



Australian Government
Department of Foreign Affairs and Trade

**Australian
Aid** 

2016 QUALITY REVIEW OF AID PROGRAM PERFORMANCE REPORTS

NOVEMBER 2017

Authors:

Published by the Department of Foreign Affairs and Trade, Canberra, 2017.

Disclaimer: The views contained in this report do not necessarily represent those of the Australian Government.

With the exception of the Commonwealth Coat of Arms and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia (<http://creativecommons.org/licenses/by/3.0/au/>) licence. The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3.0 AU licence (<http://creativecommons.org/licenses/by/3.0/au/legalcode>). The document must be attributed as Office of Development Effectiveness, 2016 Quality Review of Aid Program Performance Reports, Canberra, 2017.

Published by the Australian Government Department of Foreign Affairs and Trade, Canberra, 2017.

This document is online at dfat.gov.au/ode

Disclaimer: The views contained in this report do not necessarily represent those of the Australian Government.

For further information, contact:

Office of Development Effectiveness
Department of Foreign Affairs and Trade
GPO Box 887
Canberra ACT 2601
Phone (02) 6178 4000
Facsimile (02) 6178 6076
Internet dfat.gov.au/ode

The Office of Development Effectiveness (ODE)

ODE is an independent branch within the Australian Government Department of Foreign Affairs and Trade (DFAT). ODE monitors the Australian aid program's performance, evaluates its impact, and contributes to international evidence and debate about aid and development effectiveness. ODE's work is overseen by the Independent Evaluation Committee (IEC), an advisory body that provides independent expert advice on ODE's evaluation strategy, work plan, analysis and reports.

dfat.gov.au/ode

CONTENTS

EXECUTIVE SUMMARY	0
Findings	1
Conclusions	3
Recommendations	3
DFAT management response to recommendations	4
INTRODUCTION	5
Context	5
Review objectives	6
Methodology	6
Comparison with 2015 review	7
QUALITY STANDARDS ASSESSMENT	8
GENDER EQUALITY	15
DISABILITY-INCLUSIVE DEVELOPMENT	17
MAKING PERFORMANCE COUNT PERFORMANCE MEASURES	18
BETTER PRACTICE	22
Annex 1 – Terms of reference	23
Annex 2 – Quality standards	26

EXECUTIVE SUMMARY

In 2014 the Minister for Foreign Affairs released *Making Performance Count*, the performance framework for the Australian aid program. It is designed to improve the effectiveness and efficiency of aid and support a stronger focus on results and value for money. It aims to strengthen the way performance is assessed on three levels – whole of aid program; country and regional programs; and individual aid investments. *Making Performance Count* introduced four-year Aid Investment Plans (AIPs)¹, which set out the direction for country and regional programs and link aid objectives, aid programming and results. They are designed to ensure the most effective use of aid.

Aid Program Performance Reports (APPRs) are the principal means for reporting the performance of country and regional programs. APPRs are published, and serve three purposes: strengthening program management and effectiveness, providing accountability, and facilitating policy dialogue with development partners. The 25 APPRs released in 2015–16 are the first to report against the AIPs introduced in *Making Performance Count*.²

The Office of Development Effectiveness (ODE), under the guidance of the Independent Evaluation Committee, provides independent quality assurance of departmental performance reporting. As part of this role, ODE has carried out quality reviews of APPRs every year since they were introduced in 2008. These examine the quality of APPRs and highlight strengths and opportunities for improvement.

The objectives of the 2016 APPR Quality Review are to:

- quality assure 2015–16 APPRs
- review *Making Performance Count* performance assessment tools and approaches
- assess the quality of disability-inclusive reporting
- identify good performance management practice.

The review considered all APPRs, both full and summary.³ The assessment was desk based and analysed 2015–16 APPRs, 2014–15 APPRs, AIPs, the most recent APPR guidelines/templates, previous ODE quality reviews of APPRs and working papers.

For the 2016 review, APPR quality is assessed against five standards drawn directly from the DFAT Aid Programming Guide and associated guidelines: relevance, aid objective definition, progress assessment robustness, risk management and management responses.⁴ The assessment takes into account the extent to

¹ Noting that there exists some variability in the duration of AIPs.

² The Australian NGO Cooperation Program (ANCP) 2015–16 APPR is not assessed as part of this review as it is not a country/regional program.

³ Smaller country/regional programs (annual Official Development Assistance (ODA) <\$50 million) prepare shorter summary APPRs

⁴ The shorter summary APPRs do not include reporting on risk management. For these APPRs quality is assessed against the four remaining standards.

which gender equality and the empowerment of women is integrated into the standards. Disability-inclusive development is also considered as a cross-cutting reporting requirement.

Given the release of *Making Performance Count* and the adoption of AIPs, quality standards are set higher than in previous years with a new methodology introduced. The *Making Performance Count* requirement that Performance Benchmarks provide a credible indication of progress towards the achievement of aid objectives is major factor behind this shift. This limits the extent to which this year’s assessments can be compared with the ones reported in previous reviews. It is also important to highlight that this review is of the quality of APPRs and is not necessarily a reflection of the effectiveness of country and regional aid programs.

FINDINGS

APPRs provide a wealth of performance information, which is very useful for management and public diplomacy. Programs put in a great deal of effort in the preparation of the annual reports and they have played an important role in supporting the implementation of *Making Performance Count*.

The task of crafting a compelling and balanced narrative about program performance in APPRs is challenging. Identifying clear and achievable long-term outcomes in international development is difficult. Achievement of desired outcomes is often highly dependent on the decisions and actions of partner governments, which can be difficult to predict. Data needed for setting outcome targets is often lacking. Where data does exist, there are technical challenges to overcome in defining whether or how much particular outcomes can be attributed to external assistance.

When programs do address these challenges in a robust manner, however, it can significantly enhance the impact of performance reports from both a management and accountability perspective.

The review found that two-thirds of the 25 2015–16 APPRs were of good quality. The remaining APPRs were assessed to be of more limited quality.⁵ Among the APPRs there are numerous instances of better practice reporting across the quality standards; these are documented in this review for learning purposes.

OVERALL QUALITY	COUNTRY/REGIONAL PROGRAM
Good quality	Afghanistan, Bangladesh, Cambodia, Fiji, Indonesia, Kiribati, Laos, Myanmar, Nepal, Pakistan, Palestinian Territories, Sri Lanka, Sub-Saharan Africa, Timor Leste, Tonga, Vietnam
More limited quality	Nauru, Pacific Regional, Papua New Guinea, Philippines, Samoa, Solomon Islands, South Asia Regional, South East Asia Regional, Vanuatu

Performance management

A core purpose of the APPR is to strengthen program management leading to greater aid effectiveness. Three of the APPR quality standards—aid objective definition, progress assessment robustness and management responses—are fundamental to this purpose.

The review found that some programs struggled to define what success looked like across the breadth of their outcomes and, as such, it was difficult to assess performance and identify management consequences. For a number of programs, the shift towards an influencing role made the task of defining expected

⁵ APPRs assessed to have more limited quality have met no more than two of the five standards. For summary APPRs no more than one of four standards have been met.

outcomes more difficult. A related challenge involved managing the tension between the role of APPRs in performance management, and their role as a public diplomacy and accountability tool. This has resulted in a tendency in some reports to list achievements, with limited discussion of issues and challenges that underpin robust management responses.

Cross-cutting issues

APPR reporting on **gender** equality and the empowerment of women, as defined by the extent to which aid objectives and progress assessments integrate gender, remains a work in progress. In the better practice APPRs, the gender-specific dimension to the development challenge is identified, leading to tailored management responses.

