

A: Investment Concept Title: Business Partnerships Hub (Working Title)
Proposed start date: 1 Jan 2020 End Date: 31 Dec 2027
Proposed DFAT funding allocation: up to \$32m
Current program fund annual allocation: PVF
Risk and Value Profile: Low_Risk / Low_Value
Consultation: IND/MPB/ACD, AOP/CVB/ACD, Austrade, GEB, DFS, DEU, Bangkok, Nairobi, Islamabad.
Proposed Design Pathway: <i>FAS Review</i>
Draft AidWorks Investment number: INM610
Delegate approving concept at post: NA
Delegate approving concept at desk/in Canberra: FAS MDD

B: Problem/Issue definition and rationale for investment (Why)

Despite remarkable increases in prosperity and general living standards over the last two decades, poverty and disadvantage remain complex challenges in many parts of the world. Government and non-government organisations cannot address these challenges alone. With the private sector in developing countries providing on average 60 percent of GDP, 80 percent of capital flows and 90 percent of jobs, DFAT is currently and should continue to leverage opportunities for greater engagement with the private sector to amplify the impact of Australia's aid investments while generating business growth and reducing poverty.

Internationally, private sector engagement is recognised as crucial to achieve the 2030 Agenda on Sustainable Development and the Sustainable Development Goals (SDGs). An estimate of the current funding gap for developing countries to meet the SDGs is US\$2.5 trillion. Businesses were active in shaping the SDGs and many are now helping to implement them. The objectives, interests and values between aid and business have reached a critical intersection – one which DFAT should continue to capitalise on to deliver development impact.

This pivot towards engagement with the private sector to increase the impact of Australia's development assistance was also identified as a key objective in the Foreign Policy White Paper:

“By sharing assets, networks and expertise with business we can get better results from our assistance.”

The Foreign Policy White Paper highlights Australia's interests in a stable and prosperous Indo-Pacific for which the private sector plays a crucial role. The Business Partnerships Hub (BPH) concept is aligned with the Foreign Policy White Paper focusing on innovation and encouraging private sector-led growth. The Foreign Policy White Paper highlights the importance of engaging with the private sector including through the Business Partnerships Platform (BPP) to increase the impact across priority sectors in our partner countries. Through the BPH we will better engage business leaders, industry groups and businesses, from multinationals to small to medium sized enterprises, to magnify the impact of the development assistance program.

Australia's aid policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability* states that engagement with the private sector in Australia and in developing countries is a priority to better leverage our aid spend.

The 2015 Ministerial Statement on Engaging the Private sector in Aid and Development recognised the potential for partnerships with business to deliver shared value – that is partnerships that leverage DFAT's and businesses' assets, connections, creativity and expertise to achieve outcomes that satisfy both Australia's development objectives as well as business objectives.

The Business Partnerships Platform (BPP) was developed as DFAT's flagship private sector engagement program in 2015 to demonstrate the benefits of working through this new shared value approach; to help DFAT gain knowledge of working with the private sector; and to help DFAT develop strategic relationships with the private sector. To date, the BPP (2015-2019) is starting to demonstrate how DFAT can more effectively partner with private sector but this approach has not been widely embraced by DFAT. The BPP is a unique element of the Australian aid program, widely recognised as an innovative approach to engaging with business and is not replicated by any other donor. It has an iterative design model, evolving from round to round, taking into account learning.

In early 2018, DFAT concluded a Private Sector Engagement Stocktake, which reviewed how DFAT was tracking towards the objectives of the 2015 Ministerial Statement. The Stocktake recognised the BPP had delivered significant leveraging, with \$14.32 million leveraged from \$7.3 million in DFAT funding to date. However, the Stocktake also identified areas requiring improvement in the future evolution of the program and that the practical learning from partnerships under the BPP needs to be better shared and mainstreamed across the department. DFAT also lacked a consistent and coherent approach to DFAT business engagement and that there remained limited understanding across the department on how best to engage the private sector in the aid program.

