Monitoring and Evaluation (M&E) of EITI Implementation – Guideline

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CONTENT

1.   SUMMARY

This guideline seeks to complement the official [EITI guidance notes](#) that cover aspects of monitoring and evaluation (M&E).

For the M&E of EITI, a number of approaches and quantitative and qualitative data collection tools can be applied. However, for the time being the Annual Progress Reports and Validation Reports indicate that monitoring and evaluation systems are still at an early stage of development in some countries. This guideline helps EITI stakeholders on national and local level to make the case for better monitoring and evaluation.

The EITI is not, of course, an end in itself. Any M&E framework will need to set out clearly the wider aims of implementing EITI in terms of strengthening government and corporate systems, improving policy and governance in the sector.

This guideline is work in progress: We welcome your comments and case study examples and would like to consider them in future expanded versions. Please send your suggestions to X4D@giz.de

2.   REQUIREMENTS COVERING MONITORING AND EVALUATION

This guideline has been produced to expand upon the monitoring and evaluation components of several existing EITI guidance notes. Guidance notes that are relevant to this topic include:

▸ [Guidance Note 2 – Developing an EITI work plan](#)

▸ [Guidance Note 5 – Annual progress reports](#)

▸ [Guidance Note 20 – Developing, implementing and monitoring recommendations from EITI reporting.](#)

Where those guidance notes primarily look at how inputs to the EITI are to be linked to activities and outputs of EITI implementation, this guideline looks at the question of how to monitor and evaluate the outcomes and impacts.

Within the EITI Standard there are several requirements that relate to this. Most relevant to this guideline are:

1.5(a) The work plan must set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries ...

1.5(c) The work plan must include measurable and time bound activities to achieve the agreed objectives.

In addition to the Requirement 1.5 related to the EITI work plan, Requirement 7.4 states that:

... the multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.

Requirement 7.4 goes on to note that as part of this review the multi-stakeholder group is required to publish Annual Progress Reports and that those reports must include:

7.4(a) iv. An assessment of progress with achieving the objectives set out in its work plan (Requirement 1.5), including the impact and outcomes of the stated objectives.

3.   WHERE DOES M&E FIT IN?

EITI requires several different reporting formats and plans to be submitted at various points in the process of implementation above and beyond the EITI Reports that sit at the heart of the Standard and contain information about the extractives sector in a country. Because of this diversity of reports, it is useful to briefly reflect the different reports and plans and what their relationship is with M&E *(→ Figure 1)*.

The first plan produced by a country's EITI multi-stakeholder working group is normally the **EITI Work Plan**. They are there to answer the question: "What are the actions that we need to take in order to implement EITI so as to successfully improve the governance of the sector".

The next report produced by national multi-stakeholder groups is their **Annual Progress Report**. This report looks back at the preceding year to determine whether the activities and targets that were outlined in the work plan were carried out or achieved, and provides commentary on how implementation of the EITI requirements is going.

The questions that the Annual Progress Report asks are: "Did we do what we said we would do? How are we going on the path towards EITI implementation?" Are recommendations on how to improve governance being followed up on?

