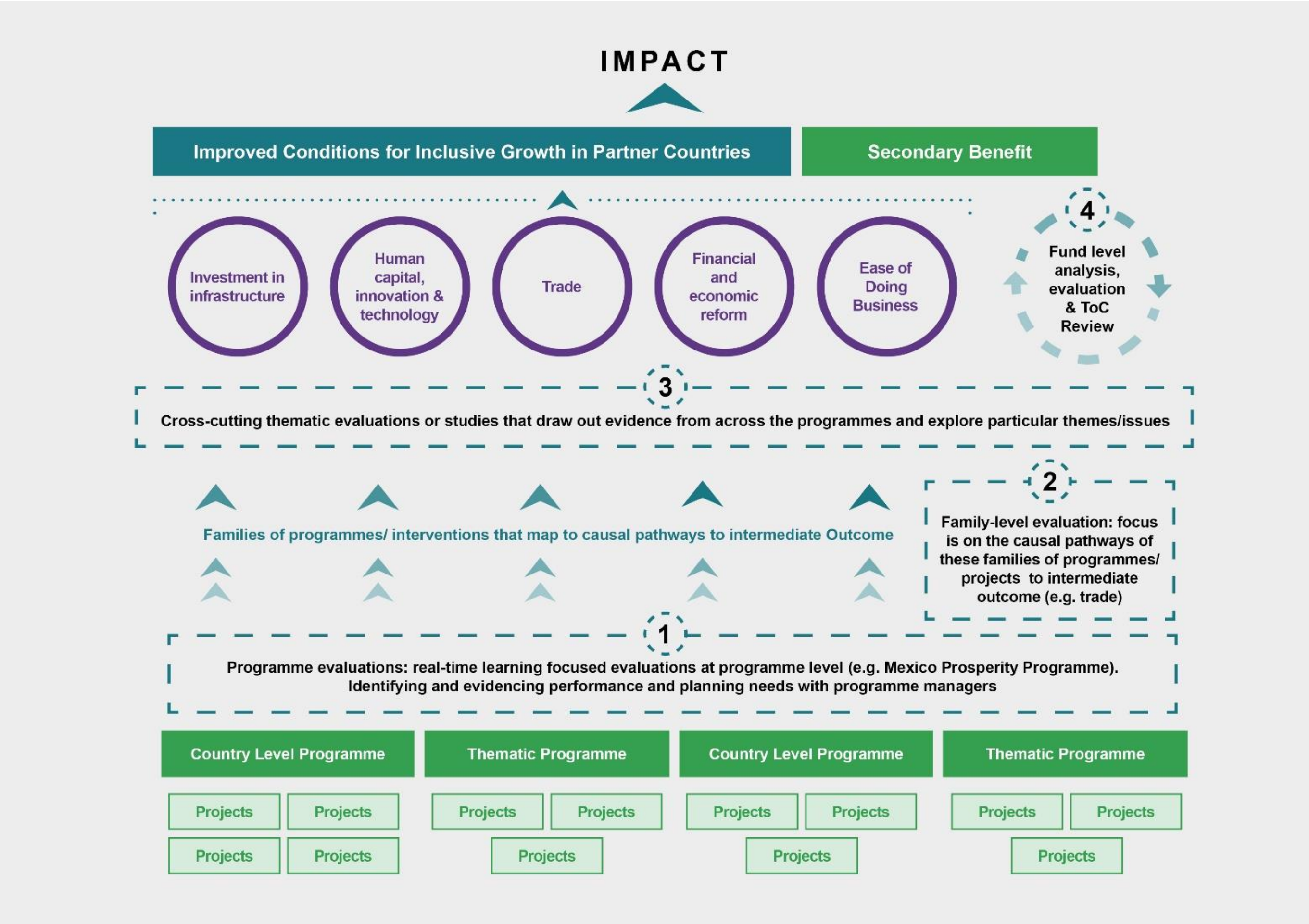


Figure *2* below demonstrates the interaction between Fund and Programme level evaluations envisioned.

