



MONITORING & EVALUATION OVERVIEW

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GLOSSARY

Activity – A portion of a project comprised of a variety of tasks

AWI – Australian Wool Innovation

CRRDC – Council of Rural Research and Development Corporations

FY – Financial Year

M&E – Monitoring & Evaluation

MEF – Monitoring & Evaluation Framework

Outcome – Level of performance or achievement stemming from the project or program

Output – A discrete product of a project

Program – A suite of projects which combine to deliver a targeted overall outcome

R&D – Research & Development

RoFAM – Return on Farm Assets Managed

SFA – Statutory Funding Agreement

1. DOCUMENT PURPOSE

The Monitoring & Evaluation Overview outlines Australian Wool Innovation's (AWI) approach to ensure that AWI business activities contribute to the company's purpose and consequently deliver value to Australian woolgrowers. This document outlines systems of reviewing project outputs and outcomes, program impacts and business performance. This framework defines AWI's commitment to operating an effective, efficient and transparent business that delivers value across the supply chain to woolgrowers. This document provides a methodology and ethos that ensure AWI operations – from Strategic Plan to projects – align with levy payers' expectations, Australian government regulation, and best practices of project evaluation and reporting.

This document outlines:

- Overarching measurements of performance which provide a logical framework for program and project measurement, evaluation and reporting
- Development of varied, robust measurements of project and program impacts and consequently benefits delivered to Australian woolgrowers and stakeholders
- How AWI's accountability to woolgrowers and other stakeholders is increased more broadly
- Continuing development of a culture of monitoring & evaluation (M&E) underpinning all strategic decisions – "Will this deliver net benefits to Australian woolgrowers?"

2. CONTEXT

AWI is a not-for-profit company responsible for delivering research, development and marketing for the Australian wool industry. The company is primarily funded through a wool levy paid by woolgrowers, and a matching contribution from the Australian Government for eligible research and development (R&D) activities. AWI seeks to increase the profitability, and support the sustainability of the Australian wool industry through strategically targeted investments in R&D and marketing. AWI is designated Industry Service Body for the Australian wool industry; a Statutory Funding Agreement (SFA) between the Australian Government and AWI ensures funds are spent prudently and effectively. AWI's SFA stipulates the need for an evaluation framework to capture, measure and monitor key performance indicators. Following AWI's 2018 *Independent Review of Performance & Governance of Australian Wool Innovation Ltd*, AWI has undertaken a revision and redevelopment of its *Monitoring & Evaluation Framework* initially published in 2011.

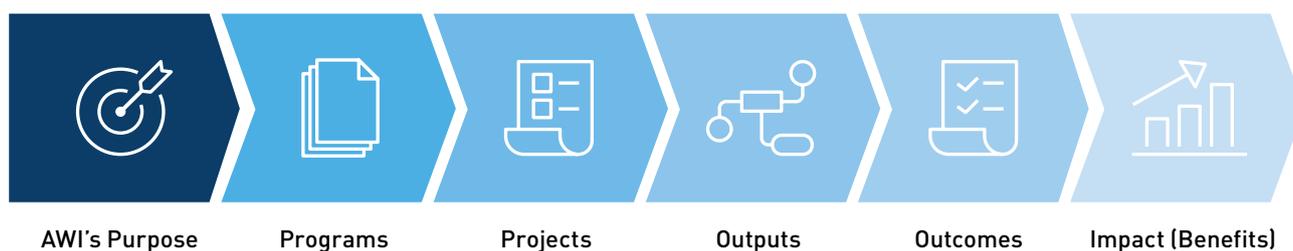
AWI is committed to quantifying returns on industry (woolgrowers) and government investment. This framework reflects the system which is embedded in AWI's ethos and operating principles. This framework outlines the logic of AWI's monitoring and evaluation and reporting to stakeholders – particularly woolgrowers. Ensuring continuous improvement, revision and refinement, this framework provides the tools to enhance AWI's efforts for Australian woolgrowers and to better communicate benefits achieved.

