



DFAT-led design - Investment design template

This template provides a recommended structure for an investment design document for a **DFAT-led design** \$3 million (GST inclusive) or more. We recommend it is a maximum of 25 pages (including Executive Summary) plus annexes and written in plain English. Refer to the [DFAT Design and MEL Standards](#). Contact designmail@dfat.gov.au for advice.

Investment Design Title:
Start date:
End date:
Total proposed DFAT funding: AUD [DFAT funding for the investment]
Total proposed funding from all donor/s: AUD [All partner funding for the investment]
Current program fund annual allocation: AUD [Total program fund allocation for the bilateral/regional program]
AidWorks investment number:
Risk: <i>low/medium/high/very high</i>
Value: <i>low/medium/high [low <\$3m / high >=\$100m]</i>
Concept approved by: <name>
Concept endorsed by DPC: <i>Yes/No/NA</i>
Quality Assurance completed: < e.g. appraisal, peer review >
Approval: Delegate at Post: <name>
Delegate in Canberra: <name>

A. Executive Summary

This section should provide a succinct summary (maximum 2 pages). It can be expressed as a diagram and/or as a narrative. It should describe:

- › The development problem and key lessons learned.
- › Australia’s policy objectives for the country/sector/thematic issue.
- › The expected end-of-program outcomes.
- › The recommended delivery approach, key partnerships, and performance funding approaches.
- › Priority areas for reform, policy advocacy and budget dialogue.
- › Approach to MEL and cross-cutting issues, including gender equality and climate change.
- › Timeframe for engagement and resource commitments; resources leveraged.
- › Procurement and partnership arrangements; use of partner government systems.
- › Any significant risks to success, including climate risks, or that might have a negative impact on people, the environment, or resources, and how these will be addressed.

B. Development Context and Situational Analysis (What problem are we addressing?)

Provide a strategic analysis of the investment operating environment. Set out relevant background information to understand the environment and key issues likely to impact on the investment.

Country/Regional and Sector Issues

- › Concisely set out the country/regional and sector/thematic context, including contribution to the Sustainable Development Goals, and an explanation of the relevant policy background.
- › Include a summarised gender analysis, identifying key gender issues in the implementing context that will be addressed by the investment. Consider intersecting identities and different groups of people, including women, people with disabilities, and other marginalised groups (e.g. First Nations and ethnic minority peoples, LGBTQI+ people). Refer to gender analysis included as an annex.
- › Include climate analysis, identifying key climate impacts in the implementing context that will affect the investment. Consider opportunities for the investment to support climate resilience. Consider climate risks, and partner priorities: Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

Development Problem/Issue Analysis

- › Explain the development problem/issue being addressed and what investment success would look like.

Political Economy Analysis

- › Analysis of why the development issue has developed, the political economy, key stakeholders and demand for change, coalitions or champions of reform, political will versus constraints.
- › Include consideration of how gendered power imbalances impact on the political economy.

Evidence base/Lessons Learned

- › Highlight what other relevant activities are being undertaken by the partner government, local partners, or other donors, how effective they are, and the principal lessons learnt through these and similar thematic activities elsewhere.
- › Include references to prior evaluations/reviews of investments that have informed decisions in this design.

C. Strategic Intent and Rationale (Why?)

Strategic Setting and Rationale for Australian/DFAT Engagement

- › Set out DFAT's policy objectives for this particular country/sector/thematic issue. Refer to alignment with *Australia's International Development Policy*, country or regional Development Partnership Plans and other country or sectoral strategies, Gender Equality and Women's Empowerment Strategy, relevant regional and other strategies.¹
- › Explain the reasons why this investment is being proposed and what key development outcomes (growth, poverty reduction, service delivery improvement, improved governance, gender equality, climate change resilience etc.) will be achieved.
- › Address the relevant development principles (national interest and influence, impact on economic growth and poverty, Australia's value-add and leverage, and performance).
- › Review other donors and organisations² operating in-country and explain how the investment takes these into account, against partner government priorities.

Gender equality, climate change, and cross-cutting themes

¹ Also consider the Sustainable Development Goals.

² International development banks, UN and other international organisations, bilateral donors, regional bodies, and local/international NGOs, including any new development actors working in-country.

- › Identify areas where gender equality and disability inclusion will be integrated and addressed, as well as other cross-cutting issues (including innovation, social inclusion and private sector engagement).
- › Identify relevant areas where climate change and disaster resilience can be integrated and addressed in the design and implementation.
- › Describe the level of ambition in relation to locally led development and localisation (as appropriate).

D. Proposed Outcomes and Investment Options (What?)

Clearly set out expected goal, objectives and end-of-program outcomes³; explain and justify the proposed delivery approach.