The quality of **disability**-inclusive development reporting, as evidenced by reporting on policy dialogue, dedicated investment programming and the tailoring of investment approaches, is variable. There are notable examples of APPRs where disability-inclusive reporting has been well mainstreamed.

Risk management reporting

Two-thirds of APPRs are assessed to have sufficient quality in risk management reporting associated with the achievement of aid objectives.⁶ For these APPRs the risks are well defined with the source of risk, the risk event and the consequence of the risk adequately described. Furthermore, the proposed actions to manage and mitigate the risk are specific and credible. For this review it is not possible to judge with certainty whether the most significant or emerging risks have been identified and reported in the APPR.

Making Performance Count measures

Based on APPR reporting, the extent to which *Making Performance Count* performance measures (Performance Benchmarks, Performance Assessment Frameworks⁷ and Mutual Obligations) have been useful to management varies across country/regional programs. Some programs have embraced the measures and looked to interpret them in the APPRs in ways that are useful for management.

Performance Benchmarks are a useful performance management innovation. They foster debate as to what a program is trying to achieve and how progress should be measured. In some APPRs, the Performance Benchmarks do not as yet provide a strong basis for assessing progress, because of their variable level of strategic relevance. Furthermore, in some instances, the benchmarks still remain undefined for the latter years of the Aid Investment Plan period.

Performance Assessment Frameworks (PAFs) provide a more robust basis for progress assessment because they make use of a wider range of measures (from which the smaller set of Performance Benchmarks are drawn). Both the quality and adoption of PAFs, however, remains limited, with only a handful of APPRs fully able to demonstrate the reporting and management benefits associated with PAFs.

Mutual Obligations demonstrate commitment from Australia and partner countries to development partnerships and are key to the effectiveness of Australian aid funding and sustainability. The purpose and management utility of Mutual Obligations as reported in the APPR is mixed and can be difficult to judge. Mutual Obligations are best defined when a formal partnership agreement is in place but that in itself does

⁶ Only large programs (annual ODA > \$50 million) report on risk management in the APPR.

⁷ Although Performance Assessment Frameworks (PAFs) are not referred to in *Making Performance Count* they are closely associated with Performance Benchmarks and are therefore included. PAFs are mandatory for country/regional programs with annual ODA > \$50 million.

not necessarily lead to higher quality APPRs. The review found that Mutual Obligations are most useful when they reflect partner country reform commitments (not necessarily part of any formal agreement with Australia) that are critical to the achievement of AIP aid objectives.

CONCLUSIONS

1. APPRs provide a wealth of performance information, which is very useful for management and public diplomacy. The annual production of comprehensive reports on the performance of the Australia's top 25 country and regional programs is a commendable effort to account for Australian aid for external audiences.
2. The quality of APPRs is reasonable overall and many are completed to a high standard. One-third of the 25 2015–16 APPRs demonstrate highly functioning performance management practice—i.e. well-defined aid objectives, robust progress assessments and well-specified management responses. The review considers two-thirds of the 2015–16 APPRs to be of good quality.
3. Notwithstanding these positives, there is variability in the extent to which APPR reporting is consistent with the expectations established in the Aid Programming Guide and supporting guidance, and evidence that some programs are not maximising the use of the APPR to strengthen program management and effectiveness.
4. The review identifies two challenges as key to addressing this issue. The first challenge is that some programs are struggling to define what success looks like, and that without better definition of objectives, it is difficult to assess performance and determine how management should respond.
5. A second challenge relates to managing the tension between the role of APPRs in performance management, and their role as a public diplomacy and accountability tool. This latter motivation has created a tendency in some reports to simply list achievements, with little discussion of issues and challenges that lead to management responses.
6. Other areas for improvement include reporting on gender and disability. Integration of gender equality is variable across aid objective definitions and progress assessments of APPRs. This is not fully reflective of the corporate priority given to gender equality and the empowerment of women. Disability-inclusive development is yet to be consistently reported against in APPRs.
7. There are many instances of better practice reporting across all quality standards and all APPRs. These instances provide optimism that, with further focused efforts, higher quality APPRs are possible.

RECOMMENDATIONS

The most efficient and effective way to uniformly lift the quality of APPRs and increase the program management utility of APPRs is to:

- 1.) establish well-defined and credible annual Performance Benchmarks for the remainder of the AIP period (until 2018–19). Performance Benchmarks should incorporate performance on gender and disability-inclusive development and be quality assured.
- 2.) establish high-quality Performance Assessment Frameworks as is currently mandatory for large programs (annual ODA > \$50 million). PAFs should be quality assured.
- 3.) disseminate APPR reporting and management better practice as identified in this review among all country/regional programs and facilitate support where necessary.

DFAT MANAGEMENT RESPONSE TO RECOMMENDATIONS

Recommendation 1: Agree

The 2016-17 Aid Program Performance Report (APPR) templates and guidance require programs to identify performance benchmarks for the remainder of the AIP period. APPR peer reviews are required to ensure that performance benchmarks are well-defined and credible. APPR guidance advises programs to discuss benchmarks with specialist areas and to consider capturing indicators on gender and disability inclusive development.

Recommendation 2: Agree

Programs are required to attach PAFs to 2016-17 APPRs. The Aid Programming Guide will be amended to refer to the need for PAFs to be quality assured.

Recommendation 3: Agree

The 2016-17 APPR guidance refers programs to the ODE 2016 Quality Review of APPRs for guidance on how to improve the quality of performance assessments in APPRs as well as examples of good and limited practice.

INTRODUCTION

CONTEXT

In June 2014 the Minister for Foreign Affairs released *Making Performance Count*, the performance framework for the Australian aid program. It is designed to improve the effectiveness and efficiency of aid and support a stronger focus on results and value for money. It aims to strengthen the way performance is assessed on three levels—whole of aid program; country and regional programs; and individual aid investments.

Aid Program Performance Reports (APPRs) are the principal means for reporting the performance of country and regional programs. APPRs are published, and serve three main purposes: strengthening program management and effectiveness, providing accountability, and facilitating policy dialogue with development partners.

The Office of Development Effectiveness (ODE), under the guidance of the Independent Evaluation Committee, provides independent quality assurance of departmental performance reporting. As part of this role, ODE has carried out quality reviews of APPRs every year since they were introduced in 2008. These reviews examine the quality of APPRs and highlight strengths and opportunities for improvement.

In 2015–16, a three-tier approach to APPR reporting was in place. Programs with total official development assistance (ODA) of \$50 million and above prepare a full-length APPR. Programs with total ODA of \$15–50 million publish a summary APPR, while those below \$15 million are not required to complete an APPR. Templates and page limits for full and summary APPRs were in place. In 2016, 15 full APPRs and 10 summary APPRs were produced (see Table 1).

Table 1

<p>Full APPRs: Afghanistan, Bangladesh, Cambodia, Fiji, Indonesia, Myanmar, Pacific Regional, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Sub-Saharan Africa, Timor Leste, Vanuatu, Vietnam.</p> <p>Summary APPRs: Kiribati, Laos, Nauru, Nepal, Palestinian Territories, Samoa, South Asia Regional, South-East Asia Regional, Sri Lanka, Tonga.</p>

APPRs released in 2015–16 are the first to report against the Aid Investment Plans of country/regional programs introduced in *Making Performance Count*. These four-year plans set out the direction for country and regional programs and link aid objectives, aid programming and results. They are designed to ensure the most effective use of aid.

