

Step 1a

Develop a Theory of Change

In brief

When you start to think about evaluating your programme, it is important to have a clear understanding of how you think your activities will lead to improvements in people's financial capability. A good way to build this understanding is to develop a Theory of Change, which describes the activities that you will run as part of your programme, and the changes in people's attitudes, knowledge, or behaviours that you expect to happen.

Key resources

- Theory of Change template
- Financial Capability Outcomes Frameworks and Question Banks
- Preparing for a Theory of Change Workshop presentation
- [Financial Capability Evidence Hub](#)

Why it's important

- ▶ To build a clear understanding of the aims about your programme and how you think the activities your programme contains will help bring about change.
- ▶ To ensure everyone involved in developing, delivering and evaluating the programme and has a shared understanding of how it will work.
- ▶ To help you think about what evidence already exists that links activities to changes, and where you will need to generate your own
- ▶ To develop hypotheses about how your programme will work, that you can test through your evaluation.
- ▶ To help you identify the outputs and outcomes to include in your evaluation.

What's involved

When you want to evaluate a programme, it is important to understand what it is you are evaluating. Being very clear from the start on what the intended goals of the programme are and what you can do to achieve those goals will help with programme planning and decision-making as well as with designing your evaluation. A Theory of Change is a simple way to show the relationships linking your organisation's resources and the activities you deliver to the goals you want to achieve. There are many ways to represent a Theory of Change; the most important thing is that it makes sense for your programme. At the end of this overview there are a few examples showing different ways of representing a simple Theory of Change for a children's financial capability programme.

How you go about developing your Theory of Change will depend on how well-developed your programme is. It may be helpful to hold a workshop to develop your Theory of Change with the people involved in designing and delivering the programme (and any other useful stakeholders).

To start with, try to answer questions such as:

People

- Who are the people (beneficiaries) your programme is aimed at?

Goal

- What is the overall aim or goal for your programme (what is the change you want to see)?

Outcomes

- What outcomes would need to happen in order for your aim to be achieved?

Assumptions

- What assumptions have you made about how your activities achieve certain outcomes? (These should be a key focus of your evaluation and may form the basis of your evaluation questions or hypotheses you want to test – whether these hold true or not will inform your understanding of how and why your activities were effective.)

Once you have thought about your aims, outcomes and goal you can fill in information about the activities you will deliver and the outputs of those activities in the Theory of Change template.

Activities

- The actions, tasks and work a project or organisation carries out to create its outputs and achieve its outcomes

Outputs

- The activities, services and products provided by an organisation

It is important to share your Theory of Change with your main stakeholders, including funders, delivery partners, staff and other organisations involved or affected by your programme, to ensure that you have a common understanding of how your programme will work and what outcomes your stakeholders are most concerned with. This will also help inform your evaluation design.

If your programme is well-developed or has been run once or more, you can see how the activities and resources of your programme relate to these outcomes and test those relationships.

If your programme is still in development, you have more freedom to think about what sorts of things might help your beneficiaries to achieve the intended outcomes and to do some research to see if there is anything that has already been shown to be useful. You may want to consider designing a programme that fills a gap: either in provision (e.g. for an audience who do not currently receive support) or in evidence (e.g. an innovative or poorly understood approach).

