



TOOLKIT SERIES

Theory of Change Template

A step-by-step guide to mapping the inputs, outcomes and impacts of social value commitments

Version 2, October 2026



Copyright

© 2026 AusEnergy Services Limited. The material in this publication is protected by copyright under Australian law and is not for general publication or distribution. Information is based on information available at the time of writing, October 2026, and is subject to change. This document does not constitute legal or business advice.

ASL acknowledges the Traditional Custodians of the land on which we live and work. We pay our respects to Elders, past and present.

Artwork credit: The 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan.



The ASL Social Value Toolkit tools and guidance are structured across three levels to support the gradual development of social value capability and maturity.



INTRODUCTORY

Builds foundational understanding and capability in social value practice.



INTERMEDIATE

Builds on foundational capability to support more developed social value practice.



ADVANCED

Supports established capability and more mature social value practice.

Contents

1. Introduction	4
1.1 What a Theory of Change is and is not	4
1.2 Why use a Theory of Change for social value?	5
2. How to use this template	6
2.1 Before you begin	6
2.2 Completion order	7
2.3 How the elements connect	7
3. Step-by-step guidance	8
Step 1: Define your impact	8
Step 2: Define your outcomes	9
Step 3: Define your outputs	10
Step 4: Plan your activities	11
Step 5: Identify your inputs	12
Step 6: Write your problem statement	13
4. Further considerations	14
4.1 Evidence assessment	15
4.2 Assumptions	16
4.3 Unintended consequences	17
5. Theory of Change Template	18
6. Worked examples	20



1. Introduction

A Theory of Change is a strategic planning framework that maps the pathway from inputs and activities through to measurable outcomes and long-term impact.

Applied to social value initiatives, it makes the underlying logic of a commitment explicit: not just what will be done but why doing it will produce the intended change.

This template guides practitioners through building a Theory of Change for a specific social value commitment. It is designed for use alongside the ASL Local Needs Analysis (LNA) template. The evidence gathered in the LNA provides the foundation for the problem statement and outcomes defined here.

1.1 What a Theory of Change is and is not

Table 1. What a Theory of Change is and is not

Theory of Change is:	A Theory of Change is not:
A structured argument for why an initiative will produce the intended change	A project plan or implementation schedule
Evidence-based: grounded in LNA data, stakeholder engagement and policy analysis	A list of aspirations unsupported by evidence
A tool for testing and strengthening the logic of an approach before delivery begins	A compliance document to be filed and not revisited
A living document to be reviewed at each major project milestone	A guarantee of specific outcomes

1.2 Why use a Theory of Change for social value?

A Theory of Change supports social value planning by:



Providing a structured roadmap, moving beyond ad hoc engagement towards a coherent,



Supporting long-term social value strategy development



Aligning stakeholder expectations by identifying shared priorities between proponents, communities and government



Enhancing transparency and trust through clear articulation of intentions, progress and expected outcomes



Enabling measurable impact by establishing indicators for success that can be tracked and reported



Supporting early identification of risks, including capacity gaps, stakeholder dependencies and external factors



2. How to use this template

2.1 Before you begin

The following may be helpful to have in place before completing this template:

- A specific social value commitment or initiative to map, not a general program or aspiration
- A completed or in-progress Local Needs Analysis, which provides the evidence base for the problem statement and outcomes
- Stakeholder engagement findings confirming the initiative responds to genuine community priorities
- Familiarity with relevant policies and procurement obligations (refer to Section 1 of the LNA template)

Note

This template should be completed for a specific initiative, not a whole project. Where a project includes multiple distinct social value commitments, a separate Theory of Change should be completed for each one.

Examples in templates are shown in *italics*. Replace all placeholder text with your own content.

2.2 Completion order

The six elements of a Theory of Change are presented left-to-right for reading purposes (Problem Statement through to Impact).

Table 2. Theory of Change elements and guiding questions

Element	The question it answers
Impact	What is the long-term change this initiative is working towards?
Outcomes	What changes in behaviour, systems or conditions will lead to that impact?
Outputs	What tangible, countable results will the activities produce?
Activities	What specific actions will be taken to produce those outputs?
Inputs	What resources, funding and partnerships are needed to carry out those activities?
Problem statement	What core problem, if addressed, would generate all of the above?