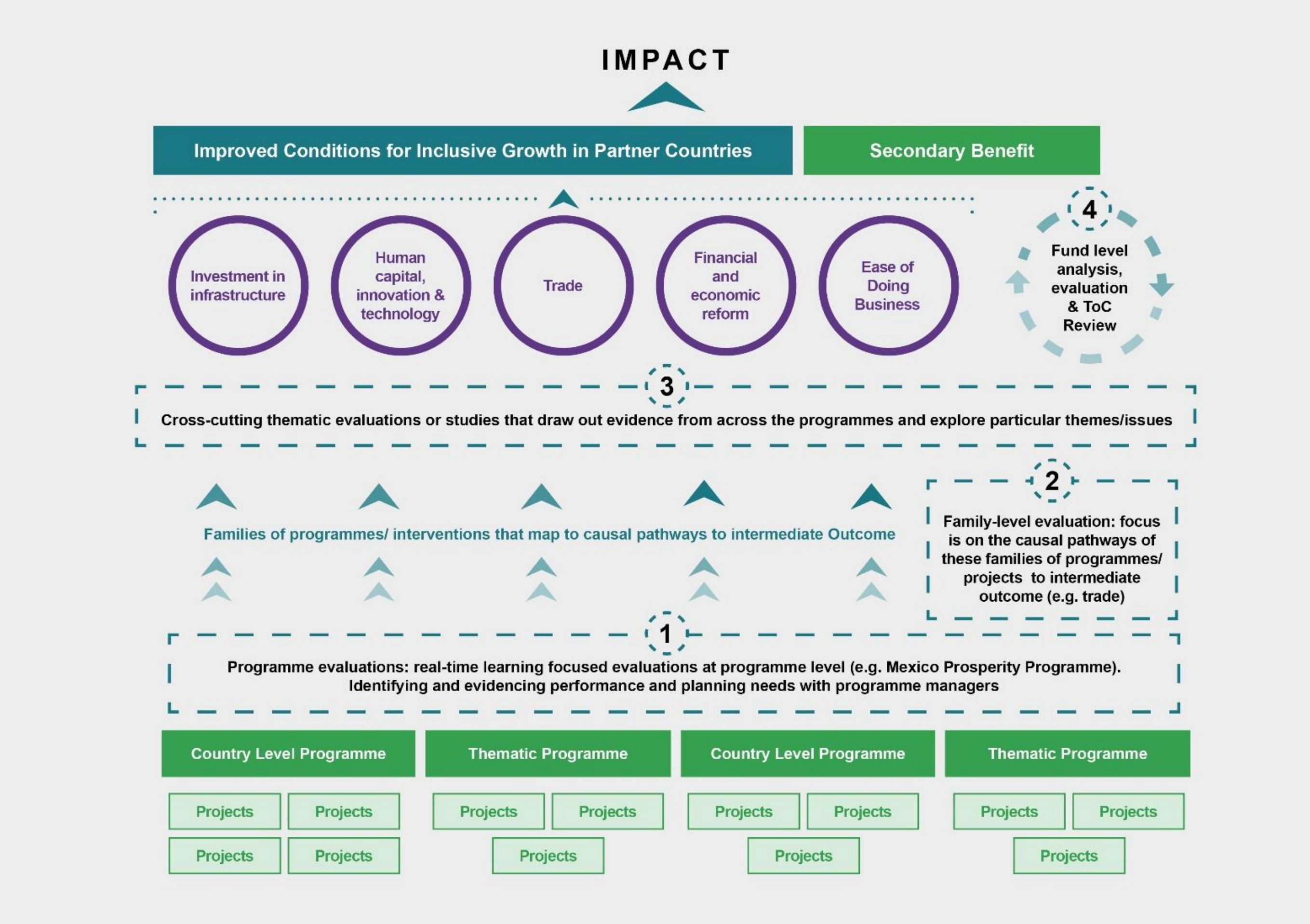


Figure 2: Interaction of the different levels of evaluation at the Fund and Programme levels

1.4.1 Approach to sampling, design and synthesis of evaluations across the portfolio

The E&L team expect to use a range of data sources, both internal and external to the Fund, in its annual assessments of the progress of the Fund as a whole. In each case, secondary data that builds the strength of evidence for intervention results being achieved will be collected (e.g. national statistical data, financial flow data) and this will need to be synthesised in order to contribute to the assessment of the progress along the ToC at Fund level. Much of the quantitative data required is expected to come from the MR data platform (Prospero). Evidence generated by the annual programme evaluations, the family-level and the thematic evaluations will also be brought together to contribute to the overall assessment of performance. In order to be able to synthesise findings on performance of the Fund as a whole, it is also important to develop comparable EQs for evaluating different types of interventions. It may not be appropriate or necessary to always use the same methods, but where there is an explicit expectation for the evidence to be aggregated or combined, we will first consider methods that allow for synthetic analysis. Our approach to sampling and synthesis will include:

- Using a set of criteria for selecting programme and intervention level evaluations, which will include evaluability.
- Preparing a menu of suggested methods appropriate for evaluating the types of projects we expect under the BCs, based on current knowledge and drawing from the evaluation literature. These cannot be definitive since methods will ultimately need to be tailored to the interventions which are actually contracted.
- Setting up a process for supporting our evaluation syntheses, including the use of common evaluation teams, data collection and analysis instruments, clear guidance on how evidence is collected, analysed and written up and coordinated to minimise duplication and evaluation fatigue.

1.5 Learning within the Annual Cycle

We will support the Fund and its programmes to use the evaluation to actively manage delivery and inform future PF BCs and strategy. The form of support offered will be tailored through an evidence based Learning Diagnostic. This Learning Diagnostic has been completed during the Inception Phase. It analysed PF stakeholder learning priorities / preferences, existing learning plans and systems in PF HMG departments, and research on learning approaches in the UK public / international development sector. The learning diagnosis covered four dimensions: Culture, Process, Technology, and Risks.

Based on this diagnostic, and aligned to our user-focused approach, a strategy and plan for how, when and for whom learning support will be delivered will be prepared. On the basis of the diagnosis we have made, we propose that in our approach to learning within the annual cycle, PF stakeholders are offered relevant ongoing opportunities to:

- Participate in the design of programme level evaluation frameworks, Fund level process evaluation, and thematic studies (this is necessary under a user-focused approach);
- Validate draft evaluation outputs that present evidence from their work;
- Access evaluation and learning knowledge products;
- Make sense of evaluation findings and recommendations and plan follow-up actions;
- Engage in peer-to-peer conversations to share know-how and experience where gaps exist in informal PF networks;
- Experience a culture of learning within the PF;
- Develop their own organisational learning initiatives; and
- Identify additional sources of learning support outside the evaluation and learning service.

We acknowledge that learning requires a strong engagement with the users. This requires a commitment of time to be successful. Our evaluation and learning approach – whilst true to the spirit of utility and learning – will need to balance the availability of PF managers to engage and respond in a way that allows the evaluations to inform planning, management and organisational learning.

1.6 Cross cutting issues

Through our integrated approach, cross cutting issues such as inclusive growth, gender and VfM will be considered at both the Fund and programme level, and throughout our evaluation activities rather than treating them as separate components.

Our understanding of VfM encompasses the concepts of both the delivery of ‘value’, i.e. results or benefits, as well as minimising ‘expenditure of money’ or costs related to the delivery of PF results. VfM for PF activities means the realisation of primary and secondary benefits at a reasonable cost. It implies the optimal or effective allocation of funds to achieve desired objectives, rather than simply minimising costs, and encompasses the notions of economy, efficiency and effectiveness.

Separate papers have been produced which outline our approaches to how these cross-cutting issues will be considered as well as the specific tools that will be used to allow examination of these issues as part of Fund and programme level evaluations. However, given their importance to understanding overall PF performance and to guide learning, they will be treated holistically when exploring performance of both the Fund and programmes.

1.7 Principles

The following principles will guide our overall approach to evaluation and learning:

- Evaluation and learning activities will be guided by the evaluation framework and the underpinning Fund ToC. In line with the adaptive management of the Fund, the evaluation and learning approach will be reviewed and adapted annually based on evidence generated as part of the evaluation and learning cycle.