- › Outline a long-term goal which aligns with and contributes to the partner’s goals and plans.
- › Specify an objective which contributes to DFAT’s strategic objectives.
- › Explain the expected end-of-program outcomes⁴ and how they link to proposed interventions.
- › Explain the logic chain from end-of-program outcomes to intermediate outcomes and outputs and activities (if known), including outlining any assumptions (these can also be identified as key risks).⁵ Measurement of outcomes must be described in the monitoring, evaluation and learning section.
- › Include at least one end-of-program outcome or intermediate outcome that demonstrates a clear intent to promote gender equality as an important and deliberate feature of the program.⁶
- › If the investment is valued at \$3 million and over, it must consider including a climate change outcome (either end of program or intermediate). If the decision is made not to include a climate change outcome, the reasons must be clearly stated. Where climate change outcomes are included, they must be supported by the context setting and design narrative, which articulates interventions and approaches to support achievement of the climate change outcome.

Delivery Approach

- › Outline proposed choice of partner, delivery options and describe and justify the approaches and types of development assistance proposed, explaining specific arrangements for defining DFAT’s role in working with other partners and the financing arrangements selected.
- › If a partner has been identified, describe the findings from a current due diligence assessment and how any risks identified will be managed.
- › Explain why the proposed approach represents value for money and how it is the best practical option. Explain how the investment will work to support partner ownership and sustainability, and leverage partner resources and capabilities.
- › Explain if the investment will work directly with partner government systems, local organisations, and/or local supply chains. If the investment will not work with partner government systems, provide an explanation why and how it will operate.
- › Explain any innovative elements/approaches featured in the design.⁷
- › Outline linkages between performance and funding (incentives, results).

³ Refer to Standard 3 of DFAT’s [Design & MEL Standards](#) for expectations for the program logic and definitions of goals, objectives, outcomes etc.

⁴ Note that end-of-program outcomes should be written as an end state, i.e. who or what is expected to change, by when. The type of change should cover a change in knowledge, behaviour, or condition.

⁵ Note that outputs and activities may not be defined for facilities. Refer to [Guidance Note: Facility Investments](#) if considering this modality.

⁶ New investments valued at \$3 million and over are required to include a gender equality outcome. Development assistance investments in a limited number of categories are exempt from this requirement. See the International Development Programming Guide for more information.

⁷ Such as new ways of partnering, including through flexible design, adaptive management, performance funding, output-based contracting.

E. Implementation Arrangements (How will DFAT engage?)

Governance Arrangements and Structure

- › Set out governance arrangement and how key decisions will be made. Set out clear roles and responsibilities between DFAT, the partner government, implementing partners, and other key stakeholders.
- › For multi-country or regional investments describe processes for engaging with geographic areas (Post and desk) e.g. in planning, ongoing communication and reporting, country-level workplans.
- › Show how performance information (including any independent advisory support⁸) will inform policy dialogue, evidence-informed decision making, and managing the program.
- › Explain how women's leadership and decision-making will be promoted through the governance arrangements.

Management

- › Set out management responsibilities of the implementing team, and key skill sets required (NB: individual job descriptions are not necessary)
- › Outline the DFAT resources (including FTE – A-based, LES) and staff time required to manage, administer, and monitor the program. Consider the internal DFAT capability available (e.g. skills in policy, programming, risk management, using data, and agreement management), and if specialist advisor roles are required to supplement. The rationale for resourcing should be based on the complexity of engagement, risk profile, policy dialogue priorities etc. Consider efficiencies (and savings) for DFAT, integrating lessons from previous phases, and similar programs.
- › Outline how DFAT will use MEL information for decision-making, risk management and policy dialogue.

Early Activities

- › Describes early stage activities (if known) with a planning process for identifying future activities.

Policy Dialogue

- › Outline how identified policy problems or reform opportunities will be addressed through policy dialogue, including indicative entry points, and the role of DFAT and other key partners.
- › Describe processes for agreeing to policy reform roadmaps and strategic policy and budget dialogue at the sector level, in partnership or in coalition with donors, the partner government, and other key stakeholders.
- › Include the [Policy Dialogue Matrix](#)⁹ as an annex.

Profile and Public Diplomacy

- › Consideration should be given to opportunities to promote Australian development engagement, including through events, use of media, digital content, signage, branding and production of project communication materials.

Sustainability

- › Explain the issues likely to affect investment sustainability in absence of direct donor/investment support¹⁰ and strategies to address these issues. This includes the impacts of climate change.

⁸ Include Terms of Reference for any advisory/ technical groups as an annex.

