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Rapid Review of Quality-at-Entry (QAE) 2004: Innovative Activity Design

JUNE 2005

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Quality Assurance Group
Program Evaluation Section
Office of Review and Evaluation

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For further information about the
Australian overseas aid program, contact:

AusAID Public Affairs Group

AusAID

GPO Box 887

Canberra ACT 2601

Phone 02 6206 4727

Facsimile 02 6206 4695

Internet www.ausaid.gov.au

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Abbreviations

ADS III	Indonesia ADS Offshore Management Project Phase III
AKWa	AusAID Knowledge Warehouse (lessons learned database)
CAGP	China Australia Governance Program
CARD	Vietnam Capacity Building for Agriculture & Rural Development Program
CLCC	UNICEF/UNESCO Indonesia Creating Learning Communities for Children Program
FMA9	<i>Financial Management and Accountability Act 1997, Regulation No.9</i>
IASTP III	Indonesia Australia Specialised Training Project Phase III
IMHEI	UNICEF Improving Maternal Health in Eastern Indonesia Program
LAPIS	Indonesia Learning Assistance Program for Islamic Schools
LJSP	PNG Law & Justice Sector Program
M&E	Monitoring and Evaluation
MoG	Solomons Strengthening Assistance Program: Machinery of Government
ORE	AusAID Office of Review & Evaluation
PHRDF	Philippines Human Resources Development Facility
PNG	Papua New Guinea
PSLP	Asia Regional Public Sector Linkages Program
QAE	Quality-at-entry
RBM	WHO Roll Back Malaria Program, Mindanao
TLPDP	Timor-Leste Police Development Program
UNESCAP	United Nations Economic & Social Commission for Asia and the Pacific
RMRP	World Bank PNG Road Maintenance and Rehabilitation Project

Executive Summary

In recent years AusAID, as part of its ongoing commitment to improving the effectiveness of the Government's aid program, has embraced a range of alternative approaches to delivering its overseas development cooperation program. Partly in response to demand within the Agency for independent assessment of what has been learned to date with these new initiatives, and partly as a function of the Agency's normal quality assurance processes, the Office of Review & Evaluation (ORE) conducted a Quality-at-Entry (QAE) review in late 2004 of these alternative approaches.

The Review studied 16 examples of innovative aid activities, at a total anticipated cost of over \$450 million. These activities were more diverse than the project designs previously reviewed through the QAE method. The focus of the review was on four relatively new types of activity: *facilities, programmatic approaches, whole-of-government initiatives, and co-financed activities*. It soon became apparent that there was considerable looseness in these definitions and so there was much overlap between the activity types. As a result this report treats all the activities, with the exception of co-financed activities, where the activities were all designed by agencies other than AusAID, as a group of innovative, non-project designs.

There were two other major differences between this and earlier QAE reviews:

- > the standard project type quality frame was significantly adapted for the different types of activity to enable better assessment of these more innovative aid activities; and
- > the panel members were deliberately selected to ensure that they had relevant experience with the particular new types of activity they would be reviewing.

QAE reviews use a well-developed methodology based on a rapid desk assessment technique. Panel members follow a standard questionnaire and make professional judgements about the quality of key activity documentation and the design processes followed. These judgements are tested through systematic panel discussions and supplemented by interviews with key activity personnel, including those from outside the Agency.

OBJECTIVES OF THE REVIEW

The main objectives of the 2004 QAE review were to:

- i. establish the overall level of quality of innovative AusAID supported activities after most of the design work has been completed and the activity had generally recently commenced implementation;
- ii. identify strengths and weaknesses in the preparation and, possibly, initial implementation of the activities reviewed; and
- iii. make recommendations that can be applied more broadly to strengthen the quality of AusAID's activities at entry.

