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# MEASUREMENT & EVALUATION FRAMEWORK

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# 1. DOCUMENT PURPOSE

The Measurement & Evaluation (M&E) framework 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 provides a system of reviewing program targets that are set in the strategic and annual operating plan.

This document provides a methodology and ethos that ensures AWI operations – from the Strategic Plan to programs – align with levy payers' expectations, Australian government regulation, and best practices of program evaluation and reporting. This document outlines:

- Overarching measurements of performance which provide a logical framework for program and program measurement, evaluation, and reporting;
- Development of varied, robust measurements of program impacts and consequently benefits delivered to Australian woolgrowers and stakeholders;
- How AWI's accountability to woolgrowers and other stakeholders is increased more broadly; and
- The ongoing development of M&E oriented culture throughout the organisation.

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## 2. OVERVIEW

### KEY POINTS

- serves to improve the profitability of the Australian wool industry through strategic investments in research, development and marketing
- recognises two main drivers of industry profitability, these being productivity, and demand
- determines investment priorities based on government policy, industry consultation and the guidance of its board and staff
- evaluates random selected programs/ projects (grouped or individual) annually through impact assessment
- participates in the biennial Cross-RDC Impact Assessment covering economic, environmental and social impacts

AWI's overarching purpose is to improve the profitability, and support the sustainability, of the Australian wool industry. At its core, AWI is a project management business, and through its purpose, it aims to achieve these improvements through its programs – i.e. its investments. The role of the Measurement and Evaluation (M&E) Framework is to optimise and report on the performance of those programs and investments.

Two stakeholder groups invest directly in AWI and who are entitled to be kept appropriately informed of its investment performance include:

- woolgrowers, who contribute levies in proportion to their value of production<sup>1</sup>; and
- the Commonwealth of Australia, which contributes funds courtesy of the Australian taxpayer and on behalf of the community in general<sup>2</sup>.

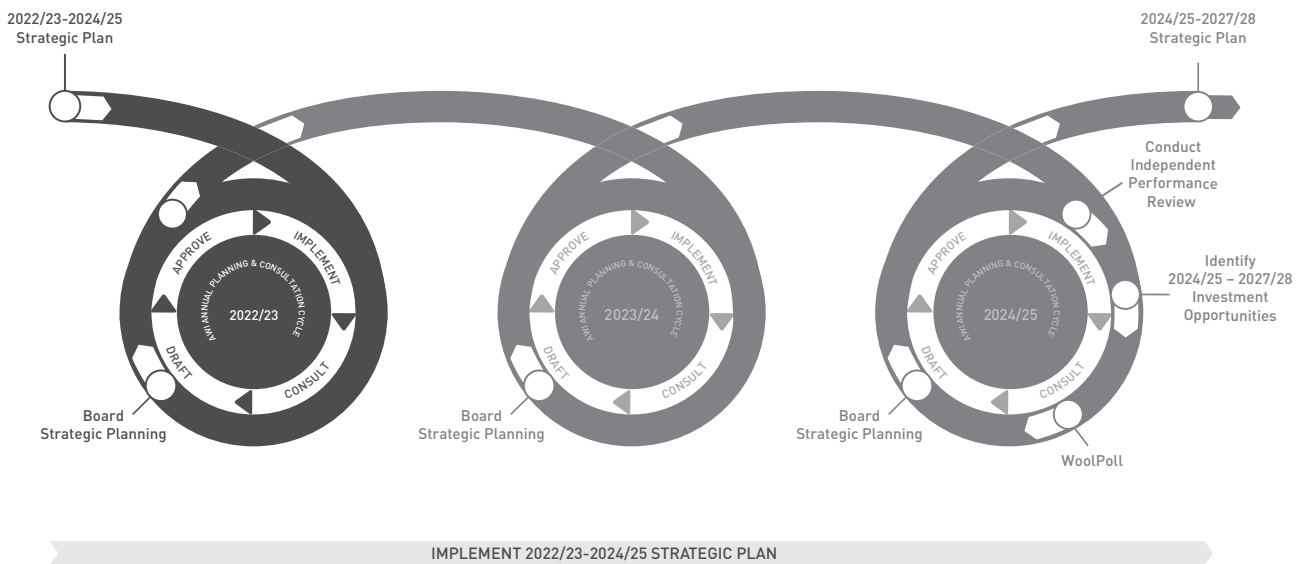
AWI thus performs its services not only for the wool industry but 'for the public good', as referenced in its current Strategic Plan. Agriculture plays a pivotal role in building the sustainability of Australia; and the Commonwealth Government invests in the activities of AWI under the expectation that it will indeed foster that wealth, for woolgrowers and for the wider community.