The next kind of reporting that takes place is the **EITI Validation** process that must be started within 2.5 years of a country becoming an EITI Candidate country, and then repeated according to the schedule set by the EITI Standard and the EITI Board. The question that the validation report
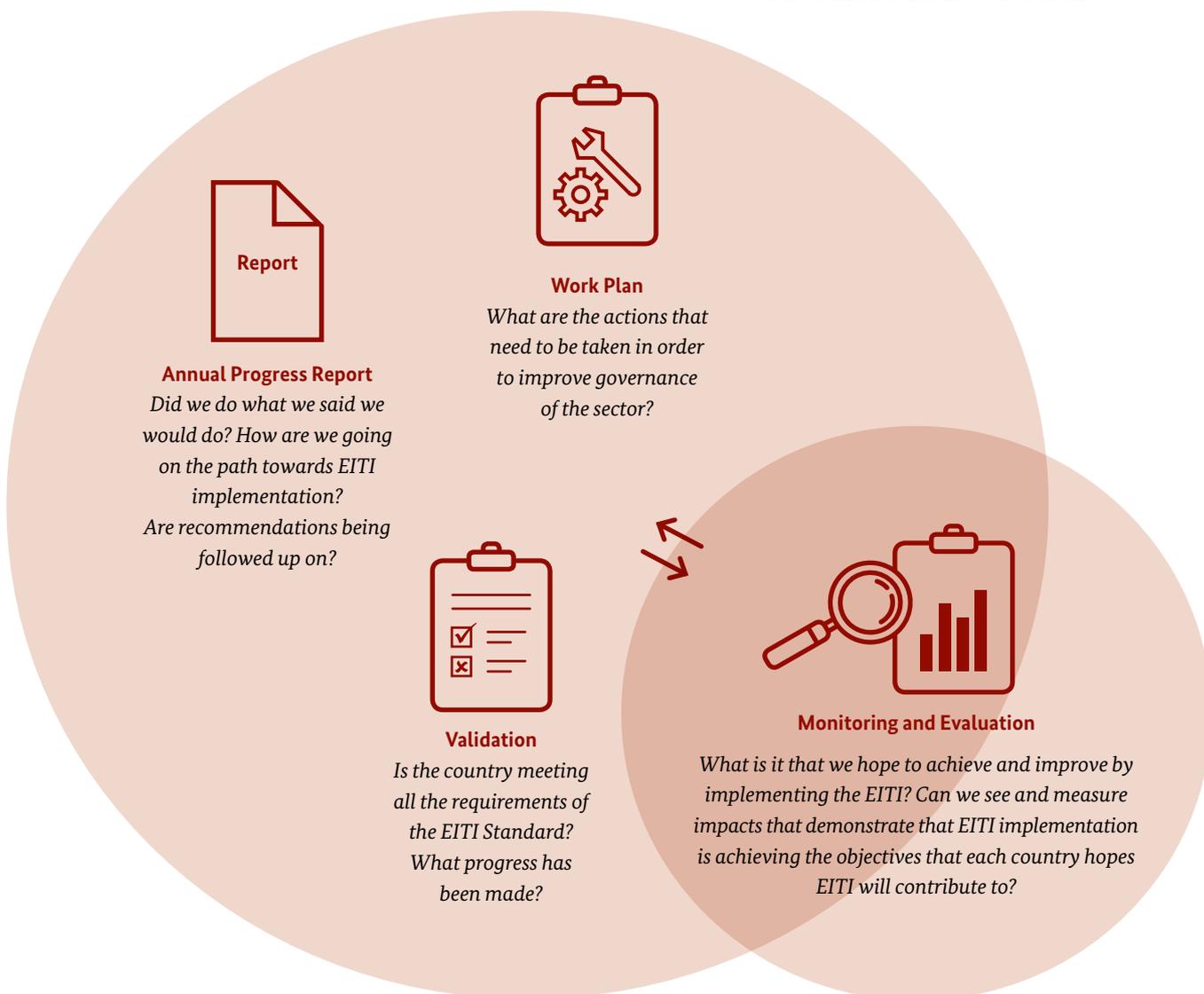
is asking is "is the country meeting or maintaining all of the requirements of the EITI Standard?" What progress has been made and what wider impacts can be identified?

There is of course a decision that each MSG needs to consider when developing a monitoring and evaluation framework – should it be part of or separate from the existing EITI documents described above? Ideally M&E should be mainstreamed into existing documents so that work plans, for example, outline not just what actions will be taken but also how each of those actions will be measured and evaluated. Annual Progress Reports can then, in addition to summarising the actions and work of the year, also usefully show what measurement and evaluation of the actions of the past year has taken place.

A **Monitoring and Evaluation** process is most relevant to a much wider question that multi-stakeholder groups ask themselves throughout the EITI process: "What is it that we hope to achieve and improve by implementing the EITI? Can we see and measure impacts that demonstrate that EITI implementation is achieving the objectives that each country hopes EITI will contribute to?"

This M&E process could be developed as a separate document, or could be integrated into the Work Plan and then reported upon as part of the Annual Progress Report.

FIGURE 1: PLANS AND REPORTS,
AND THEIR INTERPLAY WITH M&E

Report

Annual Progress Report
Did we do what we said we would do? How are we going on the path towards EITI implementation? Are recommendations being followed up on?

Work Plan
What are the actions that need to be taken in order to improve governance of the sector?

Validation
Is the country meeting all the requirements of the EITI Standard? What progress has been made?

Monitoring and Evaluation
What is it that we hope to achieve and improve by implementing the EITI? Can we see and measure impacts that demonstrate that EITI implementation is achieving the objectives that each country hopes EITI will contribute to?

4.   WHY DOES IT MATTER?

One of the great strengths of the EITI is that while there is a global Standard which countries are assessed against through the validation process, different countries implement EITI with different and nationally relevant objectives in mind. Some countries might be implementing EITI mainly for economic reasons through, for example, improved revenue collection or improving a country's trade and investment climate. Other countries might be implementing EITI for social reasons, and might look to do that by using EITI to improve the level and quality of public debate. These are two examples of reasons why countries implement EITI and the kinds of efforts they might bring to achieve those objectives.

