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INVESTING IN MONITORING, EVALUATION AND LEARNING

ISSUES FOR NGOS TO CONSIDER

EXECUTIVE SUMMARY

Introduction

This study was commissioned by Comic Relief, DFID, Big Lottery Fund, NIDOS and Bond to address the lack of evidence available to support NGOs working in international development in deciding what resources to commit to monitoring, evaluation and learning (MEL). The study focused on understanding the full investment that NGOs are making on MEL, the kinds of MEL systems that NGOs have, and how NGOs use and value their MEL systems. It did not test the quality of data that MEL systems are producing or the appropriateness of any resulting strategic or operational decisions, but relied on the NGO self-reporting on how appropriate, accurate, useful and effective they considered their MEL systems to be. As such, this study should be considered a starting point for a broader discussion between NGOs, donors and funders about the role and costs of MEL at both an organisational and project level.

The study used three sources of data: seven case-studies of NGOs known to have invested in MEL; a survey to which 77 responses from Bond members were received; and, financial analysis of 90 project budgets from three Comic Relief funding cycles.

Summary of findings

We found that many NGOs take MEL very seriously and make considerable investments in it as they see it as a means to improve their work and that of their partners. For most NGOs, their MEL systems are reported to support them in making day-to-day project management decisions with many saying MEL also supports strategic management and learning.

In most cases, existing computer software is used for information management, regardless of the size or kind of NGO. Some NGOs are investing in bespoke systems, which are expensive and take time. Whilst these may be suitable in some situations the study did not show any correlation between bespoke systems and perceived MEL system effectiveness.

The MEL systems that are most useful, according to the NGOs using them, combine long-term relationships with partner NGOs with the ability to do data analysis close to the ground and MEL capacity building of local partners. They also have deep integration of MEL within an NGO head office, ensuring it is perceived as a collective responsibility, and a focus on improving work with beneficiaries and partners, rather than proving effectiveness to donors or external stakeholders.

The study shows that three aspects are important in resourcing and maintaining MEL systems:

1. strategic investment and funding
2. leadership
3. adequate staff capacity

Funding MEL

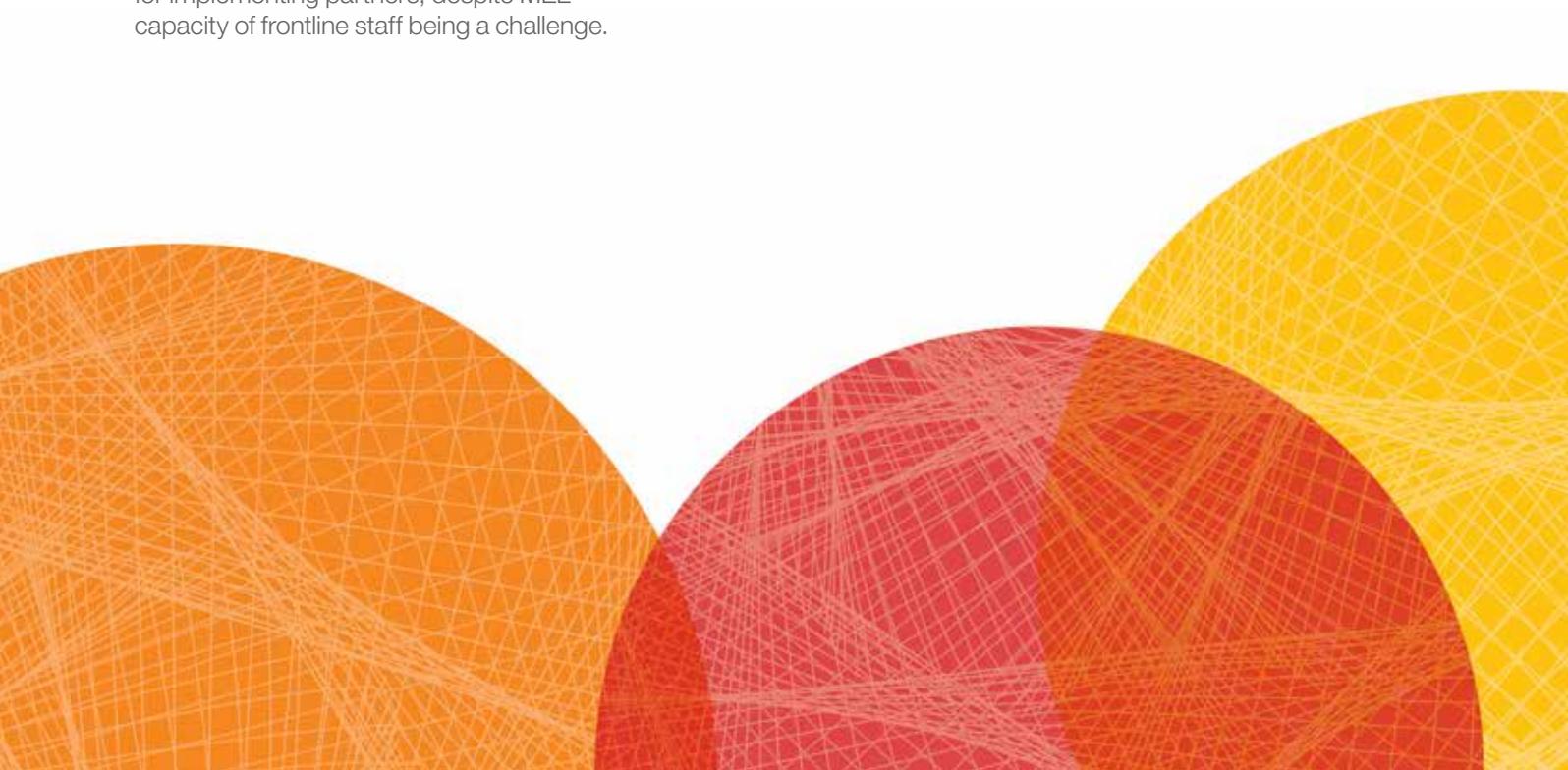
- The amount NGOs spend on MEL varies enormously; whilst some NGOs report they spend very little, others are spending significant proportions of their overall budgets.
- NGOs fund MEL through project and unrestricted funds on an ongoing basis. MEL activities are normally separated out within project budgets but these budgets frequently do not reflect the full cost of MEL. Indeed NGOs generally spend more on MEL activities than they budget for or report on. In part, this is due to costs normally located in core costs (such as salaries) and overheads (like database maintenance) not being considered valid MEL costs, but it can also be due to the perception that some funders will not accept the full cost of MEL being included in project budgets, or NGOs themselves not realising the extent of the true costs.
- Whilst most donors will fund at least some of the costs of project MEL, finding funds to develop bespoke systems can be challenging. The case study NGOs also reported that it can be hard to raise funds for MEL capacity building for implementing partners, despite MEL capacity of frontline staff being a challenge.