To meet the objectives of the Foreign Policy White Paper and realise the ambition of achieving the SDGs, a multi-pronged approach is required to build the mindset and environment for DFAT to engage effectively with the private sector.

As part of this multi-pronged approach, MDD is currently developing an Operational Framework for Private Sector Engagement (OPSE) (as recommended by the Private Sector Engagement Stocktake), which will provide guidance for DFAT to deliver a coherent and consistent approach to engagement with the private sector to achieve development outcomes. In consultations with the private sector on the OPSE, including at a high level workshop in May 2018, the private sector identified that DFAT needed to improve its culture, capability and systems if it wanted to scale-up its engagement.

Business Partnerships Hub

We propose to establish a Business Partnerships Hub (BPH) that will, as part of a broader package of actions, help to implement the OPSE by building the culture, capability and systems to scale-up DFAT's engagement with the private sector. It will help build confidence, expertise and evolve DFAT's engagement with the private sector to reach a state where private sector engagement is considered strategically and they are viewed as an equally critical partner for DFAT as government or civil society partners are today.

The BPH will provide private sector engagement support through the following key components:

Building a positive private sector culture

1. Establish a private sector knowledge hub, which will:
 - a. build demand for private sector expertise and capability
 - b. draw together and disseminate research on DFAT and international best practice private sector approaches to achieve sustainable development outcomes
 - c. manage communications and sharing of lessons learnt on private sector engagement.

Building capability

While the knowledge hub above will also contribute to building DFAT capability, the proposed BPH will also:

2. develop and deliver training on private sector engagement to increase awareness and understanding of the private sector and modes of engagement across all DFAT staff from Head of Mission to practitioners levels
3. provide technical expertise and advisory services for the design, implementation and review of aid programs that engage the private sector and provide access to private sector partnership brokering services to help DFAT

understand the value proposition of business (knowledge, ideas, networks, capabilities and resources) and business to understand the value proposition of DFAT (convening power and influence; deep knowledge of business, political, regulatory environments in developing countries; support to create business enabling environments; and catalytic funding) to cement collaborative and quality partnerships.

4. support DFAT, especially Posts, to continue to demonstrate and engage in effective private sector partnerships, by managing the next phase of the BPP, building on the positive achievements of the current phase of the BPP. The evolution of the BPP in its next phase will:
 - a. provide practical support and demonstration investments to drive increased strategic business engagement in the aid program
 - b. support strategic partnerships between Post with the private sector derived from current rounds (e.g. such as existing partnerships with Mastercard in Viet Nam, Intrepid Travel Group in Nepal and Myanmar, Cotton On Group in Kenya, and Digicel in Papua New Guinea)
 - c. provide opportunities for smaller bilateral programs to strengthen partnerships and contribute to positive change in business and government (e.g. in east Africa, the Pacific, Southeast Asia and South Asia where BPP partnerships have contributed to government policy changes).

Building systems

The activities managed by the Business Partnerships Hub will also:

5. help to inform the redesign of key DFAT reporting, contracting and procurement systems to ensure they are fit-for-purpose for private sector partnerships.

This will be coupled with additional approaches currently under development, which are separately managed by the Private Sector Development Section (PRV) (private sector engagement newsletter and website, active engagement on DFAT strategic planning documents including country economic strategies and Aid Investment Plans; private sector engagement thematic network) and approaches anticipated to be agreed under the OPSE. These include establishment of a private sector engagement Champions, agreement to the level of a risk appetite DFAT is prepared to accept for private sector partnerships, and establishing a practitioner's business community of practice.

The Australia Aid Policy includes a private sector strategic target where "All new investments will explore innovative ways to promote private sector growth or engage the private sector in achieving development outcomes." The proposed investment will be crucial to support aid programs across DFAT in achieving this Strategic Target.