Where monitoring and evaluation comes in is in helping everyone to figure out if all of the activities and outcomes of an EITI programme are actually contributing to those original objectives. EITI can, after all, take time and resources, so it is important to find a way of determining which activities and outputs in an EITI programme are effective in meeting objectives, and which ones are not and which may need to be adjusted and changed.

A good monitoring and evaluation framework will produce information that can then help those involved in managing EITI programmes achieve two crucial results.

First, by measuring what works and what does not, a M&E can strengthen the accountability of government, company and civil society stakeholders to one another. It can demonstrate that EITI implementation is more than just the sum of a series of activities, events and reports, but rather contributes to the higher-level objectives that the multi-stakeholder group identified at the very start of the process.

That in turn makes it easier for all stakeholders to keep on committing time and resources to the process. EITI processes are only sustainable if funding from government ministries and in some cases from development partners, continues to be committed. For that to happen the tax payers in the EITI implementing countries and international funders need to see not just the theory of EITI and its various activities and outputs, they also need to see the evidence that that funding is leading to palpable improvements in the objectives that the EITI programme is seeking to achieve.

Second, M&E is crucial in maintaining the political will of countries to continue to implement EITI, as well as to demonstrate to countries not yet members of EITI what the high-level benefits of the Initiative are. By its very nature EITI often involves opening and publishing government and commercial information that was previously assessed as too sensitive or complex. That transparency can be difficult, so it is important to find a way that demonstrates its long-term benefits.

5.   AGREEING ON DEFINITIONS

One of the first challenges that monitoring and evaluation processes have to address is coming to an agreement on the different terms used to describe different parts of the process, so before looking at how to develop a monitoring and evaluation framework for EITI, some definitions are useful.

A **Results Model** is a framework that ties all layers of action, monitoring and evaluation together. The results model shows how we get from very specific actions through to high level impacts of some of those actions.

FIGURE 2:
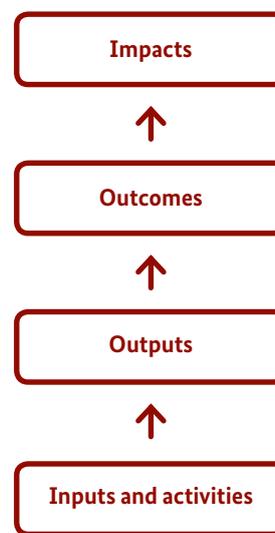
Inputs and activities are the basic, lowest level components of a results model. EITI work plans will have a clear set of activities and inputs – whether that be the commitment of certain levels of funding, to using that funding to hire national secretariat staff, or to hold multi-stakeholder group meetings. Annual Progress Reports often focus on reporting the collective activities and inputs that have occurred during the preceding year.

Outputs are the next step in a results model. An output describes the change achieved by the activities. For example, hiring an independent administrator (activity) can lead to the production of an EITI report (output).

In the middle of the results model we find **Outcomes** which are the direct short and medium-term results of a number of different outputs. Those outputs will include not just the actions of the EITI programme itself, but of other organisations as well. An EITI programme, for example, might hire an independent administrator while at the same time a ministry of finance might improve its tax information system. Collectively those outputs help to achieve an outcome of improved fiscal transparency. Outcomes are related to and influence each other.

At the highest level of the results model are **Impacts**. These can be positive and negative, direct or indirect, intended or unintended and will be the results of many different outcomes from many different stakeholders. For example, a combination of fiscal transparency and anti-corruption outcomes from an EITI programme might combine with the outcomes of a new trade policy (which has nothing to do with EITI) and lead to a high-level positive economic impact. Impacts are both the most important aspects of the results model to try and measure but they are also the most difficult to measure because so many different activities, outputs and outcomes influence them directly and indirectly.

→ *Figure 3* gives an example of how complex some of these linkages can be and how to analyse and get a picture of the different "Pathways to Impacts".

Boxes correspond to inputs, activities, outputs, outcomes, impacts and objectives in the EITI workplan. The circle shows the boundary of the EITI sphere. Boxes outside the circle: Framework conditions that influence the EITI implementation or are influenced by the EITI implementation. Arrows represent assumptions (i.e. hypotheses) about causal links between outcomes and impacts.