3. SUMMARY

AWI's purpose is to improve the profitability and support the sustainability of the Australian wool industry. This is pursued through strategically targeted investments. The role of the Monitoring & Evaluation Framework (MEF) is to measure, analyse and report on the performance of these investments, which will in turn improve future investment returns and decisions. The implementation of this MEF will enable AWI to ensure programs, projects and activities align with AWI's Strategic Plans and that returns to stakeholders – particularly woolgrowers – are clear and where possible quantified.

Programs are the primary mechanism through which AWI's investment deliver profitability and support to the Australian wool industry. Programs are aligned with AWI's triennial Strategic Plans, and projects are developed to achieve program aims and – over time – to have the desired impacts. Program targets set triennially during the Strategic Planning Process will be pursued through a variety of projects which will be reported at the program level quarterly to the Board, woolgrowers.

Figure 1 – AWI's Investment Logic



4. UNDERSTANDING THE FRAMEWORK

AWI's Purpose is to increase the profitability and support the sustainability of the Australian wool industry through strategically targeted investments in research, development and marketing. AWI aims to deliver for woolgrowers measurable improvements in:

- **Productivity**
 - An increase in yield from an asset
- **Efficiency**
 - A decrease in cost for a given level of output
- **Demand**
 - Demand and consequently price are externally driven. Increasing demand for wool will sustain and increase farm income
- **Price**
 - Increase in price of wool increases farm gate return

The commercial attractiveness of wool-growing depends on its profitability relative to other options available to each rural enterprise. In evaluating the relative attractiveness of wool-growing compared to other agricultural pursuits (or other sectors), the most attractive comparison measure of profitability is Return on Assets, or more specifically Return on Farm Assets Managed (RoFAM).

'Return' is taken to mean 'Farmgate return'. It includes all income from wool-growing activities (eg wool, and lambs), minus associated costs of production (primarily shearing and crutching, general husbandry, relevant inputs and contractor services, and marketing).

RoFAM is expressed as a percentage calculated as:

$$\text{RoFAM} = \frac{(\text{Operating Profits})}{(\text{Assets Managed})}$$

Operating profits are income from wool-growing activities, minus associated costs of production. Assets managed are property and tangible assets used in production. Hence, AWI can improve farmgate returns for growers by either increasing farmgate income (demand, price) or through reducing costs of production across the supply chain (productivity, efficiency).

By using RoFAM, AWI can track the profitability and relative competitiveness of the wool industry across competing land uses. While exogenous variables (weather, producer decisions, labour market dynamics, macroeconomics etc.) have a large influence on RoFAM, this measure provides a high-level, indicative measure for the state of the wool industry and consequently AWI's fulfillment of its purpose.

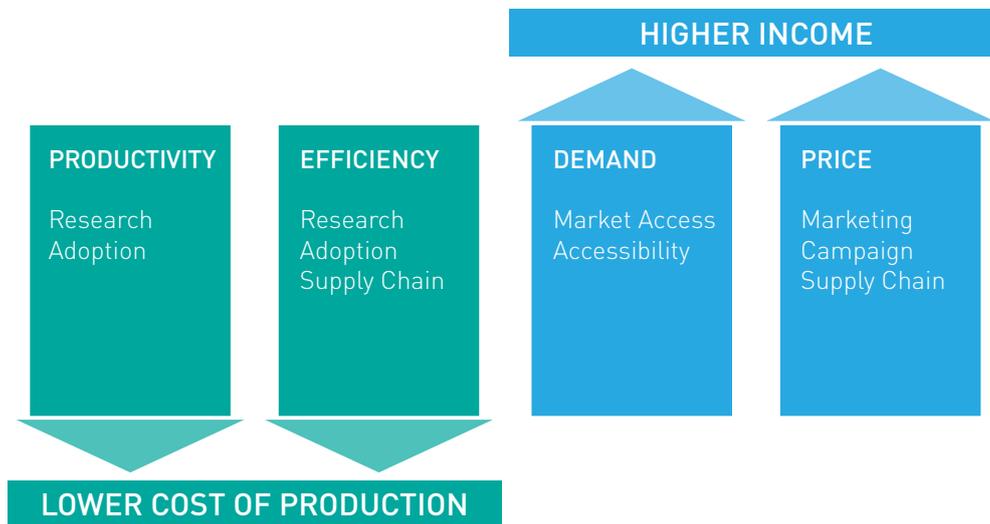
RoFAM underpins the logic of the MEF – every project AWI completes should contribute to increasing Return on Farm Assets Managed.