Leadership

- Significant expenditure on MEL requires leadership buy-in and support. Our case-studies suggest that necessary elements are leadership that: is committed to having a MEL system that supports the needs and aims of the organisation and is prepared to make it a strategic priority; has determined what an appropriate MEL system looks like for their NGO; and, is clear why MEL is important for the organisation.

Staff

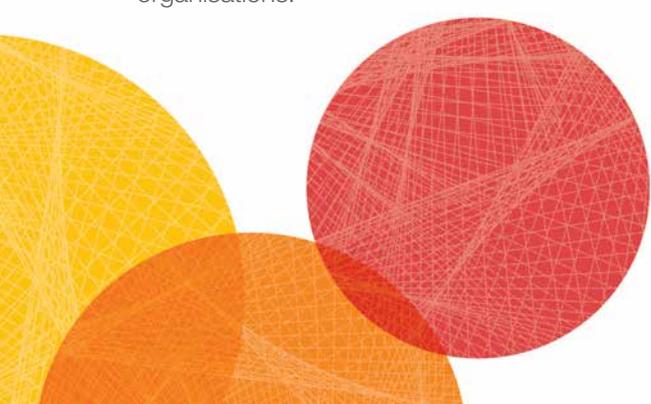
- In most NGOs, MEL takes up a considerable proportion of staff time at all levels, time that is often under-recognised in project budgets, though it does tend to be clearly articulated either across many job descriptions or within dedicated MEL roles.
- NGOs find it challenging to ensure adequate MEL capacity at the field level.



Key shortcomings

Whilst the study showed a number of examples of good practice, our findings suggest that there are some key shortcomings in the way that many NGOs are approaching MEL:

- Our case-studies indicated that MEL is most effective when NGOs have thought clearly about their position and role in the aid chain, and those of their partners, and used this to inform the design of MEL systems. The study of Comic Relief funding cycles showed that project applications rarely differentiate between different partners' roles and responsibilities in MEL. If NGOs were to link their MEL systems and what they require of them with their position in the aid chain it would support them to think more systematically about the differing roles of NGOs depending on whether they commission other NGOs to carry out projects with beneficiaries, implement projects directly within communities, or do a mix of the two (we termed these commissioning, implementing and intermediary NGO respectively). It would also help them design their MEL system to help them track and learn how effectively they are carrying out their own particular roles.
- MEL data and systems can support NGOs in project management and accountability, learning and communications at many levels and are often expected to meet multiple needs that are not always well articulated or defined. We found insufficient clarity as to what the key purposes of MEL are for particular organisations. Our study suggests that in many cases the focus of MEL for implementing partners is on meeting the conditions of project funding, for instance, it prioritises the needs of accountability towards donors. Our findings also showed that it is still common for analysis of project data to take place away from those who are implementing or benefiting from the projects, suggesting that accountability and communication to, and learning of, those further up the aid chain remains a higher priority than accountability and communication to, and learning of, beneficiaries and local organisations.
- This dynamic is also reflected in capacity building where most intermediate and commissioning NGOs focus on ensuring that their implementing partners are able to collect the project data required for project management and accountability purposes, rather than considering the MEL needs of implementing partners more broadly.
- Whilst many NGOs collect qualitative data, our case-studies showed that storing and using this remains a key challenge. NGOs appear to find it easier to design management information systems and databases to store and analyse quantitative data. Given the complex nature of the environment that NGOs work in, where change is unlikely to be a linear process, this is a key weakness as qualitative data is an important tool for verifying the relevance of projects and identifying unexpected outcomes.
- The study shows that once all associated costs are taken fully into account, then the actual cost of MEL can be a significant proportion of project or organisational budgets yet we are unable to judge with any certainty whether this investment is producing quality data or whether this is money well spent. In particular we did not find any correlation between bespoke systems (which are expensive to set up and maintain) and effectiveness of MEL systems.
- We found that there are two key issues in the way NGOs budget for MEL. The first is perhaps less significant – costs that should be allocated to MEL are sometimes allocated elsewhere in the project budget. The second is more serious – NGOs are not actually aware of the full cost of MEL and are not budgeting sufficient resources within projects to cover their own or their partners' full staff and overhead costs. Costs that are often under allocated or not recognised include the full cost of staff time in collecting, manipulating and analysing data and the full cost of infrastructure such as databases or computers. If NGOs do not allow sufficient resources within project budgets to cover the full costs of MEL, then project MEL will be either under-resourced to collect the data required or will be subsidised by the NGOs' other resources. For NGOs that rely on project funding, this can undermine their long term sustainability as their central functions become weakened and strained over time. Both issues mean that NGOs are not aware of the full costs of collecting, storing and analysing data and are therefore not able to make an informed assessment as to whether their MEL system is value for money or proportionate.



Implications of the findings

Implications for NGOs

The findings of this study have a number of implications for NGOs to take account of when considering their MEL systems

- **Position in aid chain:** A starting point for designing an efficient and effective MEL system should be to consider the implications of each organisation's role in the aid chain and what this means in terms of what should be measured.
- **Purpose of MEL:** NGOs should be clear when designing MEL systems as to what their main priorities are with regards to the uses of MEL data and at what level, for both themselves and their partners. They then need to ensure that their system works to support these priorities.
- **Budgeting for MEL in joint proposals:** MEL budgets in joint proposals should be clear on which partner will be responsible for what in terms of MEL data collection, storage and analysis and should also consider whether organisations have sufficient capacity to carry out these roles, with any capacity building requirements for either/any party being budgeted for.
- **Understand the full cost of MEL:** NGOs should develop systems that allow them to assess the full cost of MEL so that they can a) judge whether their MEL systems are an optimum and proportionate use of resources given the quality of the data and analysis they are getting out of them and, b) ensure full cost recovery of the projects that they deliver.

Implications for funders

Funders can play their role in supporting effective and efficient MEL by:

- **Being clear on their expectations:** Funders should be clear, and give clear guidance on: What they expect to see in applications with regards to MEL systems for different sizes and kinds of grantee organisations; the kind of costs that should be considered for MEL and the level of detail they want; the level of detail required in applications as to the different roles different partners will play in MEL and how this should be budgeted for; and, the data they require to have reported to them and any expectations they have as to the uses of MEL data for accountability, learning and communication at other levels.
- **Full cost recovery:** Donors should be clear on the cost implications of their expectations for MEL data and be prepared to fund the full costs of this for both UK and overseas partners.

This includes taking full account of costs such as staff, capacity building and infrastructure. If they consider these costs to be excessive then they may need to readjust their expectations for MEL data.

Areas for further consideration

This preliminary study has highlighted some areas that merit further consideration either for follow up studies or where it would be worthwhile developing guidance for NGOs:

- **Bespoke systems:** There can be a tendency to consider bespoke MEL systems as better systems. The findings of this study question this assumption. Further work could usefully be carried out to understand under what circumstances bespoke systems are valuable and what is their full cost.
- **Analysing qualitative data:** The study highlighted a large capacity gap in analysing qualitative data despite its wide use for fundraising. Further work could usefully be done to look at simple ways that NGOs can use qualitative data at a more aggregate level.
- **The factors underlying the effectiveness of MEL systems:** This study was only able to take a broad approach to investigating the factors underlying the effectiveness of MEL systems and relied on NGOs self-reporting of how effective and accurate they found their systems to be. A closer look at what factors support MEL systems to be both accurate and useful at different levels of the aid chain could yield some useful insights.
- **Risk in managing data:** The study showed that some NGOs have not fully considered any legal restrictions or data protection issues that there might be on data they collect. Guidance for development NGOs on data management and risk could usefully be developed, drawing on existing guidance from other sectors such as the humanitarian sector.
- **How MEL systems can effectively support learning:** The study of Comic Relief funding cycles found that a common shortcoming was that it was not clear how learning from previous MEL was influencing the design of new projects. How MEL systems can better support learning is a question that is worth investigating further.
- **Data flows:** This study's initial attempts to understand how data flows within MEL systems raise questions that would be useful to examine in more detail to understand their full resource implications.