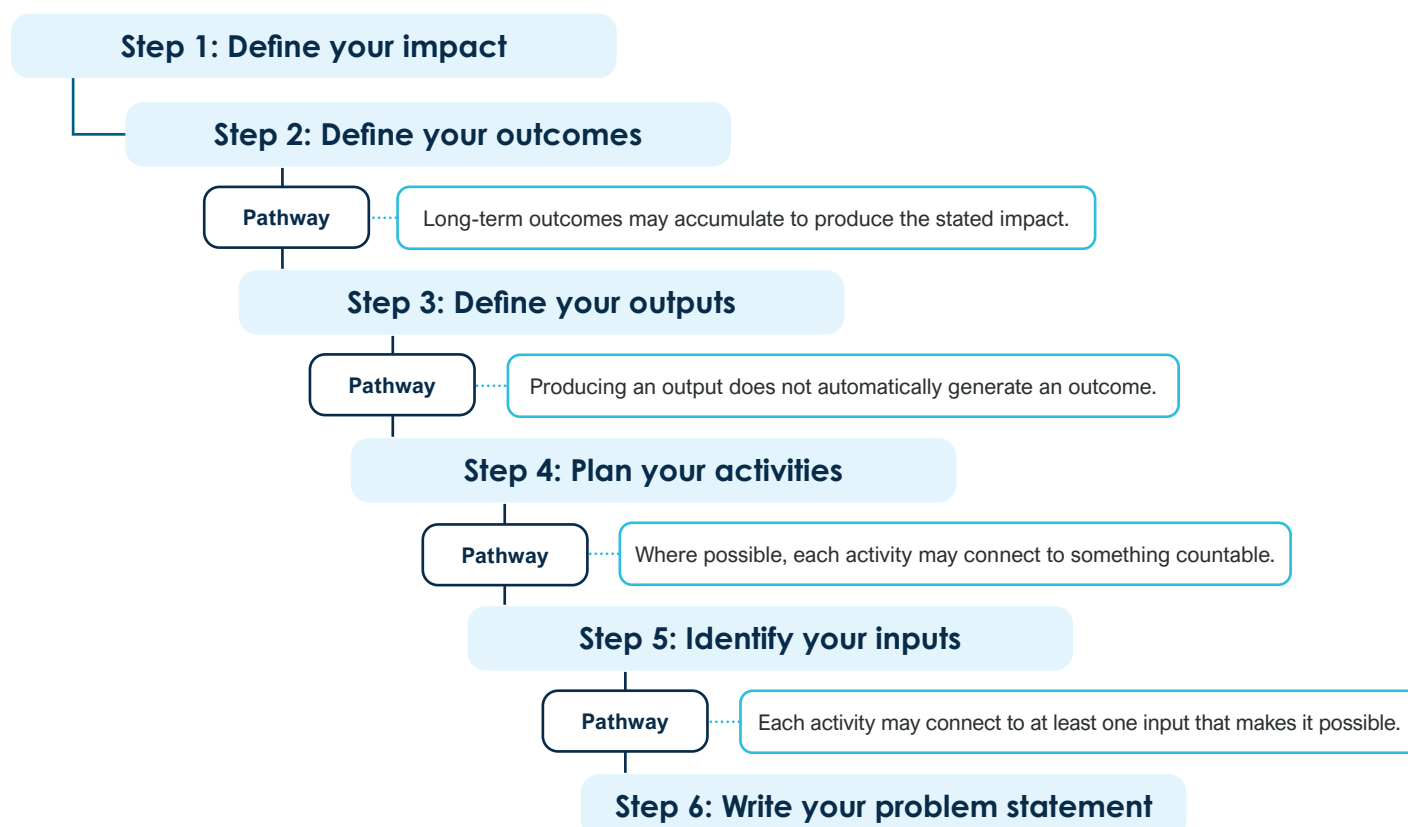
2.3 How the elements connect

Each element is causally linked to the next. The model holds together only if those links are explicit and defensible.