FIGURE 3: **PATHWAYS TO IMPACTS**
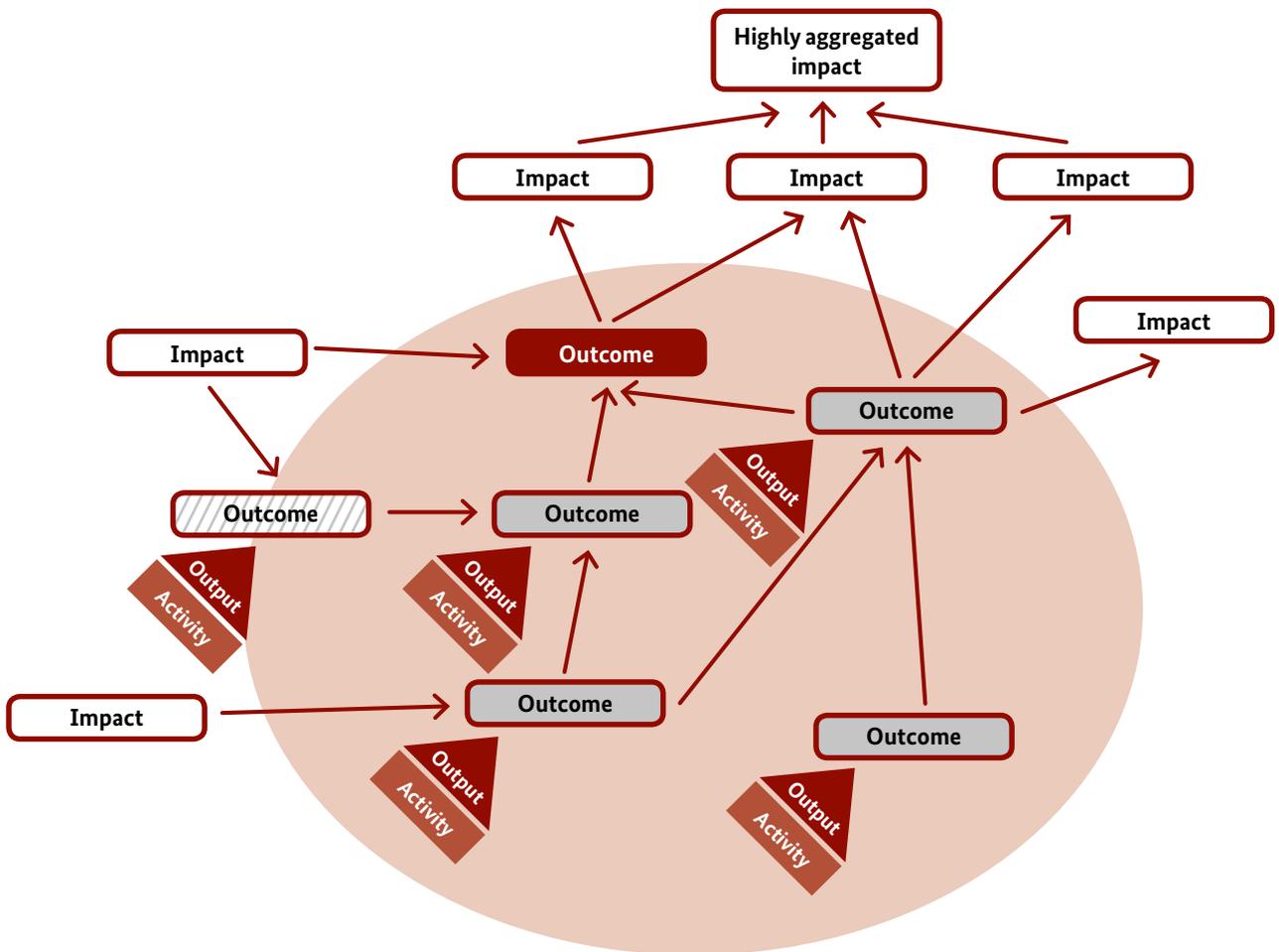
6.   CHALLENGES

As → *figure 3 on the previous page* shows, one of the greatest challenges of working with monitoring and evaluation is mapping all the different activities, outputs, and outcomes that flow into achieving impacts. It should also be acknowledged that like many areas of government policy or international agreements, EITI is ultimately trying to create quite high-level impacts that will only happen if both EITI as well as a variety of different policies, interventions and events occur.

This in turn creates a problem that is very common in monitoring and evaluation which is the "attribution gap" – i.e. that when it comes to high level impacts it is very difficult to prove that one particular group of outcomes were responsible for the impact. It should also be acknowledged that different outcomes can sometimes work against each other – improvements in the ease of doing business might, for example, come at the cost of less effective or thorough consultation of communities by businesses.