KEY FINDINGS

1. In summary, the *key statistical findings* were:

- > Of the 16 activities reviewed 56% (9) had a quality-at-entry rating of satisfactory or better. This compares to the 2002 review results where 80 per cent of the sample activities had a “satisfactory overall” or better quality at entry rating.
- > If the four co-financing activities, which were designed by other agencies, are excluded then 75% (9 of 12) of AusAID-designed activities rated satisfactory or better.
- > All four co-financed activities were given an unsatisfactory quality-at-entry rating.
- > Of the seven Indicators of quality-at-entry, ‘standard of contract’ received the highest score, with 80% of activities receiving a satisfactory or better rating. ‘Appropriateness of objectives’ and ‘adequacy of design process’ were both rated 69% satisfactory or better.
- > ‘Adequacy of treatment of sustainability in design’ (but not a judgement about likely sustainability of benefits as in 2002) received the lowest score of 38% satisfactory or better. ‘Standard of final design framework’ and ‘partner country and beneficiary participation in design process’ also rated poorly with only 50% of activities satisfactory or better.
- > In general, activities were either consistently strong or consistently weak across the seven Indicators of quality-at-entry.

2. Data on *activity preparation costs* (i.e. including all AusAID, external consultant costs and estimated other government agency costs associated with all planning missions), indicated a strong correlation between preparation expenditure and the eventual quality at entry rating. Those activities that rated satisfactory or better had invested about 1% or more of anticipated total activity costs in activity preparation. This finding is supported by the 2002 QAE Review.

3. The *standard and availability of documentation on activities* remains a significant concern and may even be deteriorating with activities that have evolving designs during implementation. Activities reviewed usually had appropriate documentation to meet the searching questions generated by AusAID’s Quality Frame. However, this documentation is

often ‘scattered’, lacks version control and is not always referred to in subsequent planning exercises. Improved management of documentation is important to meet transparency and accountability requirements inherent in Parliamentary and public scrutiny. It would also assist with the efficient management of knowledge needed for informing subsequent design and implementation work.

4. *Some quality improvement issues are common to all three QAE reviews.* One implication of this is that continued attention by staff is needed to monitoring and evaluation (M&E) frameworks, risk management analysis and mitigating strategies, participation of the partner government and beneficiaries in design, logical framework analysis, and sustainability analysis. The other implication is that AusAID needs to be more effective in increasing staff and management understanding of, commitment to, and accountability for addressing these quality improvement issues.

5. The results of the *panel members’ assessment survey* indicated, inter alia:

- > 95% considered the overall process enabled a reasonable and rapid understanding of activity quality at entry; and
- > 85% considered that the time invested by panel members (more than 2 weeks) was justified by the personal development and work gains.

KEY ISSUES RELATED TO THE NEW FORMS OF AID

In addition to the continued existence of some of the chronic quality improvement issues noted in earlier QAE exercises, several new key issues arose that appear specific to these alternative types of activity.

WHOLE-OF-GOVERNMENT INITIATIVES

More than in any previous QAE review, the panels had before them activities that are part of whole-of-government initiatives to meet national interest objectives. The following key issues require highlighting and have implications for the way AusAID does business in future:

- > The Whole-of Government approach requires a paradigm shift in the way we operate. It is not so much a separate form of aid/type of activity as the recognition that overseas development is often

central to meeting national interest objectives and that this requires a new organisational approach to meeting those objectives.

- > Whole-of-Government engagement is resource intensive. Considerable time and effort is often required to build relationships, bridge gaps in institutional cultures and work practices, establish shared objectives, clarify what can be achieved and how, and to negotiate on organisations' roles and responsibilities.
- > AusAID's knowledge of complex development issues, developing country contacts and program management skills provide it with an important opportunity to demonstrate that we can add value in meeting these national interest objectives.
- > The time taken from identification of the activity to commencing implementation can be significantly shorter than for traditional project approaches. This creates risks that need managing, such as: limited engagement with the partner government and other partners; weak analysis of some important design issues; and poorly consolidated design documentation.
- > The need for a more strategic and comprehensive engagement with our Government of Australia (GoA) partners to build understanding of aid quality. In addition to the strategic agreements with these GoA partner agencies, this engagement could include: (i) producing activity design documentation relevant to both agencies; (ii) organising joint peer reviews and appraisal processes; (iii) using alternative (possibly joint) methods of contracting/team selection; (iv) fostering progressive engagement during activity implementation; and (v) ensuring joint activity monitoring, review and evaluation exercises. The preparation of the Timor Leste Police Development Program incorporated examples of good practice in this respect (i.e. AFP involvement in design, peer review, team selection and this QAE assessment).
- > The need for a clear understanding of our respective roles, responsibilities and accountabilities. The MAC Connecting Government report and the ANAO Better Practice Guide on Cross Agency Governance can assist with the broad parameters. The approach taken in the Solomon Islands Machinery of