The causal logic reads as follows:

Because this problem exists, these inputs are required to carry out these activities, which will produce these outputs, which will lead to these outcomes, which will contribute to this impact.

Each Pathway box in Section 3 explains the specific connection between adjacent elements. Where the connection is not yet clear, it may be worth reviewing both elements before continuing.





3. Step-by-step guidance

Work through each of the six steps below in the order shown. Each step sets out what the element is, the criteria for a well-defined entry, a short, worked example, a pathway note explaining how it connects to the next element, and a stop-and-check before proceeding.

Step 1: Define your impact

Impact is the high-level, long-term change an initiative seeks to contribute to. It is the overarching goal that gives every other element its direction and purpose. Impact is not something a single project delivers alone; it is a destination to which the project contributes alongside other actors over an extended timeframe.

Criteria for a well-defined impact statement

- Set it at a level of ambition that requires sustained, multi-year effort across multiple stakeholders
- Align it with a genuine community need identified in the Local Needs Analysis
- A useful test: could this impact statement be shared by multiple projects and organisations working in the same space?

Example: Regional economic participation in the energy transition

- **Strong:** “Regional communities hosting renewable energy projects in New South Wales have the workforce capacity, business capability and institutional infrastructure to capture lasting economic benefit from the energy transition.”
- **Weak:** “Our project delivers training and local employment.” (This describes an activity, not a long-term change in the world.)

Stop and check

Before you start:

- ☐ Is the impact broad enough that it requires multiple actors and many years to achieve?
- ☐ Is it framed as a change in the world rather than a project deliverable?
- ☐ Is it aligned with a real, evidence-based community need from the Local Needs Analysis?
- ☐ Would this impact remain relevant beyond the life of this specific project?



Step 2: Define your outcomes

Outcomes are the changes in knowledge, behaviour, systems or conditions that occur as a result of activities and outputs. They are the bridge between what is produced and the impact being pursued. Outcomes describe changes that occur in people, organisations or conditions, not things the project does.

There are three timeframes:

- Short-term (1 to 2 years): changes in awareness, knowledge or attitudes
- Medium-term (3 to 5 years): changes in behaviour, practice or systems
- Long-term (5 or more years): changes in conditions or wellbeing that directly contribute to impact

Criteria for well-defined outcomes

- Write them as changes, not activities (“Increased local employment rates” not “We will run employment programs”)
- Each outcome may connect directly to at least one output
- Long-term outcomes should connect directly to the impact statement
- Short-term outcomes should be achievable within the first one to two years of the initiative
- A common error is listing outputs as outcomes. “80 residents complete training” is an output. “Improved workforce readiness among local jobseekers” is an outcome.

Example: Local employment and skills development

- Short-term: Increased awareness of renewable energy career pathways among job-seekers in the project region.
- Medium-term: Increased local employment rates on the project; increased proportion of the workforce drawn from within the host community.
- Long-term: A skilled local workforce capable of servicing multiple renewable energy projects across the region over time.

Pathway: Outcomes to Impact

Long-term outcomes may accumulate to produce the stated impact. Where there is no clear line between long-term outcomes and the impact statement, it could be worth reviewing both: the outcomes may not be ambitious enough, or the impact statement may need to be more specific.

Stop and check

Before starting:

- ☐ Do the long-term outcomes connect directly to the impact statement?
- ☐ Are the short-term outcomes achievable within the first one to two years?
- ☐ Are outcomes described as changes in people, systems or conditions rather than project activities?
- ☐ Is there a logical progression from short-term through to long-term outcomes?



Step 3: Define your outputs

Outputs are the immediate, tangible and countable results of activities. They are what is produced: the evidence that activities have been completed. An output should be specific enough to be verified as delivered or not delivered at the end of the initiative.

Criteria for well-defined outputs

- State each output with a unit of measurement (“80 residents complete accredited training” not “training is delivered”)
- Include numbers, documents, events, businesses, hours or other countable units
- Each output would typically connect to a specific activity listed in Step 4
- Outputs should be achievable within the project scope, budget and timeframe
- A common error is describing outcomes as outputs. “Improved community wellbeing” is an outcome. “12 community information sessions held with 450 participants” is an output.