- As the central organisational structure guiding this evaluation, the ToC will be reviewed and updated annually based on evidence generated as part of the annual evaluation activities.
- Evaluation activities will have a learning focus in the sense that they will identify evidence to be used during planning and implementation (a formative approach) based on the information needs of stakeholders (user-focused).
- Interventions and activities will be based on 'do no harm' principles and incorporate ethical practices.
- The evaluation at the Fund and programme levels will incorporate gender and social inclusion-sensitive considerations.
- Our learning approach will be based on a clear understanding of the different stakeholders, including beneficiaries and their differing monitoring, evaluation and learning needs. Findings will be fed back in inclusive ways.
- Evaluations will be conducted at appropriate times to feed into key decision timelines of Fund.
- Learning-focused programme evaluations will be tailored to the needs of the individual programmes and PMs but their results will also inform the overall understanding of PF performance. To ensure that these evaluations fit with both their primary and secondary purpose, the frameworks for each individual programme evaluation will be developed with the overarching framework in mind and specific tools for matching and 'translating' data and findings across will be developed.
- Methods will address Organisation for Economic Cooperation and Development (OECD) evaluation best practices and respond appropriately to the EQs, data sources, beneficiary feedback and PF Fund and programmes to minimise limitations of evaluation findings.
- A robust multi-layered QA process will be applied to ensure the generation of high quality evidence. This will ensure the evaluation is governed by explicit principles covering: inputs (methodologies, people, resources); processes (oversight and governance, management arrangements, stakeholder engagement, communications); and deliverables (outputs).

2. Prosperity Fund Theory of Change

2.1 Role of the Theory of Change

The ToC described in Figure 1 (and in its accompanying narrative not included in this document[5]) provides the basis for understanding the change and contributions made by PF. This broad, conceptual framework underpins this document and the evaluation as a whole and has been used to help frame the selection of EQs (the process for EQ selection is described in section 3 below), and support prioritisation of evaluation and learning activities.

2.2 Process of reviewing the theory of change during evaluation

The ToC as described in Figure 1 forms the backbone of the theory-based approach to the PF evaluation. This section describes the approach to the ToC during implementation.

Fund Level ToC

The Fund ToC will be reviewed with key PF stakeholders each year in the light of emerging evidence. Recommendations for updates to the ToC will be made through this review process. The initial evidence base for change and assumptions in the "lower-half" of the ToC (i.e. below intermediate

[5] The UK Prosperity Fund: Theory of change narrative, evidence and assumptions. FCO, October, 2015

outcomes) will be reviewed and revisited based on the evidence from the first year's formative evaluation of programmes.

There are aspects of the ToC that the evaluation team will unpack and explore as part of each annual learning event to feed into the annual Fund ToC reviews. The annual ToC review will focus on causal pathways and assumptions: whether the strengthening evidence base implies changes to assumptions of causal pathways. In the early years of implementation, this is likely to focus on evidence emerging at the lower level of the Fund ToC, and changes in the pathways from outputs to intermediate outcomes. During Inception Phase, the evaluation and learning team is making an initial assessment of how the programmes and projects map to the causal pathways into intermediate outcome (e.g. Trade, Infrastructure, Health). During the first year of evaluation these potential groupings, or 'families', of programmes or projects will be reviewed, through interaction with the PMs and the programme evaluability assessments.

As programme results emerge, evaluations that focus on different 'families' of projects or programmes may be undertaken, providing evaluative learning for the Fund ToC, and valuable cross-programme learning opportunities. The data supporting the Fund level ToC review will come from the programme evaluations and Fund level thematic studies and the findings will be reported in the annual Fund performance evaluation / synthesis. Recommendations will be made on modifications to the ToC (such as changes to assumptions) that reflect PF adaptation and course correction where needed.

Towards the close of the Fund (in 2022) a final review of the Fund ToC at all levels will be conducted. In parallel, a contribution analysis of selected programmes using the ToCs will be undertaken.

Programme level ToCs

As indicated in the first paragraph above, the implementation stage of the PF evaluation will begin with the provision of formative support to ToC development in partnership with PMs. For the programmes, the purpose would not be for the E&L team to 'write the ToC' but rather to meet the demand for support from programmes to improve and then operationalise their ToCs and BCs as a tool for setting – and monitoring - realistic programme objectives. This process will allow an early opportunity to deliver usable recommendations for adaptation and course correction, and flows well from existing EQs.

Comment on the Current ToC

Analysis of the ToC undertaken during the Inception Phase, taking into consideration a review of programme BCs, has identified a number of changes that may be recommended for the end of the Inception Phase and will be captured in a separate inception deliverable. In summary, the analysis suggests consideration of additional assumptions and further consideration of the output to intermediate outcome causal pathways in the 'lower' part of the Fund ToC.

Comment on Fund ToC Assumptions

At the lower end of the ToC, for the funded projects to contribute to the intended intermediate outcome causal pathways, we have identified some underlying assumptions about the design and implementation of the programmes. These assumptions will be tested by a number of the proposed EQs and have a process nature. We would suggest that these be considered as underlying the implementation of good projects to contribute to the intermediate outcomes. These have been plotted (in orange) under the inputs on the Annex 1 ToC diagram.

- The three-pillar understanding of sustainability runs through programming design – green, self-financing and inclusive.
- PF programmes and interventions have built into design approaches that address issues related to the economic empowerment of women and other excluded groups in line with the UK's Gender Equality Act and the Prosperity Fund Gender and Inclusion Policy, Guidance and Inclusion Framework.
- There is an appropriate balance between primary and secondary benefit.

- The Prosperity Fund brings additionality and a unique programmatic offering to the countries and sectors in which it works.
- Human resource capacity and management needs at programme and fund level have been identified and measures have been put in place to support management.
- Evidence on VfM is used to guide improvements to PF programmes and processes.
- The PF is learning key lessons from its programmes and projects.