REVIEW OBJECTIVES

The objectives of the 2016 Quality Review of APPRs are to:

- quality assure 2015–16 APPRs
- review *Making Performance Count* performance assessment tools and approaches
- assess the quality of disability-inclusive reporting
- identify good performance management practice.

Given the release of *Making Performance Count* and the Aid Investment Plans, the assessment of APPR 2015–16 quality is more rigorous than in previous years. A new methodology is introduced (see below). Furthermore, in 2015–16 many country/regional country programs are reporting against a new set of aid objectives. These changes limit the comparability of this years' assessments with previous ODE quality reviews of APPRs.

METHODOLOGY⁸

The review considered all APPRs, both full and summary. Assessments were prepared based on a desk review of the 2015–16 APPR and 2014–15 APPRs, Aid Investment Plans, the most recent APPR guidelines/templates, and previous ODE APPR Quality Review and working papers.

Quality standards

The quality assurance of APPRs provides the analytical foundations of the review. The quality assurance is structured around five core quality standards and associated criteria. The five core standards are drawn from the DFAT Aid Programming Guide and associated guidelines. In summary the standards are as follows:

1. Relevance

The APPR is relevant and consistent with Australian aid policy. This is demonstrated by consistency with country/regional program Aid Investment Plans.

2. Aid objective definition

The aid objective definition establishes clarity as to what the country/regional program is trying to achieve in 2018–19 when the four-year AIPs of country and regional programs come to an end.⁹

3. Progress assessment robustness

The basis for aid objective progress assessments including progress ratings is robust, with clear reporting against expectations drawing from a strong evidence base.

⁸ See Annex 2 for more details on quality standards.

⁹ For the need to define expected final results see also the *Public Governance, Performance and Accountability (PGPA) Act 2013—Outcome Statements Policy and Approval Process Guidelines*.

Table 2

Aid objective progress ratings¹⁰

Each year, country and regional programs report on progress towards the achievement of each aid objective through a ‘traffic light’ rating system:

- **Green:** progress is as expected at this stage of implementation and it is likely that the aid objective will be achieved.
- **Amber:** progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the aid objective is to be achieved. Close performance monitoring is recommended.
- **Red:** progress is significantly less than expected at this stage of implementation and the aid objective is not likely to be met given available resources and priorities. Recasting of the objective may be required.

4. Risk management

The risks to the achievement of aid objectives are identified and well managed.

5. Management actions

Management actions are well defined and respond to issues raised in the APPR.

All of the core standards incorporate the promotion of gender equality and the empowerment of women. In other words, it is expected that gender should be fully integrated into the foundations of the APPR reporting and performance management system. For each core standard an assessment is reached based on progress against a number of quality criteria. Meeting the standard does not imply that no further efforts to strengthen quality are necessary. All programs are encouraged to consider the examples of good practice documented in this review as ways to improve quality and increase the management utility of the APPR.

COMPARISON WITH 2015 REVIEW

There has been substantial change in the focus and methodology of the 2016 review compared to the 2015 review. The 2015 review had a singular quality assurance focus, ‘to assess and report on the reasonableness of the performance narratives and the use of evidence in APPRs’. The 2016 review has a wider scope. While the focus on quality assurance is retained, the review is also expected to inform answers to broader questions: What is the state-of-play on gender equality and the empowerment of women and disability-inclusive development as demonstrated through APPR reporting? How useful for management are *Making Performance Count* performance management measures?

While drawing on significant methodological elements of the 2015 review, the 2016 review has a different—and what could be considered more rigorous—basis for assessing quality.¹¹ The five quality standards also represent a higher quality standard compared to 2015. The 2016 review has a much greater focus on the need to clearly define aid objectives and establish what a program is trying to achieve. When assessing progress robustness, there is greater emphasis on the importance of reporting against expectations. This includes the use of Performance Benchmarks to provide a credible indication of progress towards aid objectives as required in *Making Performance Count*. The quality of risk management reporting is a new quality standard and was not assessed in 2015, while reporting against gender quality and the empowerment of women is assessed in a more comprehensive manner against the quality standards.

¹⁰ See Aid Programming Guide.

¹¹ See Annex 2: Review Quality Standards.

QUALITY STANDARDS ASSESSMENT

APPR quality is assessed against five standards: relevance, aid objective definition, progress assessment robustness, risk management and management responses.¹² The assessment takes into account the extent to which gender equality and the empowerment of women is integrated into the standards. Disability-inclusive development is considered as a cross-cutting reporting requirement.

Against this year's more rigorous standards, the review found that, of the 25 2015–16 APPRs reviewed, two-thirds are of good quality. The remaining APPRs are of more limited quality. Full APPRs assessed to have limited quality have met no more than two of the five standards. For summary APPRs, no more than one of four standards have been met.

OVERALL QUALITY	COUNTRY/REGIONAL PROGRAM ¹³
Good quality	Afghanistan, Bangladesh, Cambodia, Fiji, Indonesia, Kiribati, Laos, Myanmar, Nepal, Pakistan, Palestinian Territories, Sri Lanka, Sub-Saharan Africa, Timor Leste, Tonga, Vietnam
More limited quality	Nauru, Pacific Regional, Papua New Guinea, Philippines, Samoa, Solomon Islands , South Asia Regional, South East Asia Regional, Vanuatu

Detailed assessment against each of the five quality core standards now follows:

Core Standards

a. APPR relevance

Is the APPR consistent with the Aid Investment Plan?

This year (2015–16) represents the first full year of implementation of the AIPs, and can be considered a year for demonstrating that the strategic directions articulated in the AIP have led to the necessary changes in program focus and performance management. This is determined by reviewing the extent to which the aid objectives and Performance Benchmarks identified in the AIP are being used in the APPR 2015–16 as the basis for performance reporting.

There is very high consistency between AIPs and APPRs 2015–16.¹⁴ This provides a level of confidence that Australian aid programs are responding well to aid policy directions of the AIPs.

¹² Smaller country/regional programs (annual ODA < \$50 million) prepare shorter summary APPRs that do not require reporting on risk management. For these APPRs, quality is assessed against the four remaining standards.

¹³ Country/regional programs in bold have completed full APPRs (required for programs with annual ODA > \$50 million). The remaining programs have prepared summary APPRs.

¹⁴ Papua New Guinea APPR 2015–16 reported against the new aid partnership, which succeeded the AIP, which has substantially different breadth and ambition.

b. Aid objective definition

Are the Australian Aid Objectives clear, measurable and achievable?

Well-defined objectives are important for a number of reasons. The first is the need to clearly define what success looks like so that management knows what they are trying to achieve and can manage accordingly. The second relates to accountability and value for money. Third, there are public diplomacy and communication benefits associated with the clear articulation of expected results of the Australian aid program. Fourth, well-defined expected results provide the 'line of sight' necessary for accurate and credible annual assessment of progress.

The review found a variable level of clarity in the definition of aid objectives. Larger programs faced greater definitional issues because of their complexity and breadth of engagement.

The articulation of an aid objective always provides some measure of intent but further definition of expected results is needed for it to be clear what the program is specifically trying to achieve. For country/regional programs, Performance Benchmarks are the principal mechanism for defining expected final results for the AIP, which concludes in 2018–19. For larger programs, given the complexity and breadth of ambition, Performance Assessment Frameworks with clear 2018–19 milestones are also necessary to complement the benchmarks. To represent value for money, the expected final results need to be achievable but challenging, and should generally be pitched at the outcome level (i.e. who will be doing what differently in 2018–19).

The review recognises the challenges faced in establishing expected final results for 2018–19. The final results are not set in stone and will continue to be refined as more is learned and understood. For example, where there is a focus on policy dialogue and influence, it may be that expected results only become clearer 12 months in advance. However, that should not stop programs from trying to articulate a policy agenda for the whole AIP period.