RoFAM is impacted by engaging one of **AWI's Four Drivers** of value in the Australian wool industry:

- Productivity
- Efficiency
- Demand
- Price

Investment in research, development, education and extension, and marketing along the supply chain – from farm to overseas processing and ultimately the consumer – deliver value to woolgrowers if one (or more) of the four drivers are engaged.

Figure 2 – AWI's Four Drivers of Value



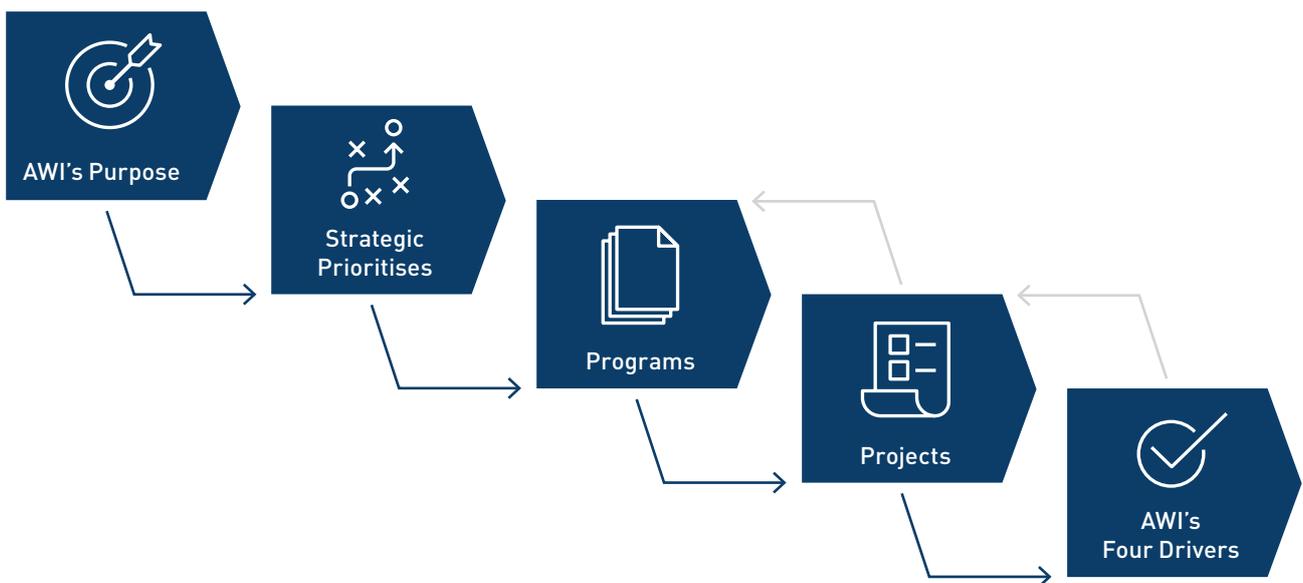
These four drivers inform methods of measurement and evaluation for AWI's activities.

5. MONITORING & EVALUATION WITHIN AWI

Monitoring & Evaluation underpins AWI's reporting framework. M&E forms a cycle of continuous learning, refinement and enhancement of AWI's performance at all levels from strategic planning to project development, implementation and management. AWI employs a strategy of cascading its Strategy through to the MEF. A logical sequence of steps link from AWI's purpose to **AWI's Four Drivers** which drive value for the industry (Productivity, Efficiency, Demand and Price) and ultimately industry profitability. As shown in the figure below, AWI's strategic priorities cascade into programs, projects and then finally, the four drivers.

A feedback loop from the bottom up ensures that strategic priorities, program targets, and consequently return to stakeholders remains grounded and quantifiable – program and project targets are informed by the four drivers. By being responsive to **AWI's Four Drivers**, AWI's activities remain connected to direct outcomes for woolgrowers and contribute to AWI's purpose to increase the profitability and sustainability of the Australian wool industry.