Comment on Intermediate Outcome Causal Pathways

The initial analysis of the causal pathways to intermediate outcome in the Fund ToC suggest some commonalities in the ways that programmes seek to contribute to the Fund's intended outcomes and impacts and that it may be possible to map out common pathways against which evaluation evidence may be mapped as part of future analyses. Specifically, through the portfolio analysis, specific 'families' of projects (ten in total) have been identified. These 'families' represent projects which share a common sectoral focus or a similar pathway to change, comprising:

1. Physical Infrastructure,
2. Future Cities,
3. Energy and Low Carbon,
4. Technology / Digital Access,
5. Health and Education,
6. Innovation: projects which belong to a 'family', but which cluster together because they involve the piloting / demonstration of innovative products,
7. Trade,
8. Financial services,
9. Business Environment Reform (BER), and
10. Transparency and Anti-Corruption.

Validation, with programme leads, of the categorisation of projects according to these 'families' is ongoing. After this consultation the categorisation will be adjusted (and any new 'families' identified added). Given the utility of the 'families' in providing more detail on the composition of the 'lower half' of the Fund ToC (and in framing one of the evaluation products), the E&L team have proposed (in the *Theory of Change Paper*) that the 'families' be integrated into the PF ToC.

3. Evaluation questions

The EQs provide a clear structure for analysis for both the Fund and programme level evaluations. These will also provide the basis for the structure of the data collection and analysis methods for the evaluation as a whole, as well as reporting. The PF MREL provided a list of indicative EQs in the ToRs. The E&L team followed the steps outlined in Box 1 below to generate the revised EQs that are included in this document.

Box 1: Process to revise evaluation questions

Process taken to proposed EQs

- Drawn from the EQs in the TOR
- Guided by OECD-DAC principles (relevance, effectiveness, efficiency, sustainability and impact)
- EQs refined after a process of:
    - Mapping to the ToC (outputs to intermediate outcomes, assumptions, VfM);
    - Identification of additional evidence/info needed
- Discussion and interaction with PFMO and MR

Once the EQs are agreed, they will be linked to appropriate data sources, indicators, methods and evaluation sequencing in a matrix format. This will form part of the methodology and Inception Report.

We propose to keep the overarching EQ the same as outlined in the ToR for the Fund and the programme evaluations:

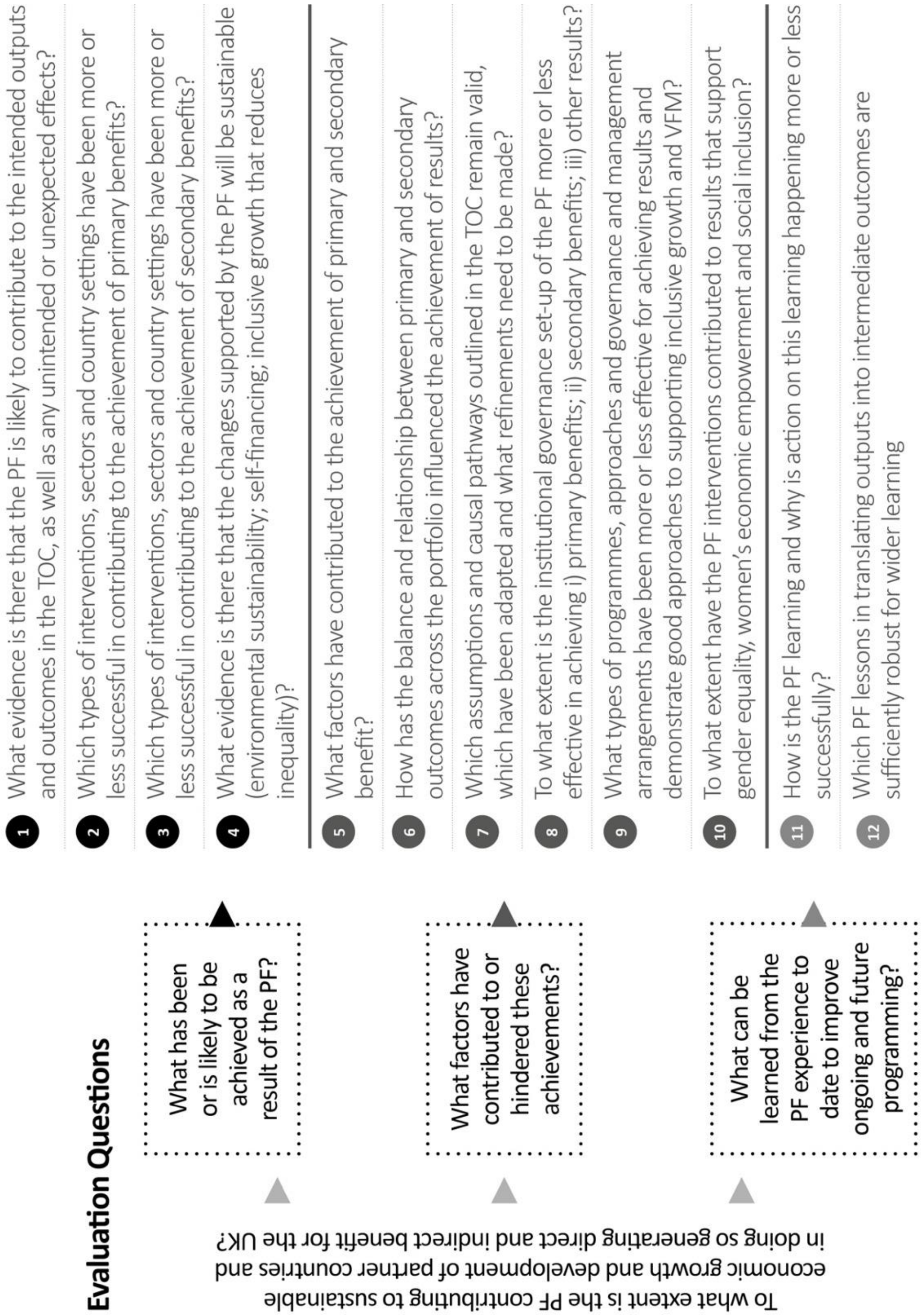
> *To what extent is the Prosperity Fund contributing to sustainable economic growth and development of partner countries and in doing so generating direct and indirect benefit for the UK?*

The following three proposed core questions were included in the ToR; they will guide the evaluation and learning activities:

1. What has been or is likely to be achieved as a result of the Prosperity Fund?
2. What factors have contributed to or hindered these achievements?
3. What can be learnt from the Prosperity Fund experience to date to improve on-going and future programming?