The *direction and prioritisation* of AWI's investments rely principally on its triennial Strategic Planning process, which sets performance targets, reviews opportunities, identifies risks, determines priorities, and funds broad programs for the next three years.

<sup>1</sup> Wool Services Privatisation Act, as amended (<https://www.legislation.gov.au/Details/C2004A00738>)

<sup>2</sup> AWI Statutory Funding Agreement (<https://www.wool.com/about-awi/who-we-are/statutory-obligations>)

**Figure 1 – AWI’s triennial business cycle 2022/23-2024/25**



The triennial Strategic Planning process cascades into a succession of Annual Operating Plans, each with its own targets.

The Strategic planning process relies heavily on ongoing widespread consultation with participants from every segment of the wool industry supply chain, particularly woolgrowers themselves, in conjunction with AWI’s own knowledge and expertise. This extensive consultation and engagement process is detailed in AWI’s Strategic Plan. The reality is that woolgrowers may be involved with any of multiple industry organisations. The AWI Woolgrower Industry Consultative panel provides a mechanism that ensures regular formal stakeholder input to the AWI planning process.

AWI management reports biannually on its progress against the plan to the board at the strategic and program level.

The programs are implemented through individual projects; so, **projects are the core activity of AWI, and measurement and evaluation are undertaken for projects or groups of projects at primary level.**

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## 3. RETURN ON FARM ASSETS MANAGED (ROFAM)

AWI's purpose is to increase the profitability and support the sustainability of the Australian wool industry through strategically targeted investments in research, development<sup>3</sup> and marketing that deliver measurable improvements in:

- **Productivity,**
- **Demand**

The commercial attractiveness of wool-growing depends on its profitability in relation to other options available to each rural enterprise.

In evaluating the relative attractiveness of wool-growing over other agricultural pursuits (or other sectors), the most appropriate comparison *measure of profitability* is Return on Assets, or more specifically Return on Farm Assets Managed (RoFAM). **The RoFAM methodology is a long-term measure for the wool industry.**

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

Relevant farm assets include allocated land, livestock, and infrastructure.

The challenge for AWI is to undertake investments that will best improve the profitability of wool-growing, by introducing innovations that would not happen without its intervention.<sup>4</sup> That improvement in profitability can occur by any combination of increased farm-gate returns, productivity improvements and conservation of productive assets.

Increase in return can result from:

- higher income, which in turn depends on

- the unit price paid for raw wool of a given quality
  - increase in average quality (e.g. finer fibre, less vegetable matter)
  - increase in quantity produced.
- lower cost of production, which in turn depends on
    - efficiency gains
    - unit costs of various inputs.

### **Productivity – efficiency of production of goods or services expressed by some measure.**

Productivity growth is measured by Total Factor Productivity (TFP) growth that reflects improvements in the efficiency with which farmers combine inputs to produce outputs.

Productivity improvement refers to an increase in annual yield from a fixed asset.

*Factors: research, adoption, supply chain*

### **Demand – describes how much consumers in a particular segment are willing to spend on a product.**

Demand for wool, and the resultant price, are largely externally derived. AWI redresses this imbalance through its global marketing role on behalf of Australian woolgrowers. Any innovation which leads to productivity improvement, efficiency gains, and conservation of productive assets, anywhere in the supply chain; and/or leads to market demand and price support through competition, will improve woolgrower profitability and support sustainability.

*Factors: market access, price, accessibility*

<sup>3</sup> including Extension

<sup>4</sup> Under its Statutory Funding Agreement AWI is required to restrict its R&D investments to areas that are 'pre-competitive' or subject to market failure. In the case of Marketing AWI is not thus constrained and performs a global role on behalf of the Australian wool industry.