That said, mapping out the different outcomes that influence impacts can be useful because demonstrating the different factors that contribute to the attribution gap can also ensure that EITI programmes are not unfairly blamed for failing to deliver impacts they are unable to fully influence. When it comes to increasing government revenues, for example, EITI can sometimes contribute to this by increasing the efficiency of government administration or through higher rates of company tax compliance. At the same time, however, EITI has no power over the huge peaks and troughs in commodity prices that has led to significant volatility to government revenues in many extractives rich countries over the past decade.

Sometimes the complexity of this map of different outputs and outcomes and the different stakeholders responsible for them can lead to people giving up on monitoring and evaluation. They produce reports of aggregated activities and outputs instead because at that level of the results model it is easiest to generate attributable and quantitative data to describe the results of an EITI programme. This kind of reporting fails to address the question of whether all of that activity had a positive impact or not; no theories have been tested, no evidence has been proven or disproven.

For EITI, a number of ways have emerged to address challenges related to capturing systemic change and hard-to-measure results:

▸ Involve interested people and groups in the monitoring and evaluation process and use their expertise and data resources.

▸ When looking for areas to measure, look for the pathway through the results model where the linkages between EITI implementation and eventual impacts are the strongest. Bear in mind that the key in determining the best approach is to follow the objectives set out by the country.

▸ Be realistic about how long it might take for results to occur as a result of EITI. Countries early in their EITI implementation, for example, will be necessarily focused on getting reporting and accountability systems in place, which will then contribute to results in later years.

▸ Correspondingly, avoid monitoring areas where those linkages are weak, or where the activities, outputs and outcomes of other organisations, programmes, or even events are so great that they can drown out any contribution that EITI makes.

▸ Sometimes EITI processes result in outcomes that were not anticipated or intended. The challenge for multi-stakeholder groups in these situations is to acknowledge what has happened and see it as an opportunity to further improve sector governance.

7.   WHOM AND HOW TO INVOLVE?

When developing a results model for an EITI programme it is crucial to involve the multi-stakeholder group and further people, groups and institutions from their constituencies. There are practical reasons for this:

First, like the EITI process as a whole, a monitoring and evaluation process will fail if it is not broadly trusted.

Second, the cost of monitoring and evaluating an EITI programme needs to be commensurate with its benefits.

Third, it will ensure that the M&E programme is being developed according to the objectives set by the country and in a way that is as relevant to as many people as possible.

The risk is always that in trying to measure impact of an endeavour like the EITI one ends up in an exercise that is too costly or stands alone. This risk can be mitigated by drawing on information that is already gathered and updated by other organisations. Extractives companies, for example, might be required to gather information on community conflicts or unintended environmental impacts which – when aggregated at a national level – might give a useful indication of increases or decreases in trust in communities near extractive operations. Civil society groups may be involved in monitoring government or company projects at the sub-national level and might produce data

that is useful for understanding how much money is flowing back to local communities. Sourcing this kind of data and bringing it into the monitoring and evaluation process around an EITI programme can then reduce the amount of time and money that national secretariats need to spend to measure impacts.

The issues of natural resource governance and revenue management can be highly specialised ones, and that naturally leads EITI programmes in many countries to engage initially with government agencies, companies and civil society groups that already understand the sector quite well, and who may spend a lot of time thinking about and working on EITI implementation. If statistical evidence-based information is lacking and EITI evaluation needs to rely on capturing perceptions, the true measure of EITI's impact will be in both how those regularly involved in the EITI (the in-group) see change, as well as those who are not involved in day-to-day implementation.

8.   DEVELOPING A FRAMEWORK

→ *Figure 4 on the next page* shows a generic results model for an EITI programme. It is very important to note that this model is not an agreed template or a mandated part of any requirements in the EITI Standard. It is simply a way of showing the different kinds of activities that can lead to certain outputs, which in turn contribute to outcomes, which along with other outcomes from outside of EITI, can contribute to impact.

Your choice of the right M&E approach will of course depend on what it is that you want the EITI programme to achieve. This will normally follow the nature of the objectives set by the country and the associated Theory of Change (ToC). Different countries take different objectives and model intended results accordingly. Thus, they will focus M&E in some areas, but not in others.

▸   Country A, for example, might have joined EITI primarily to achieve economic impacts. In order to achieve this, they might have focused their EITI programme on contributing to fiscal transparency outcomes. Those outcomes might have been driven by activities that have outputs related to more efficient tax collection. Hence, when formulating their monitoring and evaluation framework it will be important for Country A to focus on capturing information and data in those areas.
▸   Country B, on the other hand, may have started EITI to reduce the level of social tension in communities near extractive operations. In doing so, they might have invested a lot more effort in activities that lead to outputs that promote public debate and understanding, than they have in reforming their tax administration

system. Gathering information and data about those areas of social tension and public understanding would make a lot of sense for Country B's monitoring and evaluation framework; spending time and money to look at tax administration efficiency might, on the other hand, be a wasted effort.