Tonga is an example of a smaller program APPR that defines expected final results solely through a small number of Performance Benchmarks while still able to reflect the strategic intent of the program. The focus on policy dialogue and influence is also notable.

Table 3: Expected final results: the case of Tonga (excerpt)

Aid objective	Expected final results (benchmarks) 2018–19
Progress economic reform priorities	Achievement of actions under Joint Policy Reform Matrix triggers release of donor funding.
Improve economic benefits through targeted renewable energy and trade enhancing infrastructure	A further 220 kWp of solar generation and 1100 kWh of energy storage contributing to ... increase access to reliable electricity for an additional 1200 people.
To improve health systems effectiveness and equity	Ministry of Health and Tonga Health budgets (separately considered and excluding donor funds) as a percentage of total government budget do not decrease against the baseline.
Reduce the health and economic burden of non-communicable diseases (NCDs)	Launch of multi-year, national-scale, healthy eating public awareness campaign that increases healthy eating behaviours. Decrease in the rates of premature deaths and preventable disability related to NCDs in men and women.

The Myanmar APPR is good example of a large program that has well-defined expected final results for 2018–19 associated with its three aid objectives. The results are drawn from Performance Benchmarks and its Performance Assessment Framework.

Table 4: Expected final results: the case of Myanmar

Aid objective	Expected final results 2018–19
Enhancing human development	<ul style="list-style-type: none"> • 11 461 237 beneficiaries (50 per cent female) through school grants to 80 per cent of schools within all 330 townships, in accordance with the School Grant Guidelines • 50 per cent of schools with school improvement plan, aimed at learning outcomes and involving community participation • 50 000 classroom observations carried out • 100 000 students receiving payment in the stipends program (50 per cent girls) • Aid investment has multiplier effect, with evidence of broader outcomes and relationship capital • Ministry of Education adopting evidence-based policies and management systems
Promoting peace and stability	<ul style="list-style-type: none"> • Parties actively involved in Joint Peace Fund governance structures • Technical support to negotiating parties is responsive to requests • Women who have completed Australian-funded training are engaged in the peace process • Milestone TBD following design of new programs, including democratic governance • More than 200 000 women and men receive Australian humanitarian assistance • Percentage of Australian-funded humanitarian partners with a complaints mechanism
Promoting inclusive growth	<ul style="list-style-type: none"> • On track to meet an increase in investment to a total value of USD500 million by 2020–21 • Savings generated for the private sector as a result of business enabling and trade reforms to the value of USD13.6 million and USD20 million respectively • Increased tax to GDP ratio of over 10 per cent and a 20 per cent increase in large tax payers from 2012–13 baseline

It is important to note that the majority of programs have a largely new set of aid objectives in 2015–16 due to the establishment of AIPs. There is limited direct comparability between 2015–16 and 2014–15 aid objective definitions.

c. Progress assessment robustness

Does the APPR narrative explain and justify the progress rating against each aid objective?

An APPR progress narrative that adequately explains and justifies the progress rating against each aid objective is important for a number of reasons. First, it sends a strong message to all stakeholders that the progress ratings are robust and provide a good indication of the aid program’s effectiveness. Second, robust progress ratings are needed to determine the extent to which responsive action is required to get the program back on track (if the aid objectives are to be achieved by the end of 2018–19).¹⁵

The importance of having robust progress ratings for the first year of AIP progress reporting is particularly clear. While aid objectives may need to be refined at any time based on changes in strategic priorities, the

¹⁵ According to DFAT guidelines an amber progress rating requires restorative action to be identified, while for a green progress rating no new management actions are required.

window of opportunity to take restorative action is greatest within the early stages of the four-year AIP period.

In 2015–16 the review found robustness in aid objective progress ratings was variable. Adequate explanation and justification for aid objective progress ratings was demonstrated by:

- setting out clearly where expectations were met and where progress was not as advanced as expected in 2015–16
- directly referencing progress against Performance Benchmarks that provide a credible basis for determining progress towards the achievement of aid objective in 2018–19
- outlining both achievements and challenges. Reporting is balanced and demonstrates awareness of challenges—it is not just a list of achievements
- the progress assessment is informed by an evidence base that draws on a range of sources including independent evaluations (with footnotes being a useful way of indicating data sources).

The robustness of progress assessments was more challenging for large programs compared to smaller programs due to the breadth of ambition found in the larger programs.

Below are two examples of better practice APPR progress assessments from the Pakistan program and the smaller Palestinian Territories program.

BOX 1: Pakistan APPR 2015–16 (progress assessment excerpt)

Objective 1: *Generating sustainable inclusive growth and employment through improved agricultural productivity and market development, increased trade and investment, and water resources management*

This objective is rated green with the majority of our agriculture and rural development investments delivering strong results against the Performance Assessment Framework. However, there were challenges with linking our successful agricultural research to broader development outcomes, and our trade policy program experienced some delays. In addition, some investments rated unsatisfactorily on gender equality.

Outcome one: Poor women and men have increased incomes

Australian investments in this area focus on improving rural livelihoods through pro-poor market access and development. Our investment with the Food and Agriculture Organization (FAO) continued to affect farmers positively in six districts of Balochistan. In 2015–16, our investment exceeded targets for the overall number of people who increased their incomes (8830 people, including 4415 women, against a target of 6179 [927 women]). In addition, 37 small businesses were established (exceeding the target of 25), including meeting the gender target (two women-owned businesses established against a target of two). A midterm review in late 2015 found that to continue delivering positive outcomes for the poor, the program would need to shift its focus from food security to include agribusiness, markets and value chain developments, with a specific focus on women's empowerment. In response, DFAT granted the program an extension through to July 2017 in order to commence this transition while a follow-on phase is designed.

Despite slower than expected initial progress, the Market Development Facility exceeded targets to leverage co-contributions of over USD1 200 000 (against a target of USD800 000), and generate a net income of USD2 409 000 (including USD531 000 for women). An independent advisory mission in late

2015 noted an increase in pace of activities would be required to reach end-of-investment targets. However, by the end of December 2015, our investment had facilitated income-generating opportunities for 4750 poor people (2350 women). A more recent (July 2016) independent advisory mission concluded progress has accelerated and that the program is facilitating entrepreneurial and innovative solutions to impediments to inclusive development in the dairy, meat, leather and horticulture sectors.

BOX 2: Palestinian Territory APPR 2015–16 (progress assessment excerpt)

Objective 2: *Palestinian refugees in the Palestinian Territories and across the region are able to access quality basic services.*

We worked with UNRWA, UNICEF and UNOPS¹⁶ to support the provision of quality basic services to Palestinian refugees including health, education, and water and sanitation to achieve our goals under Objective 2. Despite an increasing workload and only a modest increase in donor contributions, UNRWA has met key performance targets and succeeded in delivering quality services. In 2015 UNRWA provided education to 500 698 children, over 9.1 million primary health-care consultations, social safety net assistance to 290 896 people, and microfinance loans to over 38 000 people. While UNRWA works across a range of sectors, our chosen benchmarks highlight progress in the health and education sectors, two of the most important areas of the agency's work.

Improved educational outcomes are a key marker of our progress in the Palestinian Territories: in the 2014–15 school year, the average pass rate for UNRWA students in Gaza in Maths was 88.1 per cent (M: 85.2, F: 91.2), exceeding the target of M: 72 F: 81. This represents an increase from 81.2 per cent in 2013–14 and 71.0 per cent in 2012–13. Despite ongoing regional insecurity, UNRWA has performed very well, instituting the holistic Family Health Team approach in 115 of its 117 health centres. This approach focuses not only on quality curative care but also on household-based health education and promotion interventions. We note that UNRWA's continued achievement of its targets, in light of increasing demands, continues to be dependent on support from donors.

d. Risk management

Are key risks to achieving aid objectives well managed?