# 4. PROGRAMS

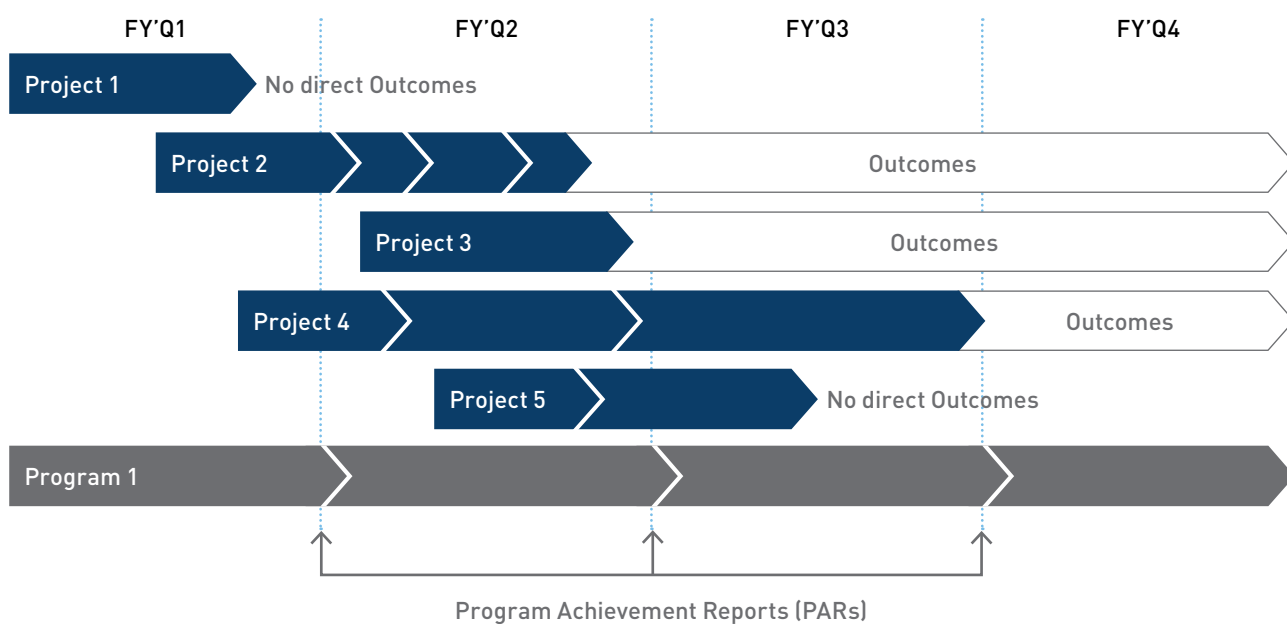
## KEY POINTS

- Programs are the principal mechanism through which AWI pursues its purpose.
- Program objectives and targets are directed at industry profitability through one or more of its two key drivers
- Research programs should be **logic-mapped** for its place (logic sequence) in a program and its contribution to achieving AWI's purpose
- Program Achievement (progress against plan) is **reported bi-annually**
- Program Risks (being the major risks of each project therein) are reviewed and updated biannually.

Programs are the primary mechanism through which AWI's investment is managed to improve profitability and support the sustainability of wool-growing.

This M&E Framework aspires to set targets at program level as part of the triennial strategic planning process and to report progress against those targets at program level bi-annually to the AWI Board and then to growers and the general public in a summarised form through the Annual Reports. Risk management is also reported bi-annually.

Figure 5 – Program Logic



# 5. PROJECT PERFORMANCE

Projects are implemented to meet the current goals set out in the Strategic and Operating Plans.