Example: Local supplier development program

20 local businesses complete a supplier capability workshop and register on the Industry Capability Network Gateway.

A local procurement policy developed, endorsed by the project board and published on the project website.

3 supplier networking events held, connecting local businesses directly with the project procurement team.

Pathway: Outputs to outcomes

Producing an output does not automatically generate an outcome, a credible mechanism is needed. For each output, it can be worth asking: why would producing this output lead to this outcome?

For example, completing accredited training may lead to improved employability where the qualification is recognised by employers in the sector and the program was designed in partnership with them. Making that mechanism explicit, rather than assumed, tends to strengthen the model.

Stop and check

Before starting:

- ☐ Is every output countable and verifiable?
- ☐ Does each output connect to at least one outcome?
- ☐ Are the outputs realistic given the project budget and timeline?
- ☐ Has the mechanism linking each output to its intended outcome been clearly identified?



Step 4: Plan your activities

Activities are the specific programs, actions and steps the initiative will undertake to produce outputs. They are what will be done. Activities fall within the direct control or sphere of influence of the delivering organisation; outcomes do not.

Criteria for well-defined activities

- Be specific: “Deliver a 10-week accredited pre-employment program with the regional TAFE” rather than “run training”
- Activities that do not connect to at least one output may be worth reviewing
- Activities should be within the project’s sphere of control or influence
- Name the key delivery partner or mechanism where it is material to the success of the activity
- A common error is listing too many vague activities. The focus should be on activities essential to producing the key outputs.

Example: Community benefit fund

- Establish a community benefit fund with an independent advisory committee to manage grant allocations.
- Run two annual grant rounds with defined eligibility criteria aligned to identified local needs.
- Publish the outcomes of each grant round in a community-accessible report within 60 days of each round closing.

Pathway: Activities to outputs

Where possible, each activity may connect to something countable. Where an activity cannot be linked to a specific output, it could be considered either a sub-task within another activity or a step that may not be essential. Where an output cannot be traced back to a specific activity, that activity may be missing from the plan.

Stop and Check

Before starting:

- ☐ Does each activity produce at least one measurable output?
- ☐ Are all activities within the project’s sphere of influence?
- ☐ Is each activity specific enough that someone unfamiliar with the project would understand what it involves?
- ☐ Have the key delivery partners or mechanisms been identified for each activity?



Step 5: Identify your inputs

Inputs are the resources, funding, partnerships and capabilities needed to implement activities. They are what it may help to have in place before activities begin. Inputs are most useful when they reflect what is genuinely required, not just what would be desirable.

Criteria for well-defined inputs

- Be specific: not just “funding” but “confirmed project co-investment of \$X over three years”
- Include human resources, financial resources, partnerships and technical expertise
- Where possible, focus on inputs that are confirmed or have a high likelihood of being secured
- Distinguish clearly between confirmed and proposed inputs; unconfirmed inputs belong in the Assumptions section
- A common error is listing aspirational inputs as though they are confirmed. Where a partnership has not been formalised, it should be noted as proposed.

Example: Pre-employment and supplier development program

- Confirmed project co-investment funding for pre-employment program delivery across Years 1 to 3.
- Signed partnership agreement with regional TAFE for program design and delivery.
- Dedicated community liaison and supplier engagement roles within the project team.
- Subscription to the Industry Capability Network Gateway for supplier registration support.

Pathway: Inputs to activities

Each activity may connect to at least one input that makes it possible. Where an activity cannot be matched to an enabling input, it could indicate that either the input is missing or the activity may not be deliverable with current resources. Inputs that do not enable any activity could be moved to Further Considerations.

Stop and Check

Before starting:

- ☐ Is every input listed genuinely required to deliver the activities?
- ☐ Have confirmed and proposed inputs been clearly distinguished?
- ☐ Are there any single points of failure: inputs that, if unavailable, would prevent the initiative proceeding?
- ☐ Do the inputs reflect the full scale and complexity of the planned activities?