There is generally good-quality risk reporting associated with the achievement of objectives (while noting that only large programs (annual ODA>\$50 million) are required to report on risk in the APPR). For these programs, the risks are well defined with the source of the risk, the risk event and the consequence of the risk adequately described. Furthermore, the proposed actions to manage and mitigate the risk are specific and credible. [See Table 5: Risk assessment from the Papua New Guinea program for a good-practice example.] There are instances where risks are less well defined and the management actions lack detail. More generally, the determination of risk ratings based on the likelihood of the risk and the consequence of the risk event is not always clear.

¹⁶ United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); United Nations Children's Fund (UNICEF); United Nations Office for Project Services (UNOPS).

For this review it is not possible to judge with certainty whether the most significant or emerging risks have been identified and reported in the APPRs. To do so would require a much broader analysis of material beyond the APPRs, including risk management documentation. The brevity with which challenges and issues are identified in the majority of APPRs—which would naturally inform the risk section—also makes judgement difficult. What is apparent is that at least half of the risks that are identified and listed in APPRs do not pose a significant threat to the achievement of Australian aid objectives (the risk rating is self-assessed as medium/low).

Table 3: Risk assessment from the Papua New Guinea program (excerpt)

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a risk rating (low, medium, high, very high)
Increased cost of doing business in PNG due to a decrease in its macroeconomic stability. PNG Government fails to progressively increase the level of recurrent budget funding for maintenance on national priority assets.	Adherence to the aid partnership priority to narrow the scope of work and broaden the involvement of stakeholders (e.g. provincial actors). Clear communication from the Australian High Commission (AHC) to relevant stakeholders and media about Australia's support for key impact projects.	Identify and introduce benchmarks and enter into negotiation with the PNG Government on incentives for achieving these benchmarks. AHC will explore options for transitional support through long-term maintenance contracts, including potential PNG Government co-contributions.	High
The Pacific Leadership and Governance Precinct does not deliver expected results due to a diminishment of commitment of University of PNG (UPNG) stakeholders.	Continued support to PNG Government partners to build and maintain political and bureaucratic commitment through engagement by the Joint Oversight Group, UPNG Project Steering Committee and through the Australian Foreign Minister, Australian High Commissioner and Minister Counsellors and embedded technical advisers within institutions.	Manage expectations through regular updates to the Foreign Minister's office. Minimise the impact of the recent security developments (i.e. UPNG-led student protests, termination of academic year) on the Precinct program through clear and continuous professional engagement with UPNG's senior management. The gender team plays a lead role in mainstreaming and advocacy of gender throughout the program. Implementation of gender equity and social inclusion policies ensures that these issues are constantly addressed in the program.	High

e. Management responses

Are well-defined management actions responding to issues identified in the APPR?

A set of high-quality management responses drawn from robust performance assessment reporting are the essential elements of a well-functioning performance management system. Generally, programs have well-defined management actions that are responding to the issues raised in the APPR. There is a tendency for

the management actions to be mostly strategic in nature, as opposed to actions at the operational level—for example, management actions needed if a specific aid objective is to be achieved. One notable exception to this is the Cambodia program, where both strategic and operational risks are identified (see Box 3).

BOX 3: Cambodia APPR Management Responses

Strategic

- Review the ongoing relevance of our aid program with the Cambodian Government at biennial high-level consultations on aid in October 2016. This will feed into early planning for our next Aid Investment Plan and pipeline planning.
- Focus our efforts on safeguards risks, specifically child protection and resettlement when working in partnership with multilateral organisations. Assess and implement the most efficient and effective mechanism to employ safeguard specialists on retainer for access by all investments by March 2017.
- Enhance gender equality performance of our investments, documenting how this will be achieved and measured in post's Gender Action Plan, to be developed by June 2017.
- Continue to consolidate on the good progress already made throughout 2015–16, with a goal to reduce agreements under management to 47 by June 2017.
- Revise the indicators in the Performance Assessment Framework to align with the new programs by December 2016. Review regularly to ensure they maintain relevancy.

Program level

- Pursue dialogue with the Cambodian Government and other donors using the lessons and examples of the Cambodia Agricultural Value Chain Program: on private-sector development in the agriculture sector and irrigation scheme planning, operation and maintenance.
- Consider ways to reduce men's vulnerability to landmine incidences by reviewing landmines education activities and exploring behavioural insights, in consult with our partners by June 2017.
- Employ technical assistance (gender, public financial management and health financing) by October 2016 to strengthen Post oversight of the Health Equity and Quality Improvement Project and scope potential support for private-sector engagement within the health sector, based on a pending International Finance Corporation report and further analysis, by June 2017.
- Assess and decide whether to continue our investments in ending violence against women and disability beyond 2016–17. If support continues, design an efficient and effective mechanism to maximise investments in both areas by June 2017.

The capacity to identify program-level actions is often hamstrung by the lack of challenges and issues raised in the aid objective progress assessments. That said, when an aid objective progress rating is amber (approximately a third of all aid objectives reported amber) it is expected that a restorative action should be identified in the management response section of the APPR. This requirement is followed through inconsistently across the APPRs. There also continue to be issues related to the level of specificity of the management actions (to the point that they are actionable), the lack of assigned responsibility (particular for those actions which require support from outside of the program) and, with a couple of notable exceptions, the lack of a prioritisation and/or timeframe for implementing management responses.

GENDER EQUALITY

The promotion and achievement of gender equality and the empowerment of women is a core priority for the Australian aid program. In APPR reporting, gender equality and the empowerment of women was variable. The level of integration was assessed in the review by considering:

- aid objective definitions including expected final results (as defined by Performance Benchmarks). Do the aid objectives demonstrate a focus on gender equality and the empowerment of women? Are the aid objectives expected final results (as defined by 2018–19 Performance Benchmarks) appropriately disaggregated by gender?
- progress assessments. Is the gender dimension of progress assessment sufficiently drawn out? Are the 2015–16 Performance Benchmarks and other reported data appropriately gender disaggregated?

A large number of 2015–16 APPRs recognised that the integration of gender needs further strengthening and identified a management response for 2016–17 to address the issue.

The quality of the management response with respect to gender as set out in the Indonesia APPR is noteworthy (see Box 4: Management Response Indonesia APPR).

BOX 4: Indonesia APPR 2015–16: Management response (excerpt)

To further improve the program's gender equality outcomes. The program will:

- continue to prioritise our reinvigorated gender focal point network and schedule cross-program regular roundtables with staff and implementing partners to share lessons across the program, particularly from high performing gender programs such as MAMPU (Empowering Indonesian Women for Poverty Reduction Program) and on priority areas such as women's economic empowerment
- develop and implement plans to improve gender equality outcomes in investments which were less than satisfactory in aid quality check gender scores, especially in the economic governance, infrastructure, humanitarian and education sectors;
- appoint a gender champion from senior management at post to help drive coordination on development across the three branches
- undertake at least one cross-program assessment of options to further strengthen our contribution to advancing implementation of the DFAT Gender Equality and Women's Empowerment Strategy.

The integration of gender into the Pakistan APPR is also notable. Four of the seven outcomes (associated with the aid objectives) have expected final results with a clear gender dimension (see Table 6 below). The APPR also goes beyond the simple reporting of gender-disaggregated data to identifying the gender-specific dimension of development challenges (see Box 5: Progress Assessment Pakistan APPR).