Government Program is a good example of how this might work.

- > The desirability of further work to adapt the QAE framework for activities involving a Whole of Government approach, which might include: (i) how we define "entry"; (ii) how we include national interest; (iii) what are appropriate cross agency governance arrangements; and (iv) what different approaches to documentation are acceptable. Notwithstanding the need for this reflection on the QAE framework, the existing Framework adequately captures important principles which underpin the international understanding of what is a good quality design process and a final design product.
- > The desirability of identifying and involving key individuals who have credibility with the various GoA agencies and who can help build effective working relations between the agencies. The Timor Leste Police Development Program seems to have been able to do this well.

One activity, Timor Leste Police Development Program, stood out as an example of a good final design framework, adequate flexibility in the implementation strategy, an innovative contracting approach, adequate resources applied to the design process, the use of a key individual who had credibility with the key players, peer reviews and appraisal processes were well documented, and AusAID's role in building effective working relationships.

PROGRAMMATIC APPROACHES – USING INNOVATIVE DESIGNS AND FLEXIBLE APPROACHES TO PLANNING AND IMPLEMENTATION

Long term quality improvement of the Agency's program is made even more challenging by its openness to innovative approaches to development problems that need to provide greater flexibility/responsiveness during implementation and are operating in very uncertain and changing environments. This Review has noted a range of new and context specific challenges associated with these programmatic approaches. These new challenges include:

- > Recognising that these programmatic approaches tend to be very staff intensive and need to be

adequately resourced and personally supported by senior management.

- > Establishing appropriate mechanisms for assuring the quality of important aspects of these evolving designs during implementation. The PNG Law and Justice Sector Program has managed this issue through greater use of appraisals of key documents and additional peer reviews.
- > Maintaining appropriate and readily accessible documentation to meet not only accountability and transparency requirements but to also ensure that the evolution of thinking is understood and existing knowledge from earlier analysis is efficiently and effectively fed into subsequent design steps.
- > Dealing with a high degree of uncertainty, especially in the early stages, about achievable objectives, priorities, and the roles and responsibilities of key stakeholders. If this uncertainty is not managed through building strong personal relationships and maintaining good communications with the key partners then the establishment of shared objectives and cooperative working relationships may be at risk. Both the Learning Assistance Program to Islamic Schools (LAPIS) in Indonesia and PNG Law and Justice Sector Programs indicate that AusAID staff have effectively managed this uncertainty.
- > Ensuring we build on a strong foundation of understanding of the development context. This would include research into the problem to be addressed, the options to deal with the problem, the existing views of other stakeholders and the capacity of the key partner institutions. LAPIS is a good example of this early research emphasis.
- > Pursuing innovative contracting arrangements that preserve the design flexibility and cater for the greater role of our Whole of Government and partner government agencies. In designing LAPIS the Desk involved Contracts very early to ensure that they understood these needs and a number of contracting initiatives were pioneered. In the Timor Leste Police Development Program joint team selection processes were successfully tested.

As a consequence of these challenges, it is highly unlikely that any single “model” approach will be appropriate for most development situations. Hence

the Agency needs to stress the context specific nature of innovative programmatic approaches.