Once a multi-stakeholder group has agreed on the kind of outcomes to impacts pathway that is most relevant to its EITI programme it should go on to collecting information – both quantitative and qualitative – that will assist in measuring the effectiveness and impacts of the EITI programme. This data collection can be done in three broad ways.
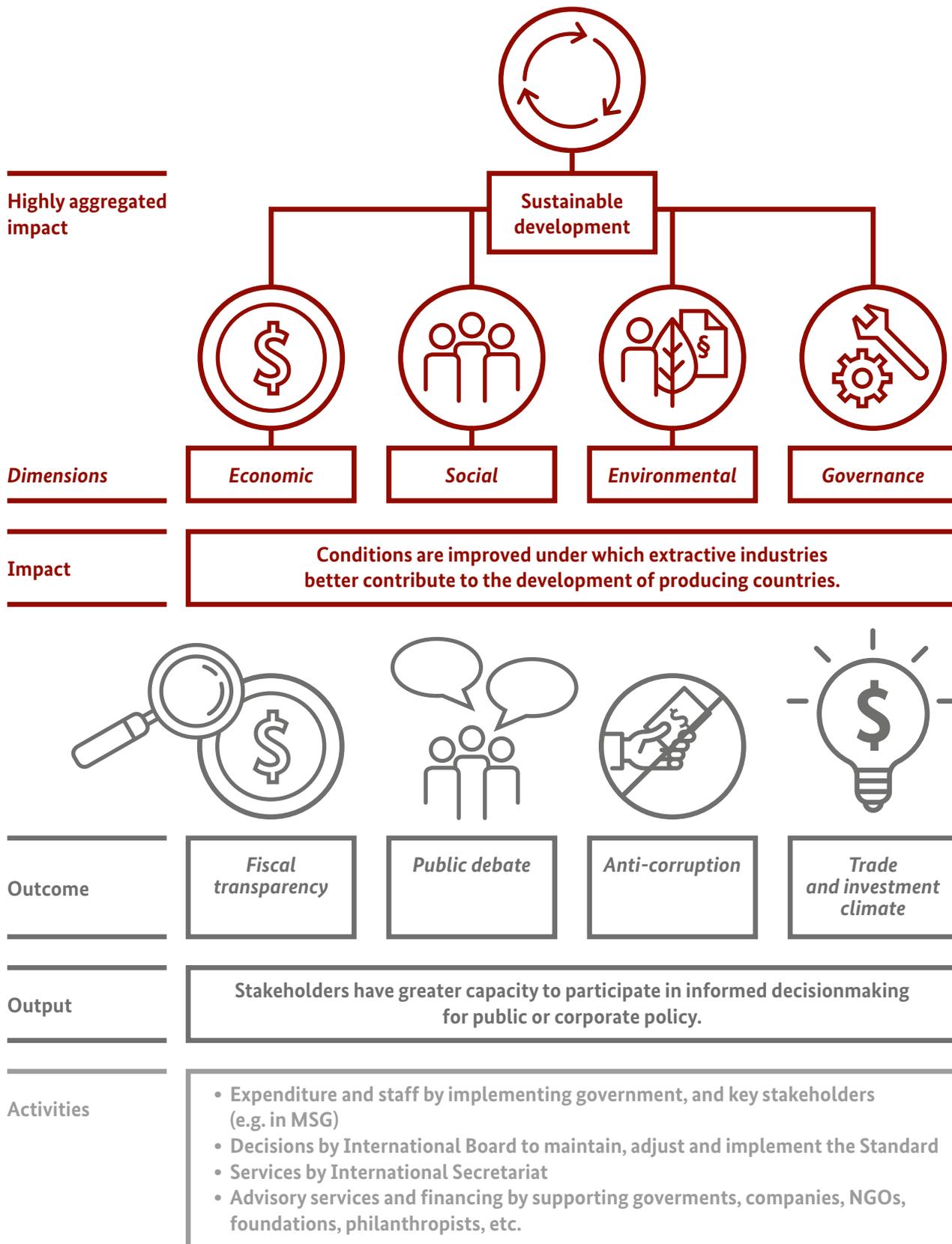
First, find out whether other persons, groups or institutions are already gathering data and information about outcomes and impacts, whether that be government ministries, oil, gas and mining companies, civil society groups, academia or development partners.