⁹ The matrix selects a number of policy and budget issues that will be a focus for policy dialogue, backed up by research, analysis and tools such as problem driven iterative adaptation. It should describe key stakeholders, leadership and donor coalitions, and outline entry points for engagement.

¹⁰ This could include ongoing requirements for technical assistance, budget issues, political instability, social unrest, etc.

- › Explain how the investment will leverage policy and budget reform, and additional/more efficient use of resources in the longer term.

F. Monitoring, Evaluation and Learning (MEL) (How will DFAT measure performance?)

- › Summarise the proposed monitoring, evaluation and learning (MEL) approach and arrangements, including proposed methodologies or techniques to measure the changes created by the investment, and how the information will be used, including in DFAT processes.¹¹ The MEL Framework in the design should reflect the entire program logic outlined in Section D.
- › Indicative indicators should be stated. Where possible, identify the baseline and targets (specifically if there have been previous interventions funded by DFAT).
- › Key evaluation questions emerging during the design should be included.
- › Identify data sources available, particularly through partner systems, for operationalising the MEL system, including any limitations to be addressed e.g. availability of GEDSI disaggregated data.
- › Risks to operationalising the MEL System should be articulated.
- › During early implementation, a detailed MEL Plan, based on MEL approaches and the MEL Framework, should be developed within 6 months of implementation, and a baseline and formal MEL System should be operational within the first 12 months. Specify these requirements at design, and also in the Statement of Requirements. Ensure adequate provision has been made for the design, implementation, and oversight of the MEL System for the life of the investment. This includes adequately qualified MEL practitioners.
- › Given Facilities have portfolio level characteristics, a **Performance Assessment Framework** is required to be developed within the first 6 months of implementation. Specify that all MEL products must meet the DFAT Design and MEL Standards.
- › Where relevant, the section should include a list of thematic research or studies the investment will need to carry out to support implementation and learning. For investments designed to test causal changes rigorously, a conceptual framework and design of an impact evaluation should be included.
- › Describe contestability approaches, independent performance review mechanisms (quality technical advisory groups), their frequency and their link to regular performance and program discussions, policy reform and advocacy.
- › Indicate DFAT/Post monitoring requirements or opportunities, and/or independent monitoring, such as Mid-Term Reviews and Evaluations, as well as independent Technical Assessment Groups or review missions.

G. Gender Equality, Disability Inclusiveness, Climate Change, and Other Cross-Cutting Issues

Gender Equality

- › Summarise the proposed approach to gender equality, including how the investment will contribute to closing gender equality gaps in the country/region/sector and how this has been reflected throughout the design (including in the program logic, outcomes and MEL).
- › Show how the gender analysis has informed the design, by clearly articulating a link between the gender analysis and the investment focus and approach.
- › Include reference to key lessons learned and to additional research that the investment will carry out to support implementation and ongoing learning in relation to gender equality.
- › Explain how the investment aligns with the priority pillars of DFAT's Gender Equality and Women's Empowerment Strategy.

¹¹ Refer to the [DFAT Design and MEL Standards](#) and the minimum sufficient MEL Framework (annex).

- › Identify who is responsible for leading on gender equality within the implementation team. Ensure coherence with decision-making, governance structures, and budget.
- › State how a gender action plan or strategy will be developed, in consultation with relevant stakeholders and implementing partners.
- › Provide a rationale for the gender policy marker that has been selected in line with OECD/DAC minimum standards.¹²

Climate Change

- › Explain relevant climate change and disaster risks, vulnerabilities and impacts, particularly how specific groups may be affected (women and girls, remote communities). Identify opportunities for positive climate change action and disaster risk reduction. Include an explicit climate change outcome or integrate climate change into the program logic.¹³

Disability Inclusiveness

- › Explain the level of consultation carried out with and advice received from Disabled People’s Organisations (DPOs), disability specialists, and DFAT’s Disability Section during the design process. Identify the main barriers to inclusion and opportunities for participation, and how the investment will address these barriers. Set out how DPOs and/or people with disabilities will be involved in implementation, and monitoring, evaluation and learning.¹⁴

Private Sector Engagement

- › Set out expectations and opportunities for engaging the private sector and the ways in which the investment is able to incorporate attempts to encourage commercially sustainable solutions to the development challenge (if applicable).

Innovation

- › Outline any development innovations¹⁵ and their scale. This could mean a new development technique, financing mechanism, technology, partner, or process.¹⁶ Include expected results.

Locally led development and localisation

- › Outline the level of ambition to support locally led development, appropriate to the country and sector context, and the intent to build local capabilities (across government, private sector, NGOs and civil society). A localisation plan may also be developed in early implementation with the lead partner(s).