The BPH also aligns with the Australian development policy framework that emphasises the need for aid expenditure to become more innovative and catalytic, and to leverage all the important drivers of economic and social development with a focus on private sector engagement. BPH will also contribute to the Department's private sector development objectives by enabling more strategic partnerships that will increase the potential scale of our work to increase growth in the Indo-Pacific.

BPH will also consider demand drivers for private sector engagement and how better to utilise these within DFAT to mainstream private sector engagement in development. Generating internal demand will be the focus initially before expanding to external demand drivers when capacity and systems are better understood by staff so that private sector expectations are managed appropriately.

While all the SDGs are relevant for this proposed investment, there is particular significant alignment against SDG 1: End poverty in all its forms everywhere; SDG 5: Gender Equality; SDG 8: Decent work and economic growth; SDG9: Industry, Innovation and Infrastructure, SDG 12: Responsible consumption and production; and SDG 17: Partnership for the goals.

This investment is expected to make up 24 percent of the PVF annual allocation. Spending will be across multiple countries with a focus on developing countries in the Indo-Pacific region. Consideration will be given to including BPP rounds geographically in the design as well as the option for country programs to use the BPP for country specific rounds funded by bilateral programs.

C: Proposed outcomes and investment options (What)

Goal

The overall goal of the program will be *increased private sector engagement across the Australian aid program to create collaboration and partnerships that advance economic and social development objectives.*

Outcomes

Proposed intermediate outcomes for the investment are likely to be the following. However, these will be further refined in the design phase:

- *DFAT staff are equipped to engage with the private sector - and are doing so through a range of partnerships that best meet mutual interests.*
- *DFAT-private sector partnerships leverage the respective assets, networks and expertise to contribute to sustainable development outcomes.*

The Private Sector Engagement Stocktake and accompanying appraisal of the BPP program have informed the development of the proposed outcomes. The outcomes acknowledge that private sector engagement is a means to achieve development objectives and not an end in and of itself. Clear development and economic objectives set in DFAT strategic planning documents should consider and determine how the private sector is best placed to achieve desired objectives.

The proposed outcomes for the investment are consistent with the Foreign Policy White Paper, the 2015 Ministerial Statement and with DFAT's Strategy on Private Sector Development. The outcomes are focused on changing how DFAT engages with business and establishing partnerships that will contribute to the SDGs and advancing Australia's interests in the Indo-Pacific.

Beneficiaries

The intended ultimate beneficiaries will be the recipients of products and/or services from BPP partnerships and those targeted by the broader aid program where the private sector will be engaged. BPP partners will directly benefit from grants but the expectation is that through our collective efforts, consumers, employees and others in the supply chain will also receive either improved incomes, cheaper better quality products and services or have greater capacity that they otherwise would not have without the BPP partnership. These benefits are expected to continue beyond the life of the partnership where the business is viable.

Upskilling DFAT staff will equip the broader aid program to engage and leverage private sector resources better to contribute to improved growth and the SDGs. The new modality's advisory services, analytical capabilities, training and dissemination of knowledge products across DFAT as well as demonstration of private sector partnerships will benefit the broader aid program and create the culture and enabling environment in DFAT for businesses to contribute to development outcomes. There are a number of areas across DFAT aiming to improve our capability to engage the private sector including in the Diplomatic Academy and the Investment and Economic Division. The design will consider how best the investment will complement the work of these areas.

Through partnerships with businesses, DFAT is able to support, through the BPP, sustainable, commercially viable outcomes in a range of sectors, including health, energy and resources, tourism, gender equality, agriculture and information, communication and technology. Beneficiaries will be determined through a rigorous selection process but will vary by country and context. We also recognise that the benefits of partnerships have the potential to flow on for a number of years; where the business case is viable but results often won't be known until after the partnership with DFAT has been finalised. The numbers vary but based on results from partnerships over two BPP rounds (estimated at 8.9 million beneficiaries), these could potentially double or triple over the next few years after the partnerships have concluded. To ensure beneficiaries are aligned with bilateral Aid Investment Plans and country strategies, bilateral programs can opt-in and will identify sectors for potential applicants. Consideration of Post resources and timing of partnerships will also inform partnership selection.