Step 6: Write your problem statement

The Problem Statement defines the core issue, gap or challenge the initiative seeks to address. It is completed last because it should reflect everything else that has been defined. It answers the question: what problem, if addressed, would require all of the inputs and activities listed, and generate all of the outcomes and impact described?

Criteria for a well-defined problem statement

- Name the community, region or group affected, the nature of the gap and the scale of the issue
- Ground it in evidence from the LNA, stakeholder engagement or policy analysis
- Describe the problem, not the proposed solution
- It should be sufficiently specific to be addressed by this initiative and broad enough to justify its full scope
- A useful test: does the problem statement justify every element defined above? Where inputs or activities cannot be traced back to the problem, either the problem statement needs broadening or those elements need reviewing.

Example: Youth employment and local economic participation

- **Strong:** “A regional community of 18,000 people in central-western New South Wales faces youth unemployment of 24 percent, significantly above the state average of 9 percent. Local businesses have historically been excluded from large infrastructure supply chains due to limited structured engagement and capability support. As a result, the economic benefits of the region’s growing renewable energy pipeline are not being captured at the local level.”
- **Too broad:** “Youth unemployment is a significant challenge across regional Australia.” (This cannot be addressed by a single project-level initiative.)
- **Too narrow:** “The project site lacks qualified local maintenance technicians.” (This does not justify the full scope of activities defined.)

Stop and check

Before starting:

- ☐ Does the problem statement describe the issue rather than the proposed solution?
- ☐ Is it grounded in evidence from the LNA, stakeholder engagement or policy analysis?
- ☐ Does it logically require all of the inputs and activities listed?
- ☐ Does it justify the full scope of the initiative: not more, not less?
- ☐ Does addressing this problem plausibly lead to the outcomes and impact defined?



4. Further considerations

Once the Theory of Change template is complete, the three considerations below may be worth addressing. They can help test whether the underlying logic is sufficiently robust and whether the initiative has accounted for factors that could affect delivery.

When to complete this section

Working through this section after finishing the template is generally advisable. Revisiting it at each major project milestone can also be useful, as assumptions change and unintended consequences may emerge over time. Where findings in this section point to gaps in the template, updating those sections may strengthen the overall model.

4.1 Evidence assessment

What research, stakeholder engagement or policy analysis has been completed to establish the need for this initiative?

What to include

- Research or data indicating a gap or need for the proposed intervention
- Stakeholder consultation findings identifying key challenges or opportunities
- Policy documents, government reports or industry data supporting the initiative
- Relevant data from the Local Needs Analysis
- Case studies from comparable projects that demonstrate relevant outcomes

Example

- ABS Census data showing youth unemployment in the project local government area at 24 percent, compared to a state average of 9 percent.
- Stakeholder consultation (December 2024) identifying structured employer engagement as the primary gap in existing vocational pathways.
- Regional skills demand analysis projecting a requirement for an additional 800 trade-qualified workers by 2028 across the regional renewable energy pipeline.

Stop and check

Before starting:

- ☐ Is there sufficient evidence to justify the problem statement?
- ☐ Has the evidence base drawn on both quantitative data and qualitative engagement findings?
- ☐ Are the evidence sources current (within the last three to five years)?
- ☐ Where evidence is limited or missing, has this been noted as a risk in the Assumptions section?



4.2 Assumptions

Every Theory of Change is based on assumption - things that need to stay true for the initiative to work as expected. Clearly setting these out helps organisations keep track of risks and respond early if conditions change. Assumptions that are not made explicit can easily be overlooked.

What to include

- Assumptions that there will be ongoing demand for the initiative and its intended outcomes
- Assumptions that support from government, community and industry stakeholders will continue
- Assumptions about the availability of key resources, such as funding, skills, infrastructure and capacity
- Assumptions that the policy and regulatory environment will remain relatively stable
- Assumptions about the target community's ability and willingness to take part

Example

- Continued project pipeline: the regional renewable energy sector continues to grow over the five-year program period, sustaining demand for local workforce and supplier participation.
- Funding continuity: government co-investment for the pre-employment program is confirmed for Year 2 and Year 3.
- Industry partner commitment: the three participating employers maintain their stated preference for locally trained candidates throughout the construction phase.