FACILITIES

Increasing use of facilities is consistent with AusAID’s intention to deliver larger and more flexible activities that are not overly constrained by a prescriptive design. Through these facility designs smaller technical assistance initiatives are identified, designed and implemented. Some common issues arose with facilities, including:

- > The threshold question of “what is stopping this facility from just being a slush fund?” This question captures the inherent tension that exists in facilities between the desire to create a flexible, responsive and efficient mechanism for delivering assistance and the need to ensure that the mechanism has adequate focus, development impact and likely sustainability of those impacts. The China Australia Governance Facility provided a good example of how this challenge might be managed.
- > There was a worrying tendency to largely defer monitoring and evaluation (M&E) framework development to implementation. This is considered undesirable as it reduced clarity about what would be considered successful implementation, how this might be assessed, and what resources were needed during implementation to assess activity progress and contractor performance.
- > Financial and economic issues were generally poorly handled. There was inadequate analysis of: counterpart financial and other resource contributions; the means for demonstrating that we are getting value for money; the likely economic returns; and of the links to broader economic reform policy.
- > Given the very large amount of funds involved (i.e. a total of \$170 million for four facilities) and the evolving nature of these designs, greater attention is needed to auditing requirements, and specifying value for money requirements and quality assurance assessment criteria/mechanisms for sub-contracting.
- > Sustainability is a significant challenge for facilities that deliver a range of small sub-activities with

little planned follow on support. While all facilities studied had elements of education and training, in only one of the activities (Indonesia Australia Specialised Training Project) was an acceptable linkage made between building individual skills and broader institutional strengthening.

The China Australia Governance Program stood out as a good example for the Agency to learn from with respect of how it addressed these challenges for facilities. It is not perfect, it has a number of weaknesses, but it largely “got the basics right”. It provided a thorough analysis of the problem, documented key options considered and choices made, developed a flexible design but one with a clear and sensible allocation of responsibilities between the AMC, AusAID and the partner government, developed an innovative partnership contracting strategy well aligned with the design, and was written in refreshingly plain English.

CO-FINANCING

Co-financing with multilateral agencies, whether joint or parallel, is a long established and increasingly popular approach to delivering our program. Despite this experience, all four of the activities were rated unsatisfactory. This situation makes the following conclusions even more important for the Agency.

- > A systematic design process was not followed by the international organisations in three of the four co-financed activities, nor did AusAID seek to significantly improve this process. As a consequence, there were serious deficiencies in these designs. Of particular concern was the weak analysis of institutional capacity, poverty, stakeholders’ views, the development problem to be addressed, gender and the environment. It follows that we can not fully rely on their quality assurance processes to meet our quality accountability requirements. Hence we need to participate, even if in a minor way, in the design and/or the appraisal of the proposal.
- > Co-financing is apparently being considered by Desks as a low cost and low resource way of dispensing funds. There is a widely held perception amongst staff that co-financed activities do not require the same level of assessment of quality at entry as bilateral activities. This

is supported by the fact that important quality assurance processes like appraisal and peer reviews were not consistently applied. It is also interesting to note that, with three of the four activities the AusAID contribution to the international organisation was made in late May/ June. This tends to indicate that these Desks are still being more influenced by an expenditure imperative than quality at entry concerns.

- > Surprisingly, there was no evidence of the recognition that the UN organisations are an important source of sectoral knowledge of broader interest to the Agency and no obvious intention to learn from them.
- > Contribution agreements with these organisations were generally weak. These agreements inadequately defined the roles and responsibilities of the partners to the agreement. Due to the “upfront” financing structure it gave us reduced “leverage” if a quality concern emerged during implementation.
- > While there is a guide to co-financing with the Banks (July 2004) no such guidance exists for co-financing activities with UN agencies.
- > The Multilateral Assessment Frameworks (MAFs) examined provided excellent guidance on the overall strengths and weaknesses of the organisation at the institutional level. Unfortunately many desk officers engaging in co-financing activities were unaware of the value and relevance of the MAFs and had not referred to them for guidance.

RECOMMENDATIONS

The following recommendations are made to improve activity quality-at-entry of these more innovative approaches to aid delivery.