Investment Options

Drawing from the Private Sector Engagement Stocktake and the BPP Appraisal, the following are investment options considered.

Option 1. Pursue a comprehensive private sector engagement program where the BPH is co-managed by PRV and a service provider. This would allow DFAT to ensure it maximises the benefits of developing private sector expertise, while ensuring a service provider can provide the resourcing and technical support to deliver the program. With the limited expertise within DFAT on private sector engagement, the service provider will provide critical technical expertise for the private sector advisory services, training and relationship brokering elements of the proposed investment. The private sector advisory services would contribute to an improved enabling environment across DFAT similar to the Education Resource Facility and Health Resource Facility. The knowledge hub and Business Partnerships Platform next phase would require the dedicated human resourcing, which the service provider would bring, to administer these components. The BPP program under this option will address the BPP appraisal findings focusing on:

- improving the partnership brokering mechanism and health check mechanism to increase staff engagement particularly at posts
- filling skills gaps across DFAT and improving the limited access to private sector expertise
- improving DFAT's organisational culture to better understand and apply shared value and private sector engagement, and
- increasing and deepening strategic relationships and quality of partnerships between DFAT and the private sector.

Option 2. Pursue a comprehensive private sector program the same as option 1 but management is in-sourced to PRV in MDD. To operate this model in-house would require a significant increase to resourcing to the PRV, which cannot be met under the current FTE provisions. Attracting staff with the appropriate level of expertise would also be challenging.

Option 3. Only proceed with the BPP, and not the full Hub, and contract out to a service provider with minimal role for PRV. This option would not enable DFAT to develop its private sector expertise due to the limited direct engagement between DFAT and the BPP partners. It also does not address the other capability issues within DFAT for private sector engagement.

Option 4. Continue with BPP under the current model but have a greater focus on geographic areas and sectors. This option does not progress the BPP model beyond the current status quo approach, which has increased its focus on geographic areas and sectors. Like Option 3 above, it also does not address DFAT private sector engagement capability issues.

Preferred BPP Investment Option

Option 1 above is the preferred option. Options 2 to 4 fail to address key issues needed to improve our private sector engagement. Option 1 sets up a comprehensive investment with additional knowledge, technical advice and capacity building components as well as a BPP component. The intended outcomes for the proposed BPH will be comprehensively addressed and the option will also meet the needs to build the culture, capability and systems in DFAT to scale up private sector engagement.

We anticipate selecting a service provider through competitive tender but aim to maintain the current approach, which is to work in close partnership with the service provider to co-deliver activities under the investment. The drawback is that the inclusion of the identified additional services divert resources from the BPP component, with an associated impact of likely reducing the number of BPP partnership opportunities. However, this can be offset should bilateral programs choose to allocate resources for BPP partnerships, as has been the case for India, which have devoted bilateral program resources for BPP partnerships under the current phase. A small reduction in the

number of future partnerships may also be more manageable for the service provider as all BPP partnerships from the current phase (expected to be around 24) will be novated to the new service provider from December 2019, when the current BPP service provider's contract concludes. This will also allow resources to be focused on strategic partnerships with the private sector.

Business partnerships will be broader in scope than the current BPP but will still need to align with our development objectives. The majority will still be based on commercial viability and development outcomes will continue to be a priority for the BPP going forward. The plan is to increase the scale through mainstreaming learning from engaging the private sector and increasing the number of investments that leverage private sector resources while building strategic partnerships with DFAT. The proposed investment will enable the transfer of knowledge from the BPP to other programs and will build staff capacity across DFAT to better engage the private sector through development programs.