Table 4: Pakistan program: Aid objective definitions

Aid objective	Outcome	Performance benchmark	Expected final result ¹⁷
		No. (% women) of poor farmers and small business owners who have increased their incomes	1525 poor farmers (86% women)
		Community organisations are effectively supported to build community cohesion to advocate for their needs	1220 organisations (44% women organisations)
	More girls and boys in target districts complete basic education, and have higher learning outcomes	Number of boys and girls directly supported by the program enrolled in basic education	4.7 million children (including 2.1 million girls)
	More citizens, particularly women and children, in target districts receive nutrition-related services	Eligible women and children in targeted districts receive nutrition-related services	77 970
	Women have increased access to social service specific to their needs (maternal and neonatal health, counselling, and support services)	Number of women survivors of violence accessing quality support services in target districts	2040

BOX 5: Pakistan APPR 2015–16: Progress assessment (excerpt)

Outcome 1: Poor women and men have increased incomes

Ensuring women benefit from investments under this objective remained a challenge. Where women's empowerment was an explicit objective of investments, results were more positive. Our investments with the Food and Agriculture Organization of the United Nations (FAO) and the Sarhad Rural Support Program have improved their performance on gender equality; however, attention is required to entrench positive practices. In comparison, our Agriculture Sector Linkages Program concluded with limited evidence of benefit for poor small-holder farmers, particularly women. The Market Development Facility struggled to translate its analysis into practice, however, establishment of the first women-only stitching line in a shoe factory may demonstrate broader potential for participation of women in the manufacturing sector.

We will continue to advocate for improved performance on gender equality with program partners, including collection of sex disaggregated data, explicit gender targets and indicators in reporting, and adequate gender expertise in investment delivery.

¹⁷ Selected expected results for 2016–17 and 2017–18.

DISABILITY-INCLUSIVE DEVELOPMENT

The level of reporting on disability-inclusive development varies widely across the APPRs. There are a number of good-practice APPRs where the integration of disability is significant in terms of policy dialogue and the tailoring of investment approaches. In these APPRs the evidence of tangible change is clear.

In a number of APPRs the integration of disability is recognised as a work in progress and management responses are in place to focus more on the issue in 2016–17. Below are examples of better practice disability-inclusive development reporting with a focus on institutional reforms with potential to lead to wider change

Table 5: Disability-inclusive development—institutional change good practice

CAMBODIA	The Disability Rights Initiative Cambodia (DRIC) program is the only disability-specific initiative in South-East Asia funded by DFAT. In 2015–16, DRIC successfully advocated for the addition of internationally recognised disability marker questions to the 2018 Cambodian National Census. A key achievement in 2015–16 was our contribution to physical and community-based rehabilitation services for over 31 000 people with disability (28 per cent women). An independent evaluation in 2016 found the program played a crucial role in helping the Cambodian Government establish 14 Disability Action Working Groups in line-ministries and 20 Disability Action Councils at the provincial level which coordinate and monitor the implementation of the National Disability Strategic Plan.
	Assist Ministry of Education to introduce standardised student profiles and individualised education plans that will improve learning outcomes for children with disabilities in all 17 special education schools in Fiji.
	Support to the Spinal Injury Association’s ‘Include Disability Employ this Ability’ initiative in Fiji, five leading disabled peoples’ organisations have joined forces with government, educators and employers to promote employment opportunities for people with disabilities. This has resulted in more than 40 people with disabilities finding employment in roles ranging from reception work in the tourism industry to clerical work in the local flour mill.
	International Foundation for Electoral Systems supported the Union Election Commission (UEC) to conduct an inclusive election with Australian funding. Disability-inclusive polling stations were piloted at 18 locations in six states and regions. The UEC provided ballot guides in braille and facilitate physical access to the polling booths. Voter education materials were distributed in 16 languages.
	Myanmar Education Consortium facilitated discussions between disability organisations and parliamentarians, contributing to an amended Education Law that better catered for children with disability.
SAMOA	Under the Australian-funded Samoa Disability Program, Samoa’s Attorney-General’s Office reviewed Samoa’s legislative compliance with the Convention on the Rights of Persons with Disabilities. This review will inform new legislation to safeguard the rights of people with disabilities. As part of this program, people with disabilities registered and voted in the March 2016 election. Measures included awareness raising, ensuring booths were physically accessible and providing additional support where necessary

MAKING PERFORMANCE COUNT PERFORMANCE MEASURES

The extent to which *Making Performance Count* performance measures have been well utilised in APPRs varies widely across country/regional programs. Some programs have embraced the measures and looked to interpret them in ways that are useful for management. Other programs present progress against them largely for reporting purposes.

a. Performance Benchmarks

The Performance Benchmarks are to be used to assess progress towards Australia’s aid objectives over the life of the Aid Investment Guide. Performance Benchmarks should aim to meet following criteria: demonstrate a clear line of sight to an objective... (*Aid Programming Guide*)

Performance Benchmarks are a useful performance management innovation. They foster debate as to what a program is trying to achieve and how progress is to be measured. There are notable examples where Performance Benchmarks are high quality—both well defined and strategically relevant (see Box 6 below on better practice Performance Benchmarks from Laos APPR).

For some APPRs Performance Benchmarks do not provide a strong basis for assessing progress towards Australia’s aid objectives over the life of the Aid Investment Plan. While recognising the inherent challenge of identifying a small number of benchmarks that can reflect progress, there are three issues to highlight:

- the absence of clear definition of aid objectives, through the use of Performance Benchmarks, as to what programs expects to achieve by the conclusion of the AIP in 2018–19 (expected final results)
- in many cases benchmarks are well defined but are not referred to directly or indirectly in the progress assessment narrative, which raises questions as to the relevance and appropriateness of the benchmarks
- for larger programs it is impossible to identify a small set of Performance Benchmarks that adequately reflect progress towards the achievement of all aid objectives. The use of a more detailed Performance Assessment Framework (see section below) that provides a broader basis for assessing progress is necessary (noting that Performance Benchmarks are simply a small subset of milestones taken from the Performance Assessment Framework).

BOX 6: Laos 2015–16 Performance Benchmarks

- Four per cent fewer children drop out of school from grade one.
- 220 teacher trainees (at least 60% female) from disadvantaged areas commenced training at teacher training colleges.
- 30 qualified people (including at least 15 women) are awarded a tertiary scholarship to study in Australia.
- The Lao Ministry of Education and Sport approves a national Human Resource Development Plan based on a comprehensive organisational assessment process.
- Over 30 grants issued to Laos-based businesses to help increase their sales growth.

The five benchmarks are specific, measurable and strategic relevant to the three aid objectives of the Laos aid program. The benchmarks were utilised well to inform the aid objective progress ratings.

b. Performance Assessment Frameworks

A Performance Assessment Framework (PAF) is a management tool that describes how progress towards Australia’s objectives in the country or region will be assessed and reported. A PAF will assist programs clearly identify Performance Benchmarks. A PAF is mandatory for all major program (over ODA \$50 million). A PAF is recommended for all other programs (*Aid Programming Guide*)

PAFs can provide a more robust basis for progress assessment because a wider range of measures are utilised. Performance Benchmarks are generally chosen from a wider range of PAF indicators and milestones.