Based on the assessment of the Fund thus far and interaction with key PF stakeholders at Fund and Programme level, a series of evaluation and learning questions have been prepared that cascade down from these three core questions. These are presented in Figure 3 below. These have been mapped to the ToC in Annex 1 (red boxes) whilst Annex 2 provides a more detailed breakdown indicating alignment to the OECD-DAC criteria and justification for revisions from original questions.

Figure 3: Evaluation Questions Annual Evaluation and Learning cycle



3.2 Cycle structure and outputs

Drawing on evaluation best practice for adaptive and learning focused evaluations[6], the E&L team will deploy a structured annual evaluation and learning cycle to guide thematic, evaluations of families of projects and programmes, and programme evaluations. Engagement with evaluation users at Fund and Programme level will inform the planning for the subsequent cycle (i.e. applying

[6] A range of sources, including Wilson, Gregory (2016). What is Adaptive Management? USAID Learning Lab. Available at https://usaidlearninglab.org/lab-notes/what-adaptive-management

the five points in Section 2.3 above). That engagement will inform particular thematic and sampling foci and inform timing to ensure that our evaluation evidence and learning continues to respond to emerging interests and decision-points.

3.2.1 Generic Cycle

The evaluation and learning assignment will result in a range of evaluation outputs each year, which will be outlined in the annual approach paper which will cover process, performance and thematic aspects. In addition, there will be several programme evaluation outputs produced (that have a learning focus). How these products are variously formatted and presented will be determined as the Knowledge Management System and the process for how different types of evaluation information are disseminated, are agreed.

The process for the annual cycle of outputs is outlined below:

Fund Level

- *Annual Fund ToC review* - with relevant PF stakeholders to map new evidence to the Fund ToC and to identify any revisions needed and the causal steps, impact pathways or assumptions, and areas of focus for the next year. This will draw on the Fund level synthesis of evidence from the evaluations (programme level and the thematic).
- *Annual co-review* - with relevant PF stakeholders at the Fund level. Review of the previous year evaluation process and findings to guide decision-making on thematic questions and the scope of activities to be covered in the upcoming year. This will consider the ToC review and wider contextual factors that may affect prioritisation or focus.
- *Annual review of EQs*- with relevant PF stakeholders to ensure they are still fit for purpose and to make adjustments based on feedback and emerging evidence to ensure that we can collect evidence as expected.
- *Annual evaluation and learning paper* – which will include an annual synthesis of results and the questions, scope, team and resources, timelines, methods and evaluation activities and outputs to be delivered as part of the next year.
- *Annual summary report* - synthesising the Fund evaluation and learning activities that covers process, performance and thematic aspects and the outputs of the programme evaluation activities conducted that year.

Programme Level

At the programme level, the evaluation activities should be designed to facilitate a learning process by responding to PMs' learning and information needs. Given the scale of the Fund, it is unlikely that the evaluation can serve all the interests of all potential evaluation users. During the discussion of evaluation findings each year with PMs, including the assessment of both performance and programme design (through the evidencing and testing of the programme interventions' ToCs), knowledge gaps, learning needs and priorities will be reviewed. These will be combined across those programmes evaluated and fed back up to the Fund level to inform the annual co-review.

- *Implementation of evaluation and learning activities* - as outlined in the annual approach paper.
- *Annual programme evaluation and learning reports* – providing the results and recommendations from the programme evaluations specific to the targeted intervention, group of interventions, or programme. This would include:
    - Evidence mapped against the evaluated intervention ToCs to improve understanding of the causal steps, impact pathways or assumptions within the intervention's design.
    - Evaluation of progress towards results by qualifying the monitoring data.

3.2.2 Developing a process for Year 1

The plan for the first year (i.e. 1st year of implementation for the E&L team) is still being developed as our understanding of the PF programmes and their respective interventions improves. It will be presented in the Inception report. However, a Year 1 cycle is emerging: to bring together what has been presented in the framework, we are anticipating:

Fund Level

Comments on areas of strong or weak evidence within the Fund ToC will be prepared in the Inception phase and inform Y1 evidence gathering and synthesis. The initial evidence base for change pathways and assumptions in the "lower-half" of the Fund ToC (i.e. below intermediate outcomes) will be developed using the first year's formative evaluation of programmes. A baseline will be developed for each of the evaluation questions and to address context questions which explore the influence of differing contexts on the performance of interventions.

There are certain cross-cutting issues that could be captured more strongly in the Fund level ToC, and which would benefit from a thematic focus (i.e. are not specific to certain programmes or 'families' of programmes). Assessment of the extent to which VfM, gender and inclusion, and sustainability have been addressed within programme design are three examples of cross-cutting issues that may be a focus of the early thematic evaluation.

Programme Level

We recognise the PF is a new initiative using a wide range of modalities and that it is operating at a scale that may be new for some of the implementing Departments. This brings challenges and opportunities, and also requires the teams managing the programmes to build their understanding how they best use management information (of which evaluation data is part) as a tool to build learning and improve their performance. This process will allow an early opportunity to deliver usable recommendations for adaptation and course correction and flows well from the existing EQs.

We expect the first year's programme evaluations to reach all programmes. They will explore:

- Programme evaluability (through the assessment of their interventions' ToCs, clearly defining outcomes, causal pathways and building the initial evidence base necessary for any subsequent contribution analysis);
- Preparedness of management teams to use evaluation information effectively ("what can evaluation tell me" and "how can I use this to help me manage my programmes better");
- Identification of early learning needs of programme teams and set out a process for using evaluation information to contribute to programme management cycles.
- In some cases, expanding on critical contextual evidence (such as through political economy analyses) may be identified as necessary and undertaken.

This will inform a user-focus to the design of user-focused EQs and necessary methods for answering them.

We expect these programme evaluations to be staggered as the programmes come on stream, with the majority in Y1, but some potentially being in Year 2 of the evaluation and learning implementation.

It should be emphasised that this is developing and will be subject to ongoing discussion with the PFMO during the inception.