The current strong emphasis on gender equality and women's economic empowerment will continue as a key selection criteria for BPP partnerships. Selection of partnerships has successfully incorporated gender equality provided gender expertise to support partners which has been received well. This is a key value add from DFAT that business have sought and will be used to inform the how the BPH implements in future through the knowledge hub. The service provider will be required to have a gender adviser to assist with selection of partnerships and support implementation of partnerships.

Further work will be undertaken in the design phase to develop a program logic and monitoring and evaluation (M&E) system to implement the program.

Option 2 is not a viable option with current DFAT resources. The Hub will require greater resources to source expertise for the knowledge Hub to service DFAT which is not feasible with current staffing. The current BPP service provider has three full-time staff and six part-time staff focused on managing administrative aspects of the BPP and providing specialist advice. DFAT does not have the resources or expertise to recruit or fill these roles.

Option 3, while less resource intensive for the PRV, would not achieve the goal of building and mainstreaming private sector engagement across the Department. The BPP is not fulfilling this objective and PRV does not have the resources to supplement the limited scope of the BPP.

Option 4 is already being implemented under Round 3 of the BPP, which closed on 10 August. Based on the findings of the Stocktake, there needs to be greater engagement in the implementation of partnerships and more likely to be greater use of the proposed BPH services by other bilateral programs. We expect Option 1 would continue to build ownership of BPP partnerships with DFAT geographic desks and Posts.

The proposed investment will complement existing private sector aid investments including the Emerging Markets Impact Investment Fund (EMIIF), the Market Development Facility (MDF), Southeast Asia Smart Cities, Investing in Women and the Pacific Labour Mobility program. Consultations with these and other related programs will ensure there is no duplication of activities and that lessons learned are factored into the new program.

D: Implementation/delivery approach (How and with whom?)

The proposed investment will have an eight year duration (four years with an option to extend for a further four years). This will provide sufficient time to build DFAT's culture, capacity and systems to support mainstreamed private sector engagement across aid programs and to upskill DFAT staff, particularly at Posts to use private sector engagement as a tool to achieve sustainable development outcomes. The stop-go point after four years will provide an opportunity to review how the program is performing and consider the future direction. With improved capacity and demonstrated impacts from private sector engagement across DFAT, there should be less reliance on the BPP to establish partnerships and more focus on enabling bilateral, regional and global aid programs to engage private sector partnerships.

The design will build on lessons learned from the current BPP. The PRV has limited resources to administer the BPP, as well as continue to deliver broader enabling services across the Department and manage strategic policy development for private sector engagement. As mentioned previously, a service provider will be selected (via open tender) to administer and deliver the proposed investment. Based on the current partnership model ([Annex 1](#)) used for the BPP, the service provider will administer BPP rounds coordinating with DFAT and the design will explore how the BPP could also fund out-of-round partnership proposals while maintaining the principles outlined in the strategy for Australia's investments in private sector development. The service provider will conduct due diligence of partners as per the current model. The management structure will be established to reduce the administrative burden on PRV and allow bilateral programs to hold country specific BPP rounds. India and Pakistan have used this approach under the current BPP and the design will provide options of how this could be implemented.

In addition to administrative oversight of the BPP, the service provider will provide a range of advisers to support business partnerships and will also provide technical advisers for DFAT to draw on, as required to implement the other components of the investment. This could include technical advice to support Aid Investment Plans, concepts, designs, and evaluations of current programs. Technical advice will need to be flexible and agile for a range of program timeframes, country contexts and resource requirements. The support offered will be similar to the Education Resource and general technical advice could be provided by the proposed investment. The service provider will lead on a capacity development strategy, including training, in partnership with the Diplomatic Academy to target different levels at the introduction, practitioner and expert level, where needs are identified. Emphasis will be placed on providing better support to Posts, both at Head of Mission and practitioner level, and sharing approaches and lessons across the Department.