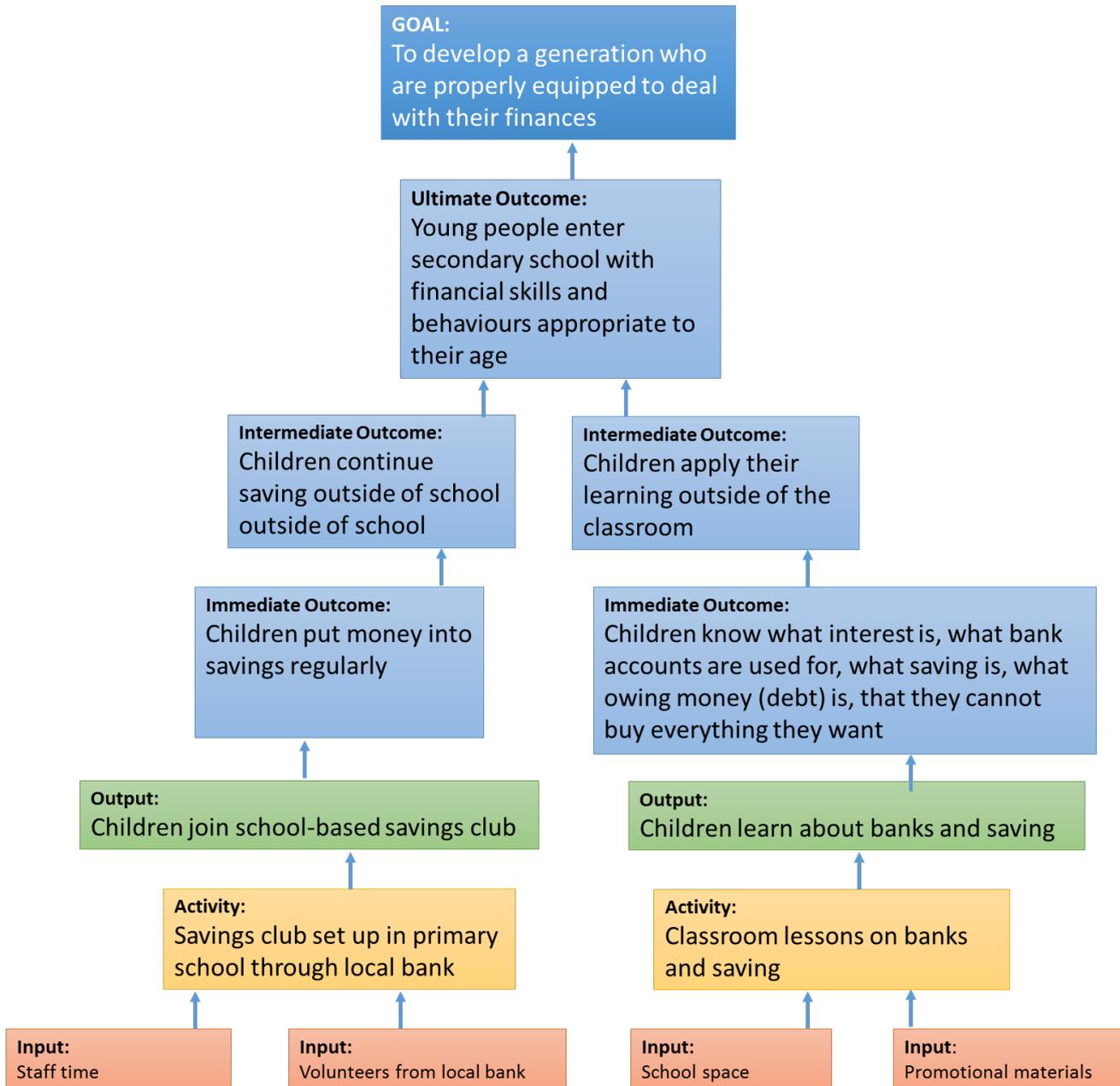
Using evidence

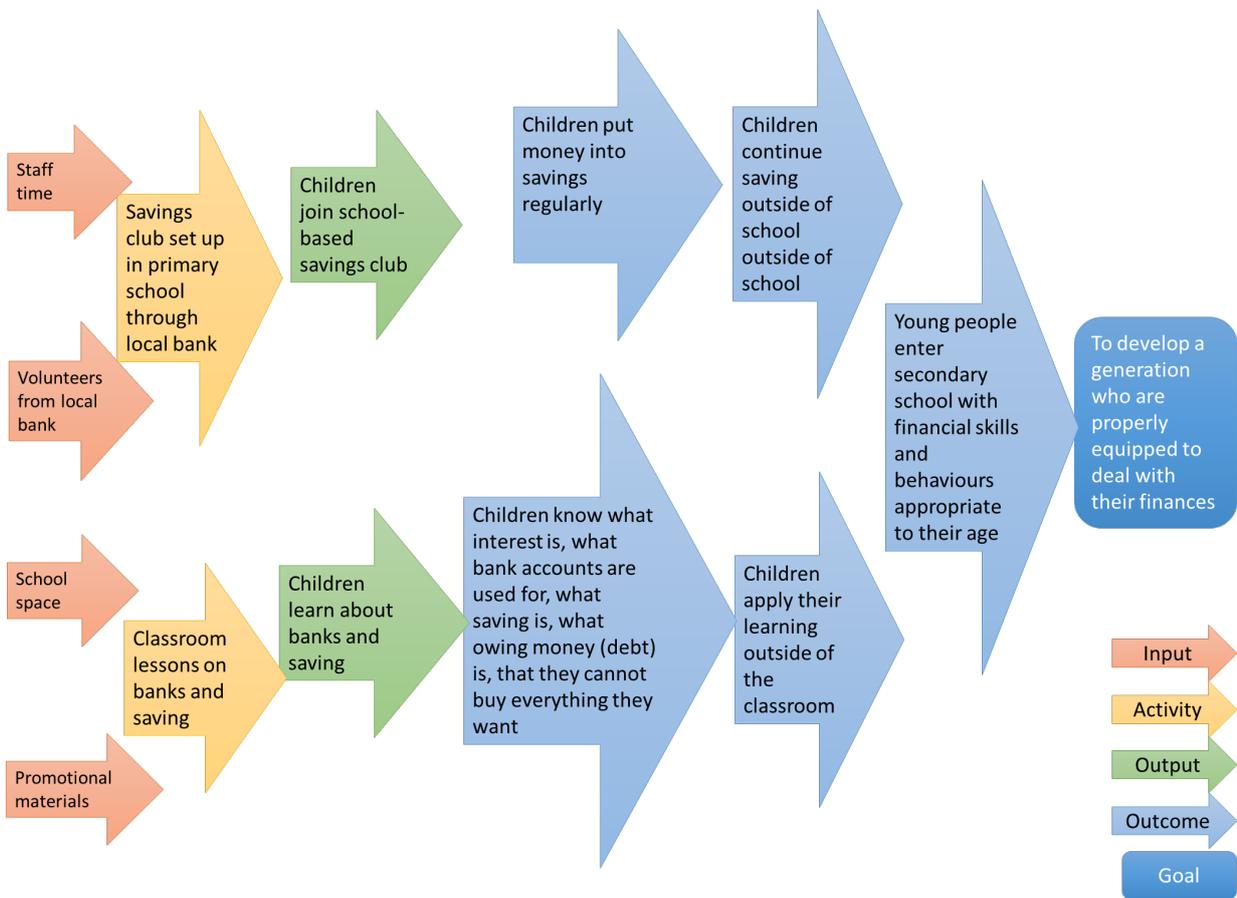
Explore the [Financial Capability Evidence Hub](#) to find out whether there is any existing evidence that supports your Theory of Change. For example, whether another study has tested the relationship between one of your activities and one of your outcomes, for a similar group of people. Knowledge about existing evidence will affect if and how you evaluate the different parts of your Theory of Change.

Further reading

- [Creating your Theory of Change – NPC's practical guide](#) (New Philanthropy Capital, 2014) – covers ways to create, use and visualise a Theory of Change
- [Guidance for developing a Theory of Change for your programme](#) (Nesta, TSIP) – a step-by-step guide and checklist for creating a Theory of Change

Some Theory of Change examples





| Inputs | Activities | Outputs | Outcomes | Goals |
|----------------------------|--|---|--|---|
| Staff time | Savings club set up in primary school through local bank | Children join school-based savings club | Young people enter secondary school with financial skills and behaviours appropriate to their age | To develop a generation who are properly equipped to deal with their finances |
| Volunteers from local bank | Classroom lessons on banks and saving | Children learn about banks and saving | Children continue saving outside of school | |
| School space | | | Children apply their learning outside of the classroom | |
| Promotional materials | | | Children put money into savings regularly | |
| | | | Children know what interest is, what bank accounts are used for, what saving is, what owing money (debt) is, that they cannot buy everything they want | |