Stop and check

Before starting:

- ☐ Has every assumption that, if incorrect, would undermine the initiative been listed?
- ☐ Is there a mechanism to monitor each assumption and detect early signs of change?
- ☐ Are any assumptions so high-risk that they should be addressed in the initiative design itself?



4.3 Unintended consequences

Every initiative carries potential for unintended consequences, both positive and negative. Identifying them in advance enables monitoring, mitigation of negative effects and reinforcement of positive ones.

Table 3. Unintended consequences examples

Potential positive consequences	Potential negative consequences
The initiative generates benefits beyond the original scope, such as new cross-sector partnerships, increased regional investment or policy reform.	The initiative inadvertently concentrates benefits among certain groups or locations within the community, creating or reinforcing inequities.
Strengthened relationships between the project, local government, industry and community organisations that extend beyond the life of the initiative.	Increased demand for skilled labour or local infrastructure creates capacity constraints that disadvantage other businesses or projects in the region.
Improved community confidence in engaging with large infrastructure developers, benefiting future projects in the region.	Short-term funding or policy changes reduce the sustainability of the initiative before long-term outcomes are secured.



Stop and check

Before starting:

- ☐ Has the initiative been assessed for whether it may benefit some community members more than others?
- ☐ Have risks to the sustainability of outcomes after project completion been identified?
- ☐ For each negative consequence identified, is there a mitigation measure in the activity or input design?
- ☐ Is there a plan to monitor for unintended consequences throughout the initiative?