The adoption of PAFs by the larger programs remains a work in progress. There are a number of country/regional programs with good-quality PAFs that were well utilised in aid objective progress assessments (see Table 8 examples next page). A number of other programs have established the foundations of a good framework that requires further work.

c. Mutual obligations

Mutual obligations are of particular importance to the partner government’s development priorities and Australia’s aid investments. The partner government obligations will generally reflect pre-existing commitments made (e.g. national development strategies or a memorandum of understanding / subsidiary arrangement with the Australian Government). Australia’s obligations will be normally to deliver aid in line with the objectives of the Aid Investment Plan. (*Aid Programming Guide*)

Table 8: Performance Assessment Frameworks – better practice examples from Bangladesh and Afghanistan

BANGLADESH

Australia’s aid objective: improving education access, equity, efficiency and learning outcomes

Intermediate outcome: The quality of teaching materials is improved

Outcome indicator	Milestone 2015–16	Milestone 2016–17	Milestone 2017–18	Milestone 2018–19	Data source and baseline
Primary school text books better reflect the government education curriculum	Textbook revision grade 4–5 by July 2015. Religious studies and teachers’ editions revision to be completed by 2016. The review of textbooks for all major subjects of all five grades completed and the revision is under process for all other subjects for completion in the coming year.	Report on use of revised text books.	Review of learning materials informs new primary education program planning.	TBC	Bangladesh National Curriculum and Textbook Board / Department for International Development (UK) reports.

AFGHANISTAN

Australia’s aid objective: building resilience and supporting at-risk populations

Intermediate outcome: rural households in target districts, including women’s households, have increased income through improvements in agricultural productivity

Outcome indicator	Milestone 2015–16	Milestone 2016–17	Milestone 2017–18	Milestone 2018–19	Data source and baseline
Average income from non-farm and farm livelihoods for rural households in target districts	1300 persons trained in strategies to improve livelihoods & 1000 farmers using better agricultural technologies (to be disaggregated by gender).	8100 persons trained in strategies to improve livelihoods & 4000 farmers using better agricultural technologies (30 per cent women).	Increase in average income from non-farm and farm livelihoods for rural households in project areas. (Baseline: to be determined in September 2015, including for women).	TBC	Baseline: 500 persons (400 women) trained in 2013–14. Data source: Australian Afghanistan Community Resilience Scheme.

There are a small number of country/regional programs where the ideal of Mutual Obligations has been realised with the signing of formal partnership agreements. These agreements explicitly state the obligations of the partner government and Australia, as well as a basis for reporting progress.

The Australia–Tonga Partnership Arrangement, jointly signed in September 2016, provides an example of better practice that is likely to enhance APPR quality. It includes Performance Benchmarks for the period 2016–17 to 2018–19. As stated in the arrangement, *the Partners will strive to meet the Performance Benchmarks...tied to the [Partnership Arrangement] objectives and priorities...Progress against these benchmarks will be reported to the annual high-level dialogue ... and through regular officials-level dialogue.* The Performance Benchmarks in the partnership arrangement are identical to those listed in the APPR, raising the likelihood of ongoing joint management utility.

Table 9: Australia–Tonga Partnership Arrangement (excerpt)

Aid objectives	2016–17 Performance Benchmarks in partnership arrangement
	<p>Achievement of actions under Joint Policy Reform Matrix (to improve Tonga’s public financial management) triggers release of donor funding.</p> <p>750 kWp of solar generation and 660 kWh of energy storage installed in two outer islands—contributing to a reduction of annual diesel imports for power generation of 325 000 litres per annum, and increased access to reliable electricity for 10 000 people (10% of population).</p>
<p>Objective 2: A more effective, efficient and equitable health system</p>	<p>Ministry of Health and Tonga Health budgets (separately considered and excluding donor funds) as a percentage of the total government budget do not decrease against the 2015 baseline, and launch of the Essential Package of Services for Ministry of Health and the digitalisation of Public Health information through the pilot of the Digital Health Information Software Phase 2.</p>
<p>Objective 3: Skills development in support of economic opportunities for Tongan workers</p>	<p>Multisectoral, quality annual reporting against the <i>National Strategy for Non-Communicable Diseases Prevention and Control 2015–2020’s</i> monitoring and evaluation framework, and a decrease in the prevalence of tobacco use (against the baseline 2016 Tobacco campaign pre-survey).</p>

For other programs, the definition of Mutual Obligations is more variable. The practical identification of Mutual Obligations for partner governments remains vexed. Given the relatively small size of Australian aid in most of these countries, it may be difficult for more formalised and detailed Mutual Obligations to be established.

In this environment, the review found that Mutual Obligations appeared to be most useful when they reflected partner government reforms (policy/institutional/financial) that are recognised as important for achieving aid objectives by 2018–19. In the main, these reforms are not linked in any formal sense to the Australian aid program. Rather, they reflect publicly made reform commitments of the partner government. The Mutual Obligations associated with the Australian Government are almost universally defined in terms of delivery of the Australian aid program, in line with the Aid Investment Plan.

The review found that the key criteria for better practice Mutual Obligations are

- clear link to the achievement of the Australian aid objective
- reflect specific actions/reform to occur within a 12-month period
- clear basis for measurement.

BETTER PRACTICE

There are many examples of better practice reporting in the APPRs with respect to the five quality standards, gender equality and the empowerment of women, disability inclusive development, and the *Making Performance Count* performance management measures (Performance Benchmarks, Performance Assessment Frameworks, Mutual Obligations).

Table 10: Better Practice Reporting

BETTER PRACTICE AREA	APPR
<i>Aid objective definition</i>	Afghanistan, Bangladesh, Laos, Myanmar, Palestinian Territories, Solomon Islands, Timor Leste, Tonga, Vietnam
<i>Progress assessment robustness</i>	Afghanistan, Myanmar, Laos, Pakistan, Palestinian Territories, Philippines, Sri Lanka, Tonga
<i>Risk</i>	Afghanistan, Pakistan, Papua New Guinea, Timor Leste, Vietnam
<i>Management response</i>	Cambodia, Indonesia, Nauru, Nepal, Palestinian Territories, Timor Leste
<i>Gender</i>	Afghanistan, Pakistan, South Asia Regional
<i>Disability</i>	Bangladesh, Cambodia, Fiji, Kiribati, Myanmar, Samoa, Sri Lanka, Timor Leste, Tonga
<i>Performance Benchmarks</i>	Afghanistan, Bangladesh, Laos, Myanmar, Palestinian Territories, Tonga
<i>Performance Assessment Frameworks</i>	Afghanistan, Bangladesh, Myanmar
<i>Mutual Obligations</i>	Afghanistan, Bangladesh, Cambodia, Kiribati, Laos, Nepal, Philippines, Samoa, Solomon Islands, South East Asia Regional, Sri Lanka, Tonga

ANNEX 1 – REVIEW TERMS OF REFERENCE

Background

1. Established in 2006, the Office of Development Effectiveness (ODE) in the Department of Foreign Affairs and Trade (DFAT) builds stronger evidence for more effective aid. A core function of ODE is to quality assure the robustness of the aid program’s internal performance systems and reporting. Since 2008, ODE has reviewed the quality of Aid Program Performance Reports (APPRs) annually. ODE’s reviews are overseen and endorsed by the Independent Evaluation Committee. A response to review recommendations is sought from DFAT Executive. The review is published.
2. In June 2014 the Minister for Foreign Affairs released Making Performance Count the performance framework for the Australian aid program. It is designed to improve the effectiveness and efficiency of aid and enable a stronger focus on results and value for money. It aims to strengthen the way performance is assessed on three levels—whole of aid program, country and regional aid programs, and individual aid investments.
3. Annual aid program performance reporting is used to assess the performance of country and regional aid programs. APPRs provide frank, evidence-based assessments of progress against Australian aid objectives set out in Aid Investment Plans and are used to improve effectiveness and strengthen program management. APPRs also provide transparency and accountability at the country and regional program level and are an important tool for communicating aid program results to the Australian public.
4. APPR 2015–16 represents the first full year of reporting under the Aid Investment Plans published in November 2015. A three-tier approach to APPR reporting is in place in 2016. Programs with total ODA of \$50 million and above prepare a full-length APPR, programs with total ODA from \$15–50 million publish a summary APPR, while those below \$15 million are exempt. In 2016, 16 full APPRs and 10 summary APPRs will be prepared.
5. The terms of reference for this ODE Quality Review of Aid Program Performance Reports has a different focus and methodology from previous quality reviews. The previous focus on the reasonableness of the performance narratives and the use of evidence has been retained, but there will be a more direct focus on performance and risk levels of country and regional programs and the robustness of progress ratings. There is also a focus on the quality of disability-inclusive development reporting. These changes in focus are driven by demands for analysis from within DFAT. It is expected that the level of comparability with previous quality reviews will be modest, although the ability to compare quality on some core criteria will be retained.