Resourcing of the new program will be determined in the design but we expect this to be similar to the current model (\$32 million over 8 years) with some additional elements. We anticipate the service provider will also employ experienced monitoring and evaluation (M&E) advisers to support the partnerships. The design will also consider how to build partners' M&E capacity on areas relevant to the partnership to reduce the reliance on DFAT for M&E expertise and sustain this competency within the partnerships.

E: Risk assessment approach (What might go wrong?)

The risk and safeguards screening tool ([Annex 2](#)) highlights key risks the design will review and develop appropriate mitigation measures to address. The risk screening tool and safeguards assessment for this concept found the overall risk to be low. Consultations with the environmental safeguards and aid risk management section (SRS) confirmed the risk register is comprehensive and takes a robust risk assessment approach. SRS feedback has been incorporated into the risk register and assessment. Reputational risk is rated high due to the nature of the grants and private sector partnerships. Another key risk which the design will consider is how the program will improve partnerships at Post so that the additional workload is not prohibitive, while delivering intended outcomes and benefits. Due diligence of partners will build on the lessons of the current program to manage future risks.

Due to the nature of BPP, some grants from the BPP may have risks associated with environmental protection, child protection, disadvantaged groups, indigenous peoples and health and safety. Under the current BPP model risks have been managed through robust due diligence assessments of partners and selection process. For future rounds, applicants will need to outline safeguards risks in their initial submissions to inform the selection process. The service provider will continue to conduct due diligence of all selected grant applicants covering the risks above and seek DFAT delegate approval before proceeding with any partnerships. Where these risks are too high, another grant partnership will be considered for funding.

The Design team will use and update the DFAT risk register template through the design phase. The risk register will be included in the final design document. The design team will be responsible for updating the risk register

with advice from PRV. Consultations with key areas across DFAT will be used to identify risks as well as workshops with key stakeholder including private sector representatives.

F¹: Proposed design and quality assurance process (What are the next steps?)

To inform the design, the design team will consult with both internal and external stakeholders as well as review similar activities by other donors.

The design process will be managed by the PRV in MDD. The design will be developed by a team of experts (up to four: experts in design, private sector and M&E), contracted through the Innovation Resource Facility (IRF). The IRF will manage the contracts for the design team and participate in the design process. It is expect to take four months to develop the design before releasing for tender in early 2019. The service provider needs to be finalised by September 2019 to enable the transition of current BPP partnerships to the service provider under the proposed investment.

Private sector representatives, NGOs and representative bodies will be consulted in the design process with participants from previous BPP rounds to be engaged as well as stakeholders identified through the OPSE. Austrade will be a crucial partner for the Centre in Canberra and at Post. The design will draw heavily from Austrade's experience engaging the private sector.

The design document will be quality assured through peer review by a reference group established for the concept. The reference group will represent key areas with expertise, knowledge and input to ensure the design meets DFAT's design criteria including gender equality. An independent appraisal will also be carried out separate to this to ensure the process is robust.

¹ Aid Investment managers should refer to the advice on quality assurance options available on the intranet to help ensure the investment will meet DFAT's Investment Design Quality Standards.

Annex 1. Business Partnerships Platform (current program).

Independent management of the grant mechanism: The BPP is delivered by an externally managed, competitive neutral mechanism that provides support to Post and DFAT managers to engage with the private sector without the need to administratively manage the partnership.

Delivery managed in partnership between a managing contract and DFAT with shared costs: Co-design of the approach, regular joint operational meetings, taking a strong part in the contracting and due diligence, using internal DFAT forms and taking the lead in discussions between DFAT and Post form a number of the features of this joint delivery approach. This approach has allowed DFAT to increase internal learning on program delivery and understanding of private sector engagement but is highly resource intensive.

A global program run locally: Both DFAT Canberra and Post participate in the BPP. Within DFAT, in most cases Post is the primary contact for the BPP partners but in some cases, where a partner is considered strategic or Posts have conflicting priorities, Canberra may play a larger role. Canberra plays the governance, risk management and decision-making role supporting Post to be neutral in discussions with the private sector. This has resource implications for DFAT and currently DFAT PRV have three full time equivalent staff working on the PSE agenda, including the BPP.