H. Budget and Resources (What will it cost?)

Budget

- › Set out investment cost assumptions as a narrative and in a table to achieve the outcomes (see Budget annex for Table).¹⁷
- › Provide information on budgets or resources planned to be leveraged (government, private sector, donor partners).

¹² Refer to [DAC gender equality policy marker - OECD](#).

¹³ Refer to [Climate Change Action Strategy](#) and resources available in the [Climate change hub](#)

¹⁴ Refer to [DFAT Disability Action Strategy 2017-2020](#).

¹⁵ Such as new approaches, with the potential to be cheaper, faster, better or more inclusive.

¹⁶ Such as new ways to design, procure, implement, monitor or report.

¹⁷ Include the percentage of total country program budget represented by the investment, partner government/contributions, and if relevant any leveraged finance and donor funding. Provide overarching program and support costs and pricing assumptions.

- › Describe how the investment represents value for money and provides efficiencies for DFAT.

Resources

- › Outline DFAT resourcing (A-based and LES), FTE staff. Outline DFAT administration costs (including monitoring, travel). Consider efficiencies and savings for DFAT.
- › Outline additional resource requirements, including partner government staffing capacity needs.

I. Procurement and Partnering

- › Discuss the proposed delivery mechanism¹⁸ and procurement arrangements and how these will support the achievement of the end of program outcomes. Consult Development Procurement, Agreement and Systems Branch (DVB) at aid.contracts@dfat.gov.au on procurement arrangements, timeframes and preparing a draft Statement of Requirements (if required for commencement of procurement).
- › Where partner government systems are proposed as the delivery mechanism for Australian funds, describe in detail what is proposed, which components of the public financial management system (including procurement) will be used, who will do this and what risk mitigation strategies, controls and treatments will be used to manage and monitor identified risk.¹⁹
- › Discuss (if appropriate) how the investment will link performance and results to funding.

J. Risk Management and Safeguards (What might go wrong?)

Risk Management

- › Use the Risk Factors Screening Tool and nine primary risk categories²⁰ to discuss the risk context.
- › Identify the significant risks that may hinder ability to achieve end of investment outcomes, including climate risks and consideration of risks arising from assumptions in the program logic, and describe proposed mitigations.
- › Identify any governance arrangements, including internal DFAT risk oversight responsibilities and review and reporting processes for the proposed investment, how partners and stakeholders will be involved throughout implementation in the ongoing assessment and management of risks.
- › Complete the Risk Register in accordance with DFAT's Development Risk Management Policy and Practice Notes. The register must include clear risk statements, appropriate assignment of ownership, and effective controls and treatments for mitigating risks.

Counter Terrorism Resourcing

- › If relevant (e.g. high risk location), identify risks associated with terrorism resourcing and corresponding preventative, detective and corrective controls and proposed treatments to mitigate risks.

Environmental and Social Safeguards

- › Identify risks to the environment, to children, vulnerable and disadvantaged groups, indigenous peoples, health and safety, and risks of sexual exploitation abuse and harassment throughout the life of the investment and discuss measures to mitigate those risks.
- › Use the Environmental and Social Safeguards [Operational Procedures](#) (section 3.2) to assist in developing a proportional environment and social impact assessment, management plan and/or framework, as required.

¹⁸ For example will the program be delivered by a managing contractor, through a tender process, or a grant arrangement (through an NGO, multilateral or other) or use of partner government systems.

¹⁹ For details of required assessments and guidance on conducting them contact Development Risk Management Section (DRM) at Partner.Systems@dfat.gov.au

²⁰ DFAT's Risk Management framework applies nine primary categories: Stakeholders; contextual; resources; infrastructure; political; programming; legal; environmental; and social.

- › Review [Child Protection](#) and [Prevention of Sexual Exploitation Abuse and Harassment](#) Guidance Notes to establish risk context in order to assess and rate the risk level.²¹

Fraud Control

- › Discuss the fraud context and identify current and emerging fraud risks. Identify preventative, detective and corrective controls and fraud risk treatments to mitigate risks.
- › Design to include 'lessons learnt' from previous evaluations and include a brief summary of most effective/ ineffective fraud controls/ treatments, to help mitigate similar fraud risks in future.
- › Discuss governance arrangements to oversight fraud risks, including frequency and types of information governance bodies will receive to manage fraud risk.