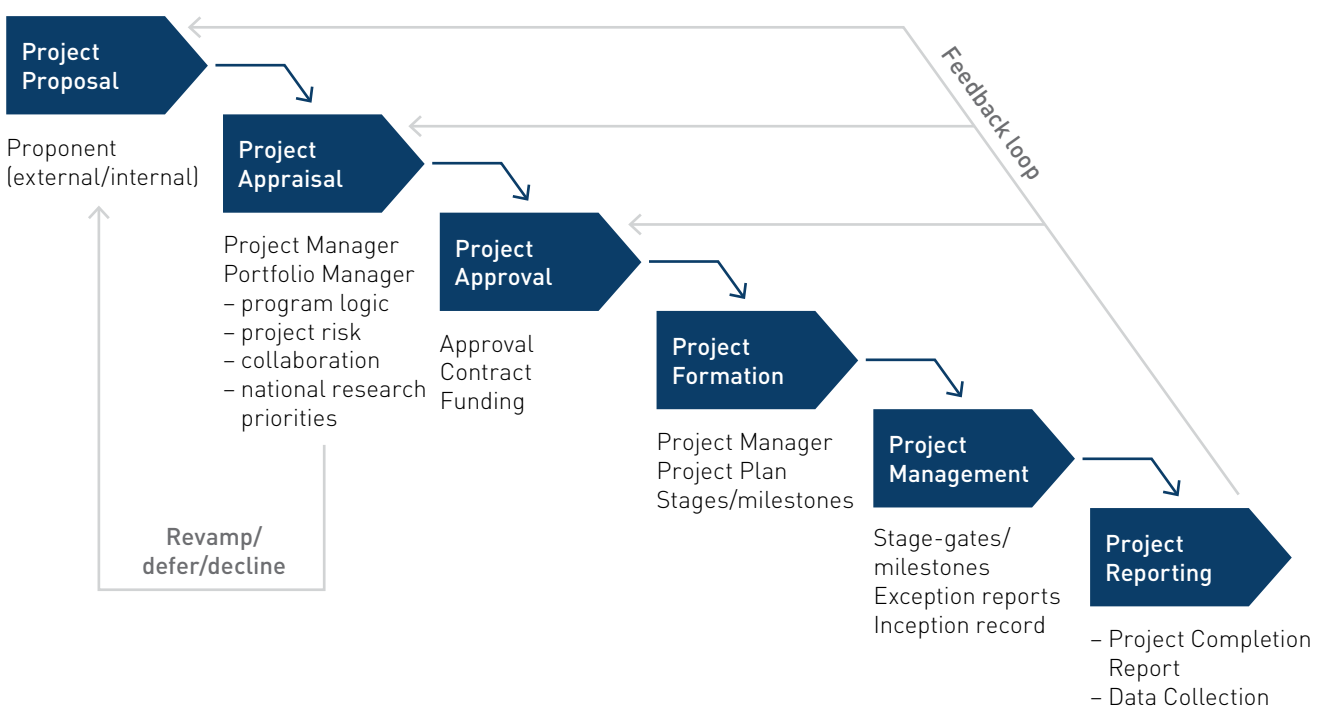
Projects combine to create outcomes at the program level. As such, each project would ideally generate outcomes with quantifiable impacts with a robust, reliable data source. Completed projects will deliver a mixture of outcomes, outputs or activities.

While AWI prefers projects that have quantifiable metrics that are achieved immediately after the completion date. Some projects take longer to produce noticeable outcomes, meaning the evaluation methods will drastically differ between

projects. It is essential to set relevant targets for these types of projects to get an accurate evaluation after the completion date. By using various research methods mentioned under 'Methods of Evaluation' and data from past projects, AWI can measure the expected outcome.

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

Figure 6 – Project Life Cycle





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Every project has inputs, activities, at least one output/deliverable, outcomes (either intermediate, or final), and intended benefits/impacts:

- every project should be **logic-mapped** for its contribution to program objectives and targets
- every project that has an outcome requires a **baseline** or starting point from that same data source against which the incremental effect of the project can be measured
- every project should make specific provision for any outcomes measurement that will be required after the project itself is completed
- every project requires **an inception record (project proposal) and a final (completion) report** with mirrored core content, to facilitate project management performance and any post evaluation
- a random sample of projects to be evaluated each year
- every two years a random sample of AWI projects are included in the CRRDC's Cross-RDC Impact Assessment covering economic, environmental and social benefits to primary producers and to the wider community.

**Outputs are the direct results associated with an investment. Some examples of output include training, workshop attendance, generated leads, tradeshow numbers, etc.**

**Outcomes occur because of program outputs, which contribute to the achievement of outcomes. These changes will include improvements through R&D, marketing campaign reach, i.e., adoption, changes in grower sentiment, changes in consumer perceptions, marketing reach, etc. if a project does not have a final, identified outcome of its own, it should be clustered and suitably sequenced with one or more map-associated projects that do have outcomes**

**Impact Assessment measures the effectiveness of outcomes and the significance of changes brought about by those outcomes.**



Gordon and Chadwick (2007) use the logical framework as the first of three key steps for an evaluation framework:

1. Mapping inputs to impacts – logic of inputs to impacts (analytical framework)
2. Operationalising the framework – measuring changes along the pathway
3. Estimating impacts – tools to estimate benefits/impacts, evidence to support impacts.

## METHODS OF EVALUATION

The following data collection tools and analysis methods will be used to generate different types of data to meet the requirements of the framework and encompasses the:

1. Qualitative Research Method
2. Quantitative Research method
3. Mixed Research Method

Quantitative and qualitative research use different research methods to collect and analyze data, and they allow you to answer different kinds of questions. Tabulated below are the description of the methods that may be used in conducting evaluations.