Figure 3 – AWI's Cascading Strategy



5.1 PROGRAM PERFORMANCE

Programs are the primary mechanism through which AWI's investment is managed in order to improve profitability and support the sustainability of wool growing. Programs are composed of a suite of projects which combine to deliver targeted overall outcomes. The Programs (or, in their absence, Strategies) include Targets, which may be in the form of **activities, outputs, or outcomes**.

Activity – A portion of a project comprised of a variety of tasks

Output – A discrete product of a project

Outcome – The change in practice or opinion resulting from using the project's outputs

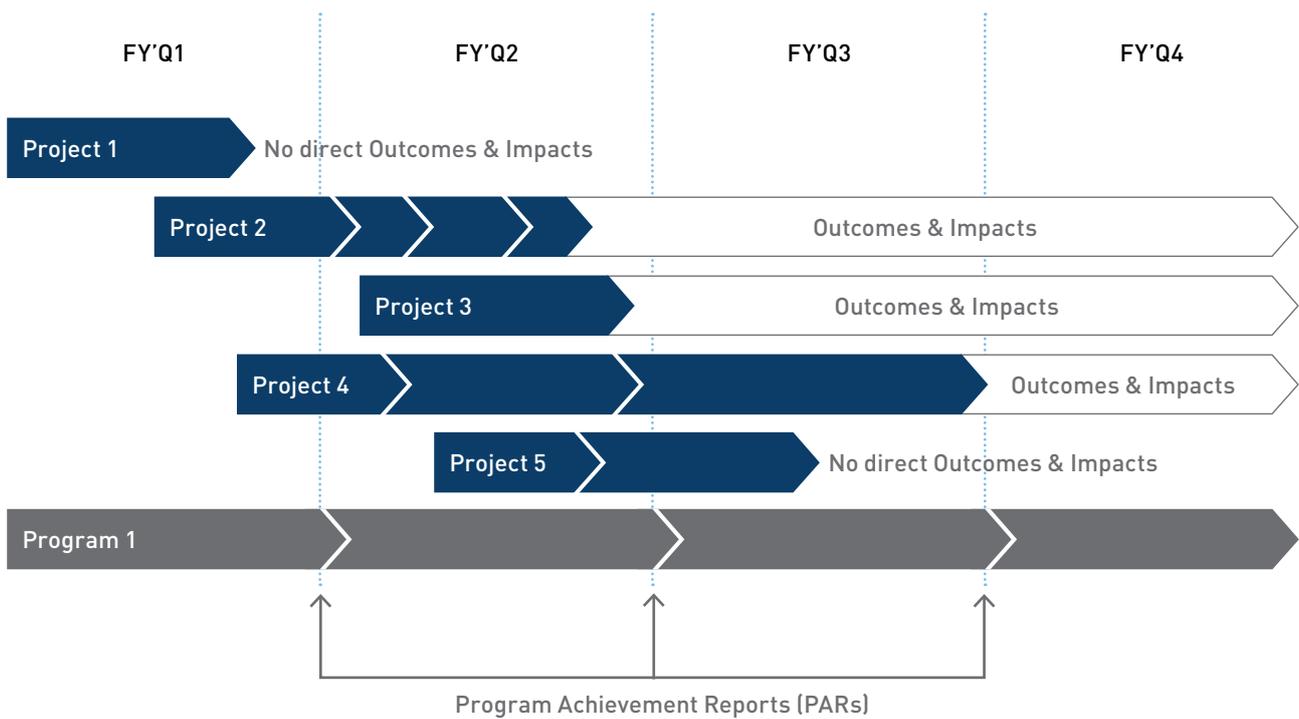
Benefit – The measurable improvement resulting from an outcome that is perceived as an advantage by the target audience

This MEF aspires to set improvement targets at program level as part of the triennial strategic planning process and to report progress against those targets at program level every quarter, annually and at the completion of the Strategic Planning period. As indicated previously, these targets are informed by **AWI's Four Drivers**. Successful delivery of targets has a direct impact upon farmgate returns and RoFAM and consequently the achievement of AWI's purpose.

Target setting at program level is preferred to be outcome based. This is because outcome-based targets provide a more direct link with AWI's Purpose and provide more scope for activities or projects to demonstrate achievement – outcome based targets capture the level of performance or achievement of projects and activities.

The Program level M&E process is illustrated in Figure 4 following.

Figure 4 – Program Logic



Effective, efficient and consistent delivery of targets at program levels facilitates AWI fulfillment of its Purpose.

5.2 PROJECT PERFORMANCE

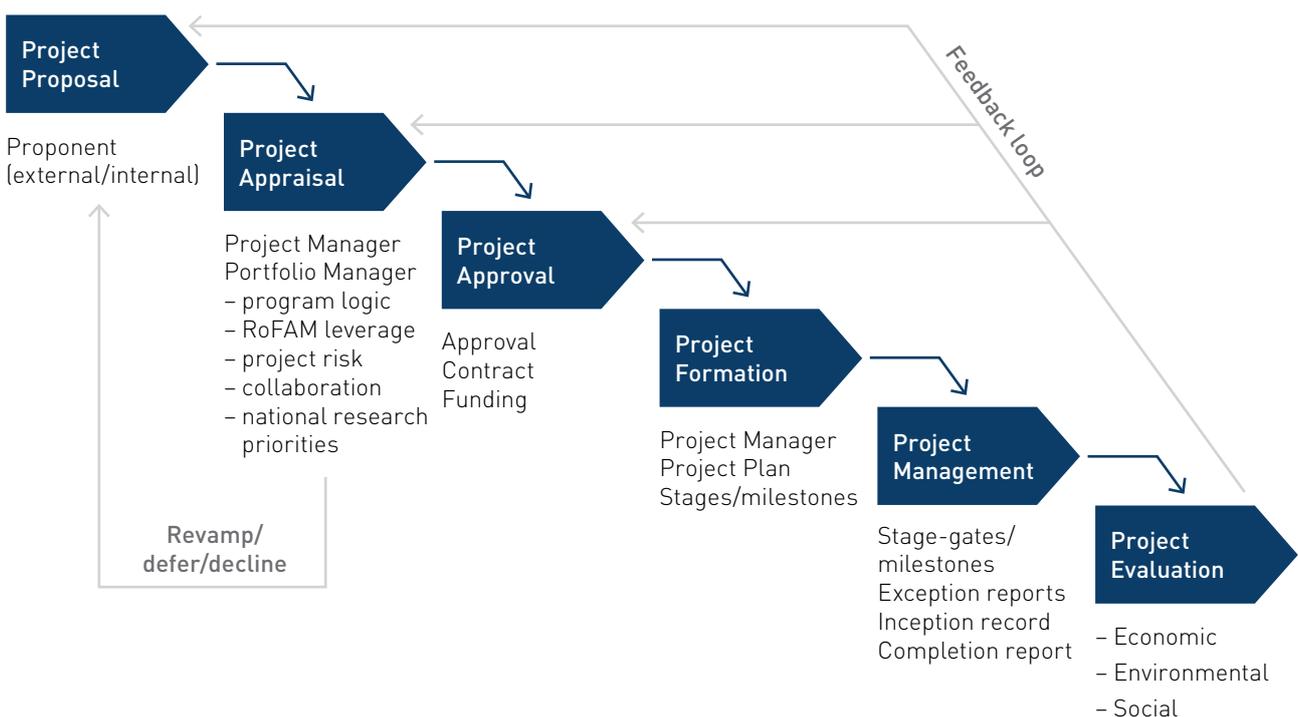
Projects are the means by which change is introduced or effected. Every project has inputs, activities, and at least one output/deliverable, outcomes (either intermediate, or final), and intended benefits.

Projects combine to create outcomes at the program level. As such, each project would ideally generate outcomes with quantifiable impacts with a robust, reliable data source. While most projects completed will deliver outcomes, some projects will deliver outputs or consist of activities only. Where outputs, not outcomes, are generated, the project should

directly tie to another or in certain circumstances be justified due to the subjective, qualitative evaluation of relevant staff members of AWI. For example, some research-based projects may be pursued for quality of knowledge created – direct outcomes (industry behaviour change) may not exist for the project but may make substantive contribution to relevant information and knowledge in the industry.

The figure below depicts AWI's Project Cycle. A feedback loop provides information to develop and inform future project formulation, development and implementation.

Figure 5 – Project Life Cycle



AWI's projects fall under four broad categories:

- Research (pure and applied)
- Development
- Education & Extension
- Marketing

These outward-facing projects constitute the bulk of AWI's activities. They are complemented by Business Services projects, which address internal operational needs.

Research (Pure)	To develop new knowledge
Research (Applied)	To find technical solutions
Development	To develop commercial solutions (new products, processes, practice and policies)
Extension	To accomplish commercial adoption (changes to inputs, processes, practices)
Education	To engage and inform target audiences
Marketing	To promote appreciation for and demand for wool

The metrics, targets and data sources for each of the four broad categories are chosen according to project type, the project aim, the risk profile of the project and past experiences.

Effective measurement of projects facilitates the effective measurement of programs.

5.3 SOCIAL & ENVIRONMENTAL RESPONSIBILITY

AWI's Purpose encompasses supporting the sustainability of the Australian wool industry. This most obviously refers to the economic viability of wool growing. However, AWI believes facilitating healthy environments and landscapes and vibrant communities not only enable woolgrowing's profitability and sustainability but promote the profitability of the industry. As such, AWI monitors, evaluates and reports on social and environmental impacts at project level.

Social and Environmental M&E and reporting align with the Council of Rural Research & Development Corporations' recommendations which AWI see to be best practice in the sector.

6. MONITORING AND REPORTING

Monitoring & Evaluation provides two main benefits to AWI – the ability to better deliver on our purpose (to increase profitability and support the sustainability of the Australian wool industry) and to increase transparency in reporting benefits delivered to woolgrowers and industry members.

Reporting at different levels periodically represents the main medium for communicating value to stakeholders and for evaluation of AWI’s impact and continual improvement and assessment of practices to continually deliver to Australian Woolgrowers.

REPORT	DESCRIPTION	TIMEFRAME	AUDIENCE
CRRDC Evaluation	AWI contributes to the Council of Rural RDCs impact assessments on a regular basis.	Biennially	Board Woolgrowers Stakeholders
Annual Report	Annual Reports provide a summary of program achievement reports and financial performance for the past financial year. This provides updates on AWI performance against strategic targets.	Annually	Board Woolgrowers Stakeholders
Program Achievement Report (PARs)	Each program’s progress is reported quarterly. Project progress in the program suite and progress in program targets outlined in the Triennial Strategic Plan where applicable are reported. This provides stakeholders regular updates of AWI influence on target audiences.	Quarterly	Board Stakeholders
Project Completion Report	Reports for each completed project are created to capture project performance, lessons learnt and financial performance. Comparing planned project outputs and outcomes and those attained enables project performance to be monitored, measured, evaluated and communicated. Internal staff members can review project performance, understand success, identify areas for improvement. These reports form the foundation of PAR reporting which summarise project reporting at the program level.	Periodically – At project completion	AWI Staff Internal Teams
External Evaluations	Each year a random selection of AWI projects are selected for external evaluation. External evaluations provide credibility and transparency to AWI operations. Internal mechanisms of evaluations are calibrated against external perceptions and provide woolgrowers with external perspectives of AWI’s benefits delivered.	Annually	CRRDC Grower Groups Australian Government Stakeholders RDCs

As per the above table, reporting will be published and publicised consistently, frequently and clearly to stakeholders. By reporting at different levels regularly, AWI can demonstrate its value and provide information to stakeholders regarding AWI’s investment efficacy.

Publicly available reports will be disseminated online at wool.com. AWI’s suite of extension and reporting media including Beyond the Bale, electric communication (social media, emails), workshops, industry shows and extension networks will also provide less formal communications of AWI investments.

7. FUTURE-PROOFING MONITORING EVALUATION & AWI

AWI views Monitoring & Evaluation as an integral component of AWI's operation. To ensure M&E's importance AWI will undertake regular reviews of the *AWI Monitoring & Evaluation Framework*. This will ensure that AWI's processes will remain aligned with industry needs, company structural and strategic changes and stakeholder expectations.

With each Strategic Plan – triennially – the MEF will be updated. This will allow for consistent methodologies and assumptions for reporting across the life of a strategic plan, while remaining flexible and reflective of developments in industry, best practice and business operations. The updated MEF will then be published to ensure that accountability and transparency remain at the heart of AWI operations.



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