Partnership brokering and technical support to support engagement: The BPP design includes activities to support quality engagement between partners included providing technical experts such as business advisers and partnership brokers to support the facilitation of partnership brokering workshop(s). Partnership workshops bring together all the BPP partners (private sector, NGO and DFAT) to discuss their understanding of the partnership, agree the roles and discuss what is needed from other partners. 90% of BPP partners rated this workshop as useful or very useful to the overall success of their partnership.

Choice of partners: Inclusion of NGOs and development partners in the partnership is seen as a strength. NGOs provide good technical development expertise, understanding of DFAT processes and were seen to de-risk investment with the private sector. Other global programs have also highlighted the benefit of mandating the role of development partners in the partnership approach.

Annex 2. Risk and Safeguards screening tool

RISK AND SAFEGUARDS SCREENING TOOL

Table 1: Safeguard Screening Checklist

Environmental and Social Safeguards	No, Yes Unsure	If Yes or Unsure		Risk rating before controls ²
		Likelihood	Consequence	
Environmental protection				
<p>1.1 Could the investment have an adverse impact on the environment? For example, by supporting or providing advice on any of the following:</p> <ul style="list-style-type: none"> • infrastructure development, such as roads, bridges, airports, railways, ports, dams, water, sanitation and hygiene (WASH), waste management, telecommunications, energy production and distribution facilities, urban development. • construction/renovation/refurbishment/demolition of buildings such as schools, hospitals, health facilities or any of the infrastructure above • diversion of water, including for water supply, irrigation, flood-mitigation, or aquaculture • rural development, agriculture, food production, or forestry activities • activities in the extractives (oil, gas, mining), manufacturing, transportation and tourism sectors. 	Unsure	Possible	Minor	Low
<p>Guidance: Environmental Protection safeguard webpage or contact aidsafeguards@dfat.gov.au for more information.</p>				
<p>1.2 Could the investment increase environmental, climatic and/or social vulnerability, including by (but not limited to):</p> <ul style="list-style-type: none"> • increasing emissions of greenhouse gases (e.g. energy intensive process will lead to an increase in Green House Gas production) • reducing incentives to adapt (e.g. change in social norm away from responsible water conservation to increased consumption) • increasing the vulnerability of people (particularly the most vulnerable) or the environment to climate change (e.g. pesticides, used to eradicate mosquitoes that carry dengue fever, damage native insect populations which reduces agricultural productivity, leading to food insecurity) • increasing the impact of disasters, e.g. will infrastructure building codes and specifications be adequate for the intensity of disasters/hazards experienced in the investment area (e.g. floods, earthquakes, cyclones), will the investment impact the food security of a vulnerable population • setting paths that limit future choices (e.g. large capital and institutional commitment reduces portfolio of future adaptation options). 	Unsure	Unlikely	Limited	Low
<p>Guidance: Climate action and disaster resilience webpage; Humanitarian and disaster risk reduction webpage or contact resilience@dfat.gov.au for further information.</p>				
Children, vulnerable and disadvantaged groups				
<p>2.1. Could the investment have an adverse impact on vulnerable and/or disadvantaged groups including children, women, people with disabilities, minority groups, or the elderly?</p>	Unsure	Choose an item.	Choose an item.	Choose an item.