Objectives

6. ODE’s 2016 Quality Review of APPRs will:
 - a. quality assure 2015–16 APPRs focusing on
 - » consistency with Aid Investment Plans
 - » definition of aid objectives
 - » robustness of progress ratings
 - » quality of risk assessment
 - » utility of management actions.while assessing the integration of gender equality and the empowerment of women.
 - b. review the utility of Making Performance Count performance management measures and associated approaches, i.e.

- » Performance Benchmarks
 - » mutual accountability
 - » country and regional Performance Assessment Frameworks (PAFs)
- c. assess the quality of disability-inclusive development reporting
 - d. identify performance management tools and reporting good practice.

Audience

7. The key audiences of ODE's review of APPRs are the DFAT executive, senior managers, and staff with responsibility for delivering country and regional programs.
8. The review should be written with a view to it being published.

Approach

9. The 2016 Quality Review of APPRs will gather information from the following sources:
 - a. 2015–16 and 2014–15 APPRs
 - b. Aid Investment Plans
 - c. 2016 APPR guideline and template
 - d. previous ODE quality reviews of APPRs and previous working papers
 - e. interviews with a sample of APPR country and regional managers if required.
10. An APPR quality assessment framework will be prepared to provide the basis for quality assurance. It is expected that the framework can be streamlined in comparison to the previous year in order to meet the objectives of the review (see Objective section above).
11. Different approaches to analysis will be considered for programs with full and summary APPRs.
12. The opportunity to 'road test' the assessment methodology and draft program assessments with a number of country and regional programs will be considered.
13. The extent to which the quality of APPRs can be compared with previous years will be determined based on the similarity of review approach and methodology.
14. The extent to which the performance of the Australian program, as measured by progress against aid objectives, can be compared with previous years will be assessed, drawing on the similarity of aid objectives.

Outputs

15. Framework to assess APPR quality and other methodological tools.
16. APPR review outline with cross-section of APPR assessments complete.
17. Draft Quality Review of APPRs
 - a. no more than 25 pages excluding executive summary and annexes
 - b. all supporting documentation

- c. the final draft report will be reviewed by the Independent Evaluation Committee, and peer reviewed by key DFAT stakeholders, the Director of Performance and Quality Analysis Section, and the ODE Assistant Secretary.
18. The final report will incorporate feedback from the Independent Evaluation Committee and the peer review.

Roles and Responsibilities

19. The Assistant Director, Operational Evaluation Section will be responsible for preparing the report.
20. The Director, Performance and Quality Analysis Section will provide oversight analysis and quality control.
21. The Independent Evaluation Committee will provide comment on, and endorse the report prior to finalisation.

ANNEX 2 – REVIEW QUALITY STANDARDS

1. APPR relevance¹⁸

Definition: Is the APPR consistent with the AIP? APPR to be consistent with the AIP strategic priorities and rationale; implementation; performance management; and program management approaches. Where clear major divergences occur the APPR provides justification.

STANDARD MET: APPR has no unexplained changes to AIP strategic intent as defined by AIP aid objectives and Performance Benchmarks.

2. Aid objective definition

Definition: Are the Australian aid objectives clear, measurable and achievable? Three criteria:

- clarity: aid objective is a clear statement of what the program intends to achieve in the AIP focus areas
- expected final results: final results are identified for each aid objective, e.g. who will be doing what differently by the end of the AIP. The level of achievement against the intended results are capable of being measured
- achievable considering resources, time, and context: realistic expectations for Australian aid based on resources, time and context.

STANDARD MET: all criteria met for the majority of aid objectives (see also box below)

Aid objective definition criteria: further details

- *Aid objective description has clarity and focus of intent. Performance Benchmarks are necessary to support the establishment of sufficient clarity.*
- *Results expected to be achieved by the time Aid Investment Plan ends in June 2019 are defined. Relevant Performance Benchmarks 2018–19 (and where required Performance Assessment Framework 2018–19 indicators/milestones) are considered necessary.*
- *The expected final results are to be pitched at the appropriate level, i.e. challenging but achievable outcomes. Expected final results indicating complex, substantial and unprecedented rapid development change are considered to be not achievable. Conversely, expected final results pitched at the input/output level are generally considered to be too modest in ambition and not representing value for money.*

3. Progress assessment robustness

Definition: Does the APPR narrative explain and justify the progress rating against each aid objective? Two criteria:

- progress rating reflects progress against expectations based on key achievements, failings, and challenges supported by a range of internal and external sources of evidence
- progress rating informed by Performance Benchmarks and Performance Assessment Framework indicators and milestones 2015–16 that provide credible indication of progress towards the achievement of the aid objective¹⁹

STANDARD MET: one or both criteria met (see box below for details)

¹⁸ All quality standards incorporate the promotion of gender equality and the empowerment of women.

¹⁹ For country/regional programs with annual ODA < \$50 million the use of PAF indicator and milestones for assessing progress is optional.

Three scenarios for meeting progress assessment robustness standard

- *'Gold standard' scenario*: the progress narrative set out clear expectations of change in 2015–16 and reports the extent to which expectations were met as a basis for progress rating. The narrative directly references the Performance Benchmarks, which are judged to provide credible basis for assessing progress towards the achievement of aid objective.
- *'Persuasive narrative' scenario*: the progress narrative set out clear expectations of change in 2015–16 and reports the extent to which expectations were met as a basis for progress rating. Performance Benchmarks are not necessarily utilised.
- *'Performance Benchmark' scenario*: the progress narrative directly or indirectly references progress against the Performance Benchmarks and this informs the progress rating. The Performance Benchmarks are judged to provide credible basis for assessing progress towards the achievement of aid objectives.

4. Risk management²⁰

Definition: Are risks to achieving aid objectives well managed? Three criteria:

- Most significant and/or emerging risks are linked to the achievement of aid objectives.
- Risk descriptions include risk event (what can happen), risk source (what can cause the event to happen), and risk impact (what happens if the event occurs).
- Specific and credible actions with assigned responsibility are identified to manage risks over 2015–16 and planned further actions in 2017–18.

STANDARD MET: all criteria met for the majority of identified risks

5. Management responses

Definition: Are well-defined management actions responding to issues identified in the APPR? Two criteria:

- Management actions are linked to significant or emerging changes, opportunities or risks as identified in APPR.
- Management actions are specific, time-bound, with assigned responsibilities.

STANDARD MET: all criteria met for the majority of management responses

²⁰ For country/regional programs with annual ODA < \$50 million a risk management section is not required.