1. Promoting better uptake of quality improvement messages through a more effective quality improvement strategy which would, amongst other things:

- > clarify the linkage between the soon to be agreed quality principles and the suggested elements of good practice embedded in the Quality Frame, AusGUIDE and the key quality assurance processes of peer reviews and appraisal;

- > streamline the QAE process so that in future it would involve only a week of staff time;
- > test an even more streamlined version of QAE to provide a two-day active-learning approach to key quality improvement challenges, starting with M&E Frameworks;
- > encourage staff to participate in QAE exercises as well regarded learning opportunities;
- > proactively identify good practice examples for staff reference through AKWa;
- > prepare basic guidance for co-financing with UN Agencies; and
- > promote increased accountability for quality by requiring that the FMA 9 (Ministerial) Submission Minute provide: (i) the reasons for choosing the form of aid, (ii) a more balanced summary of implementation risks, and (iii) demonstration of consistency with the new quality principles.

2. Requiring more consistent assessment of quality at entry during appraisal by reissuing the Appraisal Circular to stress that the appraisal should be both independent and professional (the latter meaning appropriate TOR, breadth of skills involved, and decision about whether a desk or field exercise was needed).

3. Requiring draft M&E frameworks to be included in designs before contracting and appraisal of such frameworks where significant further work occurs during implementation.

4. Adopting a more comprehensive approach to building external relationships and better utilising the skills of key Australian Government agencies where meeting national interest objectives is a significant issue for an activity. This approach could include taking opportunities to: jointly identify program priorities; develop program strategies; learn about and utilise areas of comparative advantage of these agencies; and where appropriate encourage participation in joint missions for planning, design, monitoring, review and evaluation.

5. Engaging more systematically in co-financed activities, particularly during activity planning and subsequent M&E exercises, to: (i) assess the effectiveness of an existing program; (ii) where appropriate influence activity designs; (iii) meet our documentation and quality assurance requirements; and (iv) learn from their extensive field networks and specialised expertise. Ensure that Contribution Agreements reflect this engagement strategy.

6. Improving the management of key “planning” documents through a combination of IRSU/ORE’s proposed electronic repository for all key activity documentation and the intention to track the lodging of key documents within AIDWorks. However, Desk staff need to give particular attention to maintaining key documentation related to programmatic approaches and other activities with evolving designs, where emerging problems have been observed.

7. Monitoring expenditure on activity preparation in AIDWorks as the level of investment in design is an important factor influencing quality at entry.

1 Introduction

In November and December 2004, AusAID's Office of Review & Evaluation conducted a rapid review of activity quality-at-entry. The review, which covered 16 innovative designs, follows previous quality-at-entry project reviews conducted in 1999 and 2002.

The review of quality-at-entry was not a review of activity implementation or impact, which is the ultimate measure of project quality. Quality-at-entry is a useful indicator of whether an activity in its present form is likely to have a successful outcome.

OBJECTIVES

AusAID has accepted a concept of quality as it applies to aid in general and to activity preparation (see box 1). The review assessed the quality of a range of quality assurance processes and key documents that derive from the various activity preparation guidelines in AusAID.

The main objectives of the QAE review were to:

- i. establish the overall level of quality of innovative AusAID supported activities after most of the design work has been completed and the activity has generally just commenced implementation
- ii. identify strengths and weaknesses in the preparation and, possibly, initial implementation of the activities reviewed, and

- iii. make recommendations that can be applied more broadly to strengthening the quality of AusAID activities at entry.

The well-developed review methodology is based on rapid desk reviews in which panel members, following a standard questionnaire format, exercise their professional judgement about the quality of activity documentation. In 2004, ORE revised the methodology, the rating system and the assessment form to fit innovative activities that were more diverse than those previously reviewed.

The methodology provides an efficient way of bringing together various perspectives within AusAID to undertake rapid appraisal of activity design. At the same time, the process adds to the professional development of staff and feeds back into their own operational work. Additionally, the review aimed to give feedback on its quality-at-entry findings to the managers and staff involved with each of the activities assessed. In the longer term, findings will be taken up in internal consideration of AusAID design guidelines and training programs.

¹ Quality Assurance Group (1999). *Rapid Review of Project Quality at Entry, March–April 1999*