² Use Annex 1: DFAT Aid Risk and Safeguards Matrix to categorise the safeguard risk rating (low, medium, high or very high)

Environmental and Social Safeguards	No, Yes Unsure	If Yes or Unsure		Risk rating before controls ²
		Likelihood	Consequence	
2.2. Could the investment involve contact with children or working with children? ³	No	N/A		Choose an item.
Guidance: Children, vulnerable and disadvantaged groups safeguard webpage ; Child protection webpage or contact childprotection@dfat.gov.au ; Gender equality and empowerment of women and girls webpage or contact gender.equality@dfat.gov.au ; Disability-inclusive development webpage or contact disability.inclusive.development@dfat.gov.au for further information.				
Displacement and resettlement				
3.1. Could the investment involve activities or provide advice about an activity that will: <ul style="list-style-type: none"> displace people, either physically or economically exclude or reduce people's access to land they live on or used to generate livelihoods exclude or reduce people's access to land that is of cultural or traditional importance to them? 	No	Choose an item.	Choose an item.	Choose an item.
Guidance: Displacement and resettlement safeguard webpage or contact resettlement@dfat.gov.au for further information.				
Indigenous peoples				
4.1. Could the investment involve activities that adversely impact the: <ul style="list-style-type: none"> dignity, human rights, livelihood systems or culture of indigenous peoples land or natural and cultural resources that indigenous peoples own, use, occupy or claim? 	Unsure	Rare	Minor	Choose an item.
Guidance: Indigenous peoples safeguard webpage or contact humanrights@dfat.gov.au for further information.				
Health and safety				
5.1. Could the investment involve activities that adversely impact the health and safety of workers and/or communities?	Unsure	Choose an item.	Choose an item.	Choose an item.
5.2. Could the investment involve DFAT workers?	Yes	N/A		
5.3. Could the investment involve risk of exposing workers and/or communities to asbestos?	Unsure	N/A		
Guidance: Health and safety safeguard webpage or contact whs@dfat.gov.au or aidsafeguards@dfat.gov.au for further information.				

³ Complete Steps 1-3 of the *Guidance Note: Establishing Child Protection Risk Context* to assess the overall child protection risk.

Table 2: Investment Risk Summary

	Highest individual risk rating in each category (before controls)
1. Operating environment: What factors in the operational or physical environment (political instability, security, poor governance, lack of essential infrastructure, gender inequality etc.) might impact directly on achieving the objectives?	Medium
2. Disaster risk: Is the investment or intended outcomes exposed to disasters that typically occur in the investment area and/or country? Disaster impacts could include the risk of damage to infrastructure, loss of life, and other economic and social impacts.	Medium
3. Development Results: How realistic are the objectives and can they be achieved within the timeframe? Are the objectives/results sustainable? Would the failure to achieve the results in the proposed timeframe, or at all, affect the targeted beneficiaries directly? What factors may prevent the objectives being met?	Medium
4. Partner capacity and relations: Could a relationship breakdown occur with key partners or stakeholders and would this prevent the objectives/results from being achieved? Does the intended partner (if known) have the capacity to manage the risks involved with this investment? Could differing risk appetites affect the relationship? Do all partners have the capacity and capability to manage their role/work involved in this investment?	Medium
5. Fiduciary and fraud: Are there any significant weaknesses which mean funds may not be used for intended purposes, not properly accounted for or do not achieve value for money? (Fraud Control and Anti-Corruption Strategies and Assessments of National Systems will assist in identifying significant risks.)	Low
6. Compliance: Is there a risk that poor program management may lead to a breach of investment accountability, legislative/ contractual or security obligations? Is there a risk that DFAT aid program funding could be diverted for use by terrorists? (Refer DFAT's <i>Approach to Managing Terrorism Financing Risk</i> policy)	Low
7. Reputation: Could any of the risks, if they eventuated, cause damage to DFAT's reputation? Could any aspect of implementation damage bilateral relations?	High
8. Environment and Social Safeguards: Do any of the activities involved in this investment have the potential to cause harm to the environment and people - (environmental protection; children, vulnerable and disadvantaged groups; displacement and resettlement, indigenous peoples; health and safety)?	Low
9. Other: Are there any other factors specific to this investment that would present a risk (e.g. this is a new area of activity or it is an innovative approach; are DFAT resources (budget, people, or timeframes) critically constrained)?	Low
10. Overall Risk Rating (see step 3 for how this is calculated):	Low-risk