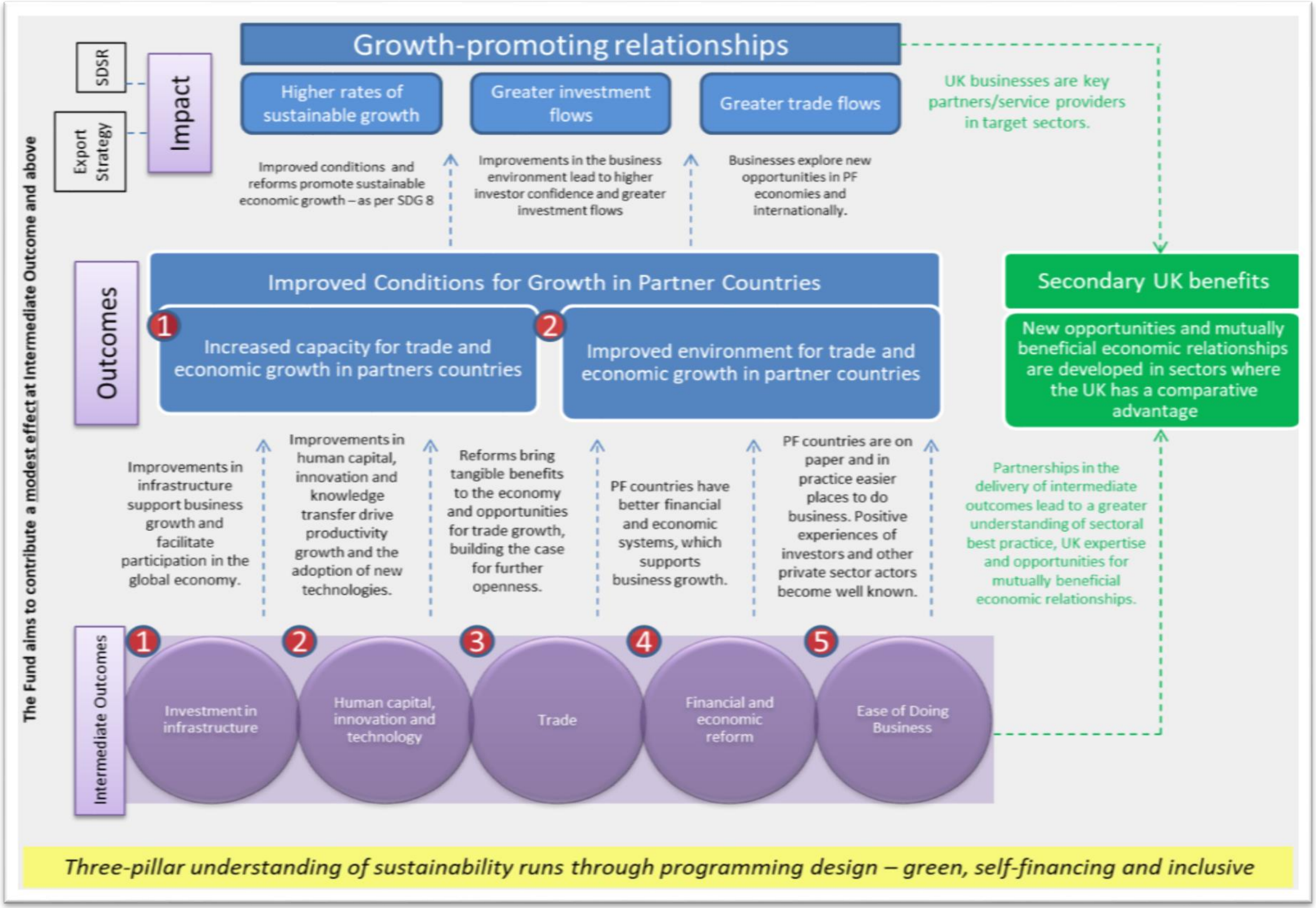
3.3 Practicalities & Risks

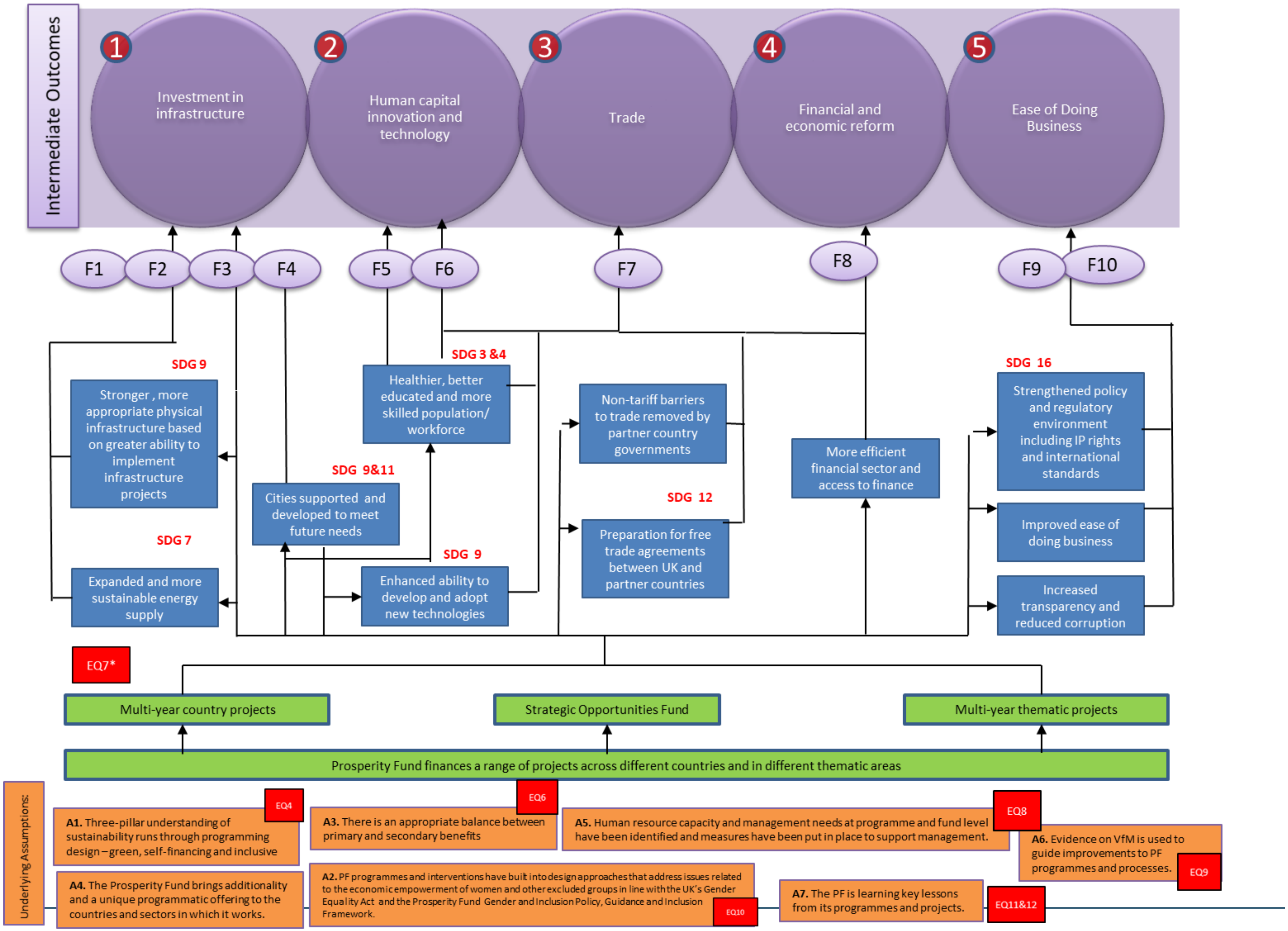
The implementation of this framework will consider the following:

- Demands and burdens on busy PF stakeholders to ensure that interactions are not duplicative or repetitive and to ensure that evaluations provide findings that are practical and useful for these stakeholders.
- Use of targeted and user oriented approaches that responds to practical needs (i.e. not every PM will be interested in engaging with the evaluation teams).
- Reliance on secondary data where possible (including MR data as one data source) to avoid burdens to PF stakeholders.

- Focuses on understanding key changes and processes rather than all activities undertaken at programme levels.
- The need for consistency of evaluation approaches across our large and geographically diverse team, particularly for programme level evaluations.
- Risks associated with delays to PF Programme level implementation and different speeds of implementation of PF projects.
- Risks associated with changes to the design and approach of PF programmes once implemented.
- Risks associated with high levels of trust needed to report and share less successful delivery.
- Risks associated with high levels of coordination needed to synchronise and / or re-purpose evaluation outputs to respond to PF stakeholder opportunities to act on learning.

Annex 1: Prosperity Fund Theory of Change




Intermediate Outcomes
1 Investment in infrastructure
2 Human capital innovation and technology
3 Trade
4 Financial and economic reform
5 Ease of Doing Business
F1
F2
F3
F4
F5
F6
F7
F8
F9
F10
SDG 9
Stronger , more appropriate physical infrastructure based on greater ability to implement infrastructure projects
SDG 7
Expanded and more sustainable energy supply
SDG 3 &4
Healthier, better educated and more skilled population/ workforce
SDG 9&11
Cities supported and developed to meet future needs
SDG 9
Enhanced ability to develop and adopt new technologies
Non-tariff barriers to trade removed by partner country governments
SDG 12
Preparation for free trade agreements between UK and partner countries
More efficient financial sector and access to finance
SDG 16
Strengthened policy and regulatory environment including IP rights and international standards
Improved ease of doing business
Increased transparency and reduced corruption
EQ7*
Multi-year country projects
Strategic Opportunities Fund
Multi-year thematic projects
Prosperity Fund finances a range of projects across different countries and in different thematic areas
Underlying Assumptions:
A1. Three-pillar understanding of sustainability runs through programming design – green, self-financing and inclusive
EQ4
A3. There is an appropriate balance between primary and secondary benefits
EQ6
A5. Human resource capacity and management needs at programme and fund level have been identified and measures have been put in place to support management.
EQ8
A6. Evidence on VfM is used to guide improvements to PF programmes and processes.
EQ9
A4. The Prosperity Fund brings additionality and a unique programmatic offering to the countries and sectors in which it works.
A2. PF programmes and interventions have built into design approaches that address issues related to the economic empowerment of women and other excluded groups in line with the UK's Gender Equality Act and the Prosperity Fund Gender and Inclusion Policy, Guidance and Inclusion Framework.
EQ10
A7. The PF is learning key lessons from its programmes and projects.
EQ11&12

Annex 2: Evaluation Questions and Matrix

What has been or is likely to be achieved as a result of the Prosperity Fund? (intermediate outcomes and outputs)						
Proposed sub-questions	Original evaluation questions comment and programme level question	**Relevance**	**Effectiveness**	**Efficiency**	**Sustainability**	**Impact**
1. **What evidence is there that the Prosperity Fund is likely to contribute to the intended outputs and intermediate outcomes in the ToC, as well as any unintended or unexpected effects?**	In the short-to-medium term, what evidence is there that the Fund has been or is likely to contribute to intended outputs and intermediate outcomes as suggested in the Fund's ToC, as well as unintended or unexpected effects at any level? **Comment:** No change from original question. This is a question that applies at Fund, and Programme level. Findings at Fund level will require information to by aggregated or synthesised by country/ programme and by major type and theme of project. To produce synthesisable findings of use to programme managers, sufficient information will be required either at the programme level or to synthesise up to programme level. Programme EQ: *What evidence is there that the programme or its projects are likely to contribute to the intended outputs and intermediate outcomes in the ToC, as well as any unintended or unexpected effects?*	✓	✓			✓
2. **Which types of interventions, sectors and country settings have been more and less successful in contributing to the achievement of primary benefits?**	Which types of interventions, and in which sectors and types of country settings, have been most successful in leading to outcomes in the areas of investment; innovation and knowledge transfer; trade, financial and economic reform; policy and regular capacity, and ease of doing business? **Comment:** Changes have been made to capture evidence around less successful interventions and to outcome level changes to focus the questions more directly on the ToC. At the Fund level, the question relies on a synthesis of findings from interventions grouped by programme, country (if different from programme) and sector. Programme EQ: *Which types of interventions and which sectors or country settings have been more and less successful in contributing to the achievement of primary benefits?*	✓	✓			✓
3. **Which types of interventions, sectors and country settings have been more and less successful in contributing to the achievement of secondary benefits?**	What are the characteristics of programmes and interventions that have led to strengthened partnerships that show evidence of likely contributing to improved economic growth and development and to UK benefit? **Comment:** The question has been changed to match Question 2, with the focus on secondary benefits. At the Fund level, the question relies on a synthesis of findings from interventions grouped by programme, country (if different from programme) and sector.	✓	✓			✓