K. Annexes

Required Annexes:

- › Program Logic model (if not included in main document)
- › Implementation & Governance Arrangements (including organisation chart and other details as appropriate including roles/responsibilities of stakeholders); (if not included in the main document)
- › Policy Dialogue Matrix
- › MEL Framework at design
- › Gender analysis (which considers intersectionality and experiences, needs, and opportunities of diverse groups)
- › Risk Register (including strategies to 'Do No Harm')
- › Budget and Resourcing Requirements (including costing methodology)
- › Draft Statement of Requirement (NB: mandatory for procurement tender processes)

Optional Annexes

- › Sector/Problem and other relevant analyses (may include climate change, social, economic, environment, poverty, disability, institutional capacity, political economy, private sector development etc.)
- › Implementation Plan (description of early indicative interventions/ activities, if appropriate)
- › Assessment of National Systems and Sector-level Assessments (of public financial management and procurement) as required
- › Assessment of Procurement Systems at Sector or Agency Level (Mandatory if use of partner government procurement systems is proposed)
- › Safeguard management plans - for example an environmental and social management framework or environmental and social management plan

²¹ Complete step 1 in the child protection risk context note and to the extent possible steps 1 and 2 of the PPSEAH guidance note



Policy Dialogue Matrix

Related End-of-Investment Outcome	Problem/ Issue	Policy outcome sought	Program entry points for policy dialogue	Influential stakeholders	Resources required	Policy dialogue lead within AHC	Partnership engagement lead within MC/implementing partner
<i>Eg Increased access to quality primary health care for all Solomon Islanders by 2021</i>	<i>Primary health care budget in partner govt X diverted to tertiary health care (hospitals, medivacs, NCD treatment etc)</i>	<i>Budget process to lock in an overall % of health budget, and subsector allocation for primary health care locked in, year</i>	<i>Budget process Annual performance process 6 monthly reviews HLCs HLVs World Bank missions WHO missions</i>	<i>Minister and Secretary for Finance, Minister and Secretary for Health, CFO, directors of budget, provincial health directors, WHO country director, WB Economist</i>	<i>Independent review team for 6 monthly reviews (\$35,000)</i>	<i>DFAT Counsellor, backed by HOM/Ministers during high level visits (in partnership with world bank)</i>	<i>Team Leader for HSSP, Secretary of Health</i>



Monitoring, Evaluation and Learning (MEL) Framework at Design

Key Evaluation Questions:

	Desired result	Indicative Indicator	Data source(s)	Assumptions/risks for data collection	Baseline (if applicable)	Target (if applicable)	Who will use the information for what
Goal	At this level it is not expected that the MEL System will collect and analyse data						
Objective	At this level it is not expected that the MEL System will collect and analyse data						
End-of-Program-Outcomes (EPO)			<i>[This should draw on partner systems where possible]</i>				
Intermediate outcomes							
Outputs							
Activities	<i>[This might not be detailed at design stage]</i>						

Elements that must be included in the MEL Framework at design stage:

- **Desired results** e.g., the program logic as per design.
- **Indicative indicators** and information on partner/other systems for data collection.
- **Outputs (key deliverables):** Level, reach / coverage and quality of key deliverables produced.
- **Assumptions and risks** related to collecting data from the sources identified
- **Who will use the information** and for what purpose (e.g. DFAT for Investment Monitoring Reports or Tier 2/3 Indicators)

Budget

The below is indicative only and should be tailored to the specific investment. Any budget should include cost assumptions and is indicative only.

No.	Items (examples only)	Year 1	Year 2	Year 3	Year 4	Total
1	Management Fee & Performance Payments					
2	Program Management Costs (including long-term and short-term advisers (ARF) and personnel (non-ARF); support costs)					
3	Supply chain and Subcontracting Costs (including procurement fees)					
4	Operational and Implementation Costs (operations and implementation personnel, office set-up/recurring costs, vehicle and travel costs, event and communication costs, capacity development and activity costs etc.)					
4	Other funding by mechanism (examples below)					
4a)	Grants					
4b)	Budget Support/Direct Financing					
4c)	Other Partnerships (including multilaterals, private sector, local partners)					
4d)	Research and Analysis					
4e)	Whole of Government Twinning and/or deployments					
4f)	Technical Assistance (international/national)					
4g)	Scholarships, short-term training, work attachments					
4h)	Flexible or innovative funding					

No.	Items (examples only)	Year 1	Year 2	Year 3	Year 4	Total
4i)	Monitoring, Evaluation and Learning					
4j)	Gender equality, disability and social inclusion					
4k)	Climate change and disaster resilience					
4l)	Other					
5	DFAT administered costs for performance management, risk management and contract administration (including policy engagement and dialogue) – include FTE (A based and LES)					
6	Estimated additional funds leveraged from partner government, multilaterals, other partners, private sector					
	Total					

Total Budget:

Cost Assumptions

-
-
-