Second, ensure that the EITI work plan is adequately organised to help the M&E. Work plans occasionally confuse different levels of the results model, so the first step is to ensure that the hierarchy of the results model flows through the work plan. In Country X, for example, the work plan has the following stated objective: Advertisement of the EITI and promotion work that lead to stakeholders having greater knowledge and skills which in turn contributes to improved mutual understanding, cooperation and trust. This single objective actually contains activities – advertising and promotion; that lead to outputs – stakeholders having greater knowledge and skills; that leads to outcomes – improved understanding, cooperation and trust.

So a good starting point for this country is to organise their work plan in a way that separates out the different constituent pieces of their work plan. Inputs, activities and outputs should be relatively easy to measure and attribute directly to EITI, whereas mapping outcomes will acknowledge that there are other methods to be applied, and factors and stakeholders which will influence them. That may require gathering data from other organisations outside of the national EITI secretariat or the multi-stakeholder group. Subsequently, outputs and outcomes need to be are developed in a way that makes them feasible to measure. It is here that the SMART framework is useful – outputs and outcomes planned for in the work plan should be Specific, Measurable, Achievable, Relevant, and Time-bound. What follows is an example of how an outcome would evolve as we bring in the SMART criteria.

▸   *'Make it better'* is a statement that contains none of the SMART criteria.
▸   *'Make payments by extractive industry companies more transparent'* meets one of the criteria in that it is Specific.

FIGURE 4: A GENERIC EITI RESULTS MODEL

Highly aggregated impact		Sustainable development	
Dimensions	*Economic*	*Social*	*Environmental*	*Governance*
Impact	**Conditions are improved under which extractive industries better contribute to the development of producing countries.**		
Outcome	*Fiscal transparency*	*Public debate*	*Anti-corruption*	*Trade and investment climate*
Output	**Stakeholders have greater capacity to participate in informed decisionmaking for public or corporate policy.**		
Activities	• Expenditure and staff by implementing government, and key stakeholders (e.g. in MSG) • Decisions by International Board to maintain, adjust and implement the Standard • Services by International Secretariat • Advisory services and financing by supporting goverments, companies, NGOs, foundations, philanthropists, etc.		

Source: : GIZ (2016). Assessing the Effectiveness and Impact of the Extractive Industries Transparency Initiative (EITI), p. 37.

▶ If, however, the mining industry in the country concerned was ten times larger than the oil industry, it might be better for the outcome to read *'Make payments by mining companies more transparent'.* This now makes the outcome both specific and relevant.

▶ As is common in mining countries, however, 95% of revenues might come from 5% of companies, while the remaining 5% of revenues comes from a large number of very small companies that it might be difficult to gather information from. In this case the outcome could be changed to read *'Make payments by mining companies with an annual turnover of more than $Y more transparent'.* Now the outcome is Specific, Achievable and Relevant.

▶ The next problem with the outcome as currently stated is the words 'more transparent' – how best to measure that? Changing the outcome to read *'Make payments by mining companies with an annual turnover over more than $Y publicly available online'* introduces an element that can be measured – all reports might be available, a certain proportion might be available, or none might be available. The outcome is now Specific, Measurable, Achievable and Relevant.

▶ Finally, one small change to the outcome completes the SMART process: *'Make payments by mining companies with an annual turnover of more than $Y publicly available online, no later than 3 months after the end of each financial year'* now ensures that the outcome is Time-bound as well.

Under this SMART outcome then there will be a series of the kinds of activities and subsequent outputs that are commonly found in EITI work plans.

9. DATA COLLECTION AND PRACTICAL STEPS

Once we have a properly structured work plan that incorporates the SMART principles, M&E actions can easily be identified and added into the work programme. If for example, we return to Country B – where EITI is mainly being implemented to reduce social tension and conflict in communities near oil and mining operations – one of the activities in the work plan might be to hold 10 workshops in each of the 5 extractive regions. Those workshops might have the desired output of ensuring people understand which services and payments are the responsibility of central government, which are the responsibility of local government, and which are the responsibility of companies.

In addition to running the workshop and providing content and information to people, the organisers of the workshops can ensure that their activities contribute to the monitoring and evaluation framework by:

▶ Gathering information on the people in each workshop. How many people have attended? Are they employed or unemployed? From within the region or outside of the region?

▶ Establishing a baseline of knowledge. Before the workshop commences attendees could be surveyed on their existing level of knowledge by asking them to indicate how much or how little they know about various topics, or what their attitudes are to various issues and problems.

▶ At the end of the workshop another short survey could ask the same baseline questions again to see if levels of knowledge or attitudes have improved or changed or even worsened.