What has been or is likely to be achieved as a result of the Prosperity Fund? (intermediate outcomes and outputs)		**Relevance**	**Effectiveness**	**Efficiency**	**Sustainability**	**Impact**
Proposed sub-questions	Original evaluation questions comment and programme level question					
	Programme EQ: *Which types of interventions and which sectors or country settings have been more and less successful in contributing to the achievement of secondary benefits?*					
4. **What evidence is there that Prosperity Fund interventions will be sustainable and ensure environmental sustainability, will be self-financing and lead to inclusive growth that reduces inequality?**	Which types of initiative, and under which sets of circumstances, are most likely to lead to growth and development that benefits the poor and to cross-cutting themes, such as gender equality, human rights and respect for minority populations, reductions in corruption, respect for the environment? **Comment:** Adapted to reflect the definition of sustainability in the PFMO Concept Note Findings when synthesised at Fund or portfolio levels will reveal patterns in factors affecting sustainability and inclusive growth. Programme EQ: *What evidence is there that the changes supported by the programme's interventions will be sustainable and ensure environmental sustainability, will be self-financing and lead to inclusive growth that reduces inequality?*				✓	✓

What factors have contributed to or hindered these achievements?		Relevance	Effectiveness	Efficiency	Sustainability	Impact
Proposed sub-questions	Original Evaluation questions and comment					
5. **What factors have contributed to the achievement of primary benefits and secondary benefits?**	Not an original question. Captures an understand of contributing factors. **Comment**: Evidence from programme, portfolio and thematic evaluations mapped to causal pathways at Fund level. Programme EQ: *What factors have contributed to the achievement of primary and secondary benefits?*	✓	✓			✓
6. **How has the balance and relationship between primary and secondary outcomes across the portfolio influenced the achievement of results?**	Not an original question. Added in to capture evidence on the relationship between primary and secondary objectives. **Comment**: This question relies on monitoring and other reporting at Fund level and an analysis of programme and project-level reporting, including monitoring indicators and output milestones. Programme EQ: *How has the balance and relationship between primary and secondary outcomes across the Programme's portfolio influenced the achievement of results?*	✓				✓
7. **Which assumptions and the causal pathways outlined in the ToC remain valid, which have been adapted and what refinements need to be made?**	How valid are the assumptions in the ToC? Are there refinements or changes that should be made, based upon early experiences with programmes and activities supported through the Fund? **Comment:** Adds a focus on causal pathways as well as assumptions. This question will also capture assumptions on sustainability, that the interventions are designed and managed to consider gender and inclusivity, that VfM is considered and used in the design and management of interventions. Synthesis showing analysis of assumptions at Fund level (including types or families of intervention) – mapped against Fund ToC causal pathways. Programme EQ: *Which assumptions and causal pathways outlined in the ToC remain valid, which have been adapted and what refinements need to be made?*	✓				
8. **To what extent is the institutional governance set-up of the Prosperity Fund more or less effective in achieving i) primary benefits; ii) secondary benefits; iii) other results?**	Not an original question. Added in to capture the importance around generating evidence on the performance and quality of PF systems and partnership working. **Comment:** Analysis of Fund, programme and project level governance and management processes. Programme EQ: *To what extent is the institutional governance set-up of the programme and its projects more or less effective in achieving i) primary benefits; ii) secondary benefits; iii) other results?*	✓	✓	✓		✓

What factors have contributed to or hindered these achievements?		Relevance	Effectiveness	Efficiency	Sustainability	Impact
Proposed sub-questions	Original Evaluation questions and comment					
9. **What types of approaches, governance and management arrangements have been more and less effective for achieving results and demonstrate good approaches to supporting inclusive growth and VfM?**	Which types of programmes and approaches represent better value for money? **Comment:** Added focus on collecting learning on the effectiveness of governance and management arrangements. Programme EQ: *What types of approaches, governance and management arrangements have been more and less effective for achieving results and demonstrate good approaches to supporting inclusive growth and VfM?*		✓		✓	
10. **To what extent have the Prosperity Fund interventions contributed to results that support gender equality, women's economic empowerment and social inclusion in line with the UK's Gender Equality Act and the Prosperity Fund Policy and Guidance and the Prosperity Fund Gender and Inclusion Framework?**	**Comment**: At Fund level, evidence may be organised by type, country context and sector family. Programme EQ: *To what extent has the programme and its interventions contributed to results that support gender equality, women's economic empowerment and social inclusion in line with the UK's Gender Equality Act and the Prosperity Fund Policy and Guidance and the Prosperity Fund Gender and Inclusion Framework?*	✓	✓			

Proposed sub- questions	Original Evaluation questions and comment					
11. **How is the Prosperity Fund learning and why is action on this learning happening more and less successfully?**	Not an original question. Added in to capture evidence on learning and why or why not learning has been successful. **Comment**: Fund level evidence synthesis of cases of feedback loops and adaptation from programmes. Validation of reported cases of programme level learning and adaptation. Programme EQ: *What kinds of learning processes are evident within and across programmes?*		✓		✓	
12. **Which Prosperity Fund lessons in translating outputs into intermediate outcomes are sufficiently robust for wider learning?**	What can be learned from initial experiences of the Fund overall, as well as of ongoing programmes, in order to make adjustments so that the intervention will be more likely to success? **Comment:** Added focus on outcome level learning. Programme EQ: *What Programme level learning is sufficiently robust for wider circulation between programmes?*				✓	