METHOD	DESCRIPTION
<b>Surveys</b>	List of closed questions that are distributed to a sample (online, in person, or over the phone).
<b>Benefit Cost Analysis</b>	Process to compare the estimated benefits and costs in order to determine the value of the project.
<b>Descriptive analysis</b>	Summary of the data that reveals patterns and helps identify the underlying trends.
<b>Predictive analysis</b>	Statistical tool to make predictions and estimate the possible outcomes of the project.
<b>Mixed Research</b>	Research that uses a mixture of various methods to achieve the best results.
<b>Case studies</b>	Research that provides in-depth information about the subject of interest

## 7. REPORTING

Measurement & 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
<b>Annual Report</b>	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
<b>Performance Report</b>	Performance Reports provide a succinct and high-level summary of AWI's investments and is a companion to AWI's Annual Report 2020/21.	Annually	Board Woolgrowers Stakeholders
<b>Program Achievement Report (PARs)</b>	Each program's progress is reported biannually. The report shows progress against the annual targets.	Biannually	Board
<b>Project Completion Report</b>	Reports for each completed project are created to capture project performance, lessons learnt and financial performance. 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
<b>Project/Program Evaluations</b>	Each year, AWI programs or projects are randomly selected for internal or external evaluation. External evaluations provide credibility and transparency to AWI operations. AWI contributes to the Council of Rural RDCs impact assessments on a regular basis. AWI plans to conduct 2-3 evaluations in a financial year.	Annually	Board Woolgrowers Stakeholders
<b>Nielsen Consumer Sentiment &amp; Market Research</b>	Market research of identified key markets to understand consumer sentiment, purchasing behaviour and opinions of wool and apparel more generally.	Annually	Board Woolgrowers Stakeholders
<b>Woolgrower Sentiment Survey</b>	The Woolgrower survey provides a range of feedback from woolgrowers on their interaction and engagement with AWI and their experiences with, and assessment of, the outcomes achieved by AWI.	Annually	Board Woolgrowers Stakeholders
<b>Internal Surveys</b>	Internal surveys conducted to get feedback from local and international staff on the services provided by the support teams like finance, HR, M&E, Digital, IT and Legal	Annually	Board Internal Staff
<b>Woolgrower Industry Consultation Panel (WICP) and AWI Woolgrower Consultation Group (WCG)</b>	The WICP and WCG meetings are held to report on consultation efforts and gather feedback from members to be considered in the company's decision-making.	WICP – Quarterly WCG – Biannually	Board

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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](http://wool.com). AWI's suite of extension and reporting media including Beyond the Bale, electronic communication (social media, emails), workshops, industry shows, and extension networks will also provide fewer formal communications of AWI investments.

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## 8. APPENDIX: REFERENCES

### AWI

Framework for Monitoring and Evaluation  
(2013/4 Update)

<https://www.wool.com/globalassets/start/about-awi/how-we-consult/measuring-performance/2014-awi-framework-monitoring-evaluation.pdf>

Framework for Monitoring and Evaluation  
(2018/19 Update)

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Strategic Plan 2018/19 – 2021/22

On Farm Research & Development

<https://www.wool.com/on-farm-research-and-development>

AWI Statutory Funding Agreement

<https://www.wool.com/about-awi/who-we-are/statutory-obligations>

### Council of Rural Research & Development Corporations (CRRDC)

Impact Assessment Guidelines 2018

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Cross-RDC Impact Assessment Reports

<http://www.ruralrdc.com.au/wp-content/uploads/2018/08/161021-CRRDC-Cross-RDC-Impact-Assessment-2010-2015-FINAL-REPORT.pdf>

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## Other

Rural Research, Development & Extension Priorities

<http://www.agriculture.gov.au/ag-farm-food/innovation/priorities>

Agricultural Competitiveness White Paper, 2015

<http://agwhitepaper.agriculture.gov.au>

Rural Research & Development (R&D) for Profit  
– Guidelines

<http://www.agriculture.gov.au/SiteCollectionDocuments/agriculture-food/innovation/profit-program-guidelines.pdf>

Monitoring, Evaluation, Reporting and Improvement (MERI), National Landcare Program

<http://www.nrm.gov.au/my-project/monitoring-and-reporting-plan/meri>

Program Logic (Department of Foreign Affairs & Trade) (DFAT)

<https://dfat.gov.au/about-us/publications/Documents/explanatory-note-on-program-logic.pdf>

Sheepmeat Industry Strategic Plan, 2015-2020

[http://sheepproducers.com.au/wp-content/uploads/2018/03/Sheepmeat\\_Industry\\_Strategic\\_Plan\\_2015-2020.pdf](http://sheepproducers.com.au/wp-content/uploads/2018/03/Sheepmeat_Industry_Strategic_Plan_2015-2020.pdf)

Wool Services Privatisation Act

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Gordon and Chadwick (2007)

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