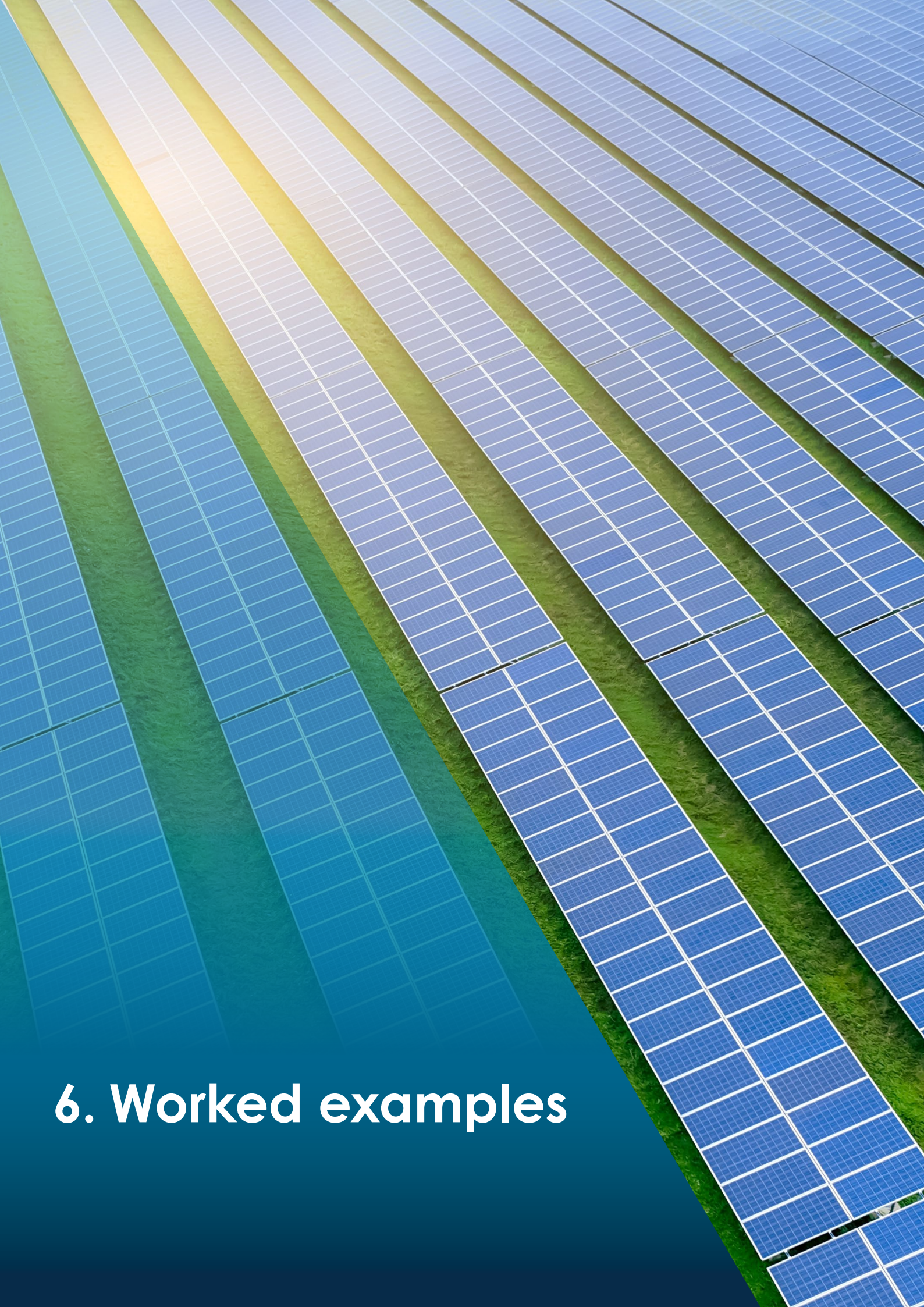


5. Theory of Change Template

Complete the template below for a specific social value commitment. Work through the elements in the order shown in the grey row.

Table 4. Theory of Change template

Theory of Change					
Initiative / Commitment name: [Enter name] Project: [Enter project name] Date: [Enter date]					
Defined last: justifies all other elements	Enables activities	Produces outputs	Drives outcomes	Accumulates to impact	Defined first: the destination
					
Problem statement	Inputs	Activities	Outputs	Outcomes	Impact
<i>Define the core issue or gap, grounded in evidence. Complete this last.</i>	<i>List confirmed or highly likely resources, funding and partnerships.</i>	<i>List the specific actions that will produce each output. Be precise.</i>	<i>State the countable, measurable result of each activity.</i>	<i>Describe the changes that will occur as a result of outputs. Separate into short, medium and long-term.</i>	<i>State the high-level, long-term change being worked towards. Complete this first.</i>
<i>[Describe the core issue or gap that this initiative addresses, grounded in evidence from the Local Needs Analysis.]</i>	<i>[List confirmed inputs:]</i>	<i>[List activities:]</i>	<i>[List outputs:]</i>	<i>Short-term (1-2 years): [Change in knowledge or awareness] Medium-term (3-5 years): [Change in behaviour or practice] Long-term (5+ years): [Change in conditions or wellbeing]</i>	<i>[Long-term impact statement]</i>

An aerial photograph of a large solar farm with rows of blue photovoltaic panels stretching across a green field. A bright light source in the upper left corner creates a strong lens flare and a blue-to-white gradient that covers the top half of the image. The bottom half of the image is a solid dark blue gradient.

6. Worked examples

The two examples below show completed Theory of Change models for different types of social value commitments on renewable energy projects. The grey pathway notes within each cell explain the causal logic connecting it to the next element. These examples can be used as reference when completing the template for a specific project initiative.

Table 5. Worked example 1: Regional youth employment and skills development

Worked Example 1: Regional youth employment and skills development					
Defined last: justifies all other elements	Enables activities	Produces outputs	Drives outcomes	Accumulates to impact	Defined first: the destination
Problem statement	Inputs	Activities	Outputs	Outcomes	Impact
A regional community of 18,000 people in central-western New South Wales faces youth unemployment of 24 percent, significantly above the state average. Local young people have limited awareness of the renewable energy sector as a career pathway and face barriers including the absence of locally delivered accredited training and a lack of direct connections to project employers.	1. Confirmed project co-investment for pre-employment program delivery, Years 1 to 3. 2. Signed partnership agreement with regional TAFE for program design and delivery. 3. Dedicated community liaison role within the project team. 4. Commitment from three local employers to recruit from program graduates.	1. Deliver a 10-week accredited pre-employment program for local job-seekers aged 18 to 30, in partnership with the regional TAFE. 2. Run structured employer engagement sessions connecting program participants with project team leaders and subcontractors. 3. Publish a workforce participation report at the end of each construction year.	1. 80 local residents complete the accredited pre-employment training program. 2. 4 employer engagement sessions held, with attendance by at least 10 local employers and 60 program participants. 3. 2 annual workforce participation reports published.	• Short-term: Increased awareness and confidence among local young people in pursuing renewable energy careers. • Medium-term: Increased local employment on the project; measurable increase in the proportion of the workforce drawn from within the host community. • Long-term: A skilled local workforce capable of servicing multiple renewable energy projects across the region over time.	Regional communities hosting renewable energy projects in New South Wales have the workforce capacity, business capability and institutional infrastructure to capture lasting economic benefit from the energy transition.
Evidence base: ABS Census data; LNA baseline analysis; stakeholder consultation identifying structured employer engagement as the primary gap; industry workforce demand analysis.	Pathway to activities: Funding and TAFE partnership enable program delivery; employer commitment enables structured placement pathways.	Pathway to outputs: The program produces completions; employer sessions produce verified attendance; reports produce published documents.	Pathway to outcomes: Accredited training improves employability because the qualification is recognised by sector employers and the program was co-designed with them.	Pathway to impact: Long-term outcomes build cumulative regional workforce capacity that extends across projects, contributing to communities capturing lasting benefit from the energy transition.	Defined first because it gives all other elements their direction and purpose.

Table 6. Worked example 2: Local procurement and supplier capability development

Worked Example 2: Local procurement and supplier capability development					
Defined last: justifies all other elements	Enables activities	Produces outputs	Drives outcomes	Accumulates to impact	Defined first: the destination
Problem statement	Inputs	Activities	Outputs	Outcomes	Impact
Local businesses in the project region have historically been unable to participate in large infrastructure supply chains. The primary barriers are limited awareness of procurement requirements, insufficient capability to meet pre-qualification standards, and the absence of structured engagement between the developer and local suppliers prior to project commencement.	1. Dedicated supplier engagement budget within the project community benefit program. 2. Partnership with the local business chamber for outreach and workshop facilitation. 3. Project procurement team time for supplier briefings and pre-qualification support. 4. Subscription to the Industry Capability Network (ICN) Gateway.	1. Deliver a structured early supplier engagement program in the 12 months prior to construction, including capability workshops and pre-qualification support sessions. 2. Develop and publish a local procurement policy stating minimum local spend targets and supplier preference criteria. 3. Maintain a live supplier register throughout the construction phase, with direct referral to the project procurement team.	1. 25 local businesses complete supplier capability assessments and are registered on the ICN Gateway. 2. A local procurement policy endorsed by the project board and published on the project website. 3. 4 supplier networking events held, connecting local businesses directly with the project procurement team and major subcontractors.	Short-term: Increased awareness among local businesses of project procurement requirements and available pre-qualification support. Medium-term: Increased local procurement spend on the project; measurable increase in the proportion of contracts awarded to registered local suppliers. Long-term: Strengthened local business capability and industry readiness to compete for contracts on future renewable energy projects in the region.	Local businesses in renewable energy host communities have the capability, industry connections and track record to participate competitively in infrastructure supply chains, reducing economic leakage from regional communities.
Evidence base: LNA community SWOT analysis; consultation with local business chamber; review of previous comparable projects showing less than 8 percent of contract value directed to local suppliers.	Pathway to activities: Budget and chamber partnership enable workshops; procurement team enables briefings; ICN Gateway enables formal registration and matching.	Pathway to outputs: Workshops produce registered businesses; policy development produces an endorsed document; the register produces a verified and maintained supplier list.	Pathway to outcomes: Registered and briefed suppliers are better positioned to win contracts; a published policy creates accountability and signals the developer's intent to the local business community.	Pathway to impact: Businesses that build capability and track record during this project are better positioned for subsequent projects, building a cumulative regional supply chain over time.	Defined first because it gives all other elements their direction and purpose.