By carrying out these three simple, quick and inexpensive tasks it now becomes possible for new data about those workshops to feed into a monitoring and evaluation framework. Flowing on into the Annual Progress Reports the wording in that might change from a statement that says "50 regional workshops were held" to instead saying

"Fifty regional workshops were held. A total of 4,876 people attended those workshops, with 90% of those attending coming from communities near mining operations. 56% of those attending the workshop reported that their understanding of how the industry is regulated had improved as a result. 37% reported that they trusted the government's management of the sector more after the workshop than before, while 20% felt that they trusted the government less".

Structuring a work plan in a way that separates the different elements of the results model, and is worded using SMART principles, makes data more easily gathered, measured and attributable. For this reason, it is the cheapest, quickest and easiest way of starting to develop a monitoring and evaluation framework.

Third, find ways of generating new information. This might be necessary where the level of data already collected by stakeholders is low in quantity, quality or relevance. It might also be the case where an EITI programme is trying to measure high-level impacts which are likely to be less quantifiable in the short to medium term, or where there is a substantial attribution gap due to the large number of outcomes that feed into and influence that impact. Surveys, polls, focus group discussions or interview series can be a quite effective way (if not in most country cases the only realistic way) of generating data around the potential impacts of an EITI programme, even where the data being gathered is perception-based.

Let us return to our example of the Country B which is implementing EITI mainly because it wants to build greater trust and understanding to reduce the level of social conflict

in communities near oil or mining operations. In order to determine whether the aforementioned workshops and the wider programme of EITI activities is having a long-term impact the National Secretariat commissions an annual survey of 500 randomly selected people. The survey might ask similar questions as to those asked at the workshops – levels of understanding, or attitude towards different stakeholder groups.

These surveys can even be designed to address the problem of the attribution gap. So, for example, a survey might ask "Do you trust mining companies more or less than you did a year ago" and ask them to indicate that level of trust on a scale (e.g. where 1 might be much less trust, 3 might be the same level of trust, and 5 might be much more trust). A follow up question would then get to the heart of the attribution question by asking respondents to select from a list of factors that have could influence their levels of trust – for example, more/less jobs available, better/worse environmental impacts from operations, more/less spending by local government in communities.

These kinds of surveys are, of course, measures of perception rather than facts, but if they are carried out broadly enough and over time it they become more robust and it will be easier to see whether a particular set of EITI activities, outputs and outcomes is leading to positive and/or negative impacts overtime.

The regularly applied perception-based methods (e.g. surveys, focus-group discussions and interviews) in combination with a Theory of Change (ToC) can be used for a contribution analysis. Going forward the wider EITI community may consider experimenting with more detailed trial projects. Certainly, statistical modelling for estimating the relationships among variables is feasible, for example in form of a regression analysis (GIZ 2016), and previous designs can be adjusted and replicated for national and sub-national levels.

A lot more can be said on the question as to which quantitative and qualitative methods EITI stakeholders should use, or which input is required, what are the advantages and disadvantages, and where to find further literature references of how to apply those methods. German institutions (e.g. BMZ/GIZ) have developed several M&E guidelines for their work or on single aspects like planning and conducting baseline studies. The UK (DFID), The World Bank Group, The World Bank Group and the Natural Resource Governance Institute (NRGI) are among those, where EITI stakeholders can find useful guidelines, experiences and advice.

While M&E frameworks need to be robust enough to survive day-to-day or even month-to-month changes, it is important that they are not so inflexible that they cannot be changed if the operating environment changes dramatically. A major change in government policy, or even a major new resource discovery, might require a country's MSG to look at whether the M&E framework needs to be adjusted as a result.

10.   WHAT HAPPENS NOW?

In summary, an M&E approach is 'right' for EITI when it helps stakeholders to assess causal questions, infer causality, and eventually prove impacts to others. A good M&E framework will be robust enough to survive short-term changes, but also flexible enough to measure outcomes and impacts over the long term.

That said, the way in which a country is implementing EITI, or even the reasons why it is implementing it, can be expected to change as the multi-stakeholder dialogue deepens, so the M&E framework needs to be able to accommodate that dynamic process.

So M&E processes can be expected to evolve over time, just as EITI itself does. In reviewing an M&E framework an MSG should consider:

▸   What new activities and outputs are we delivering?

▸   Have the desired outcomes changed?

▸   Are there new sources of information now available that we can use to measure progress?

▸   Where no progress has been observed, is that because there is not data available to measure; that aspect of the programme has failed; or has the desired outcome of the programme evolved or changed?

This guideline is work in progress: We welcome your comments and case study examples and would like to consider them in future expanded versions.

Please send your suggestions to X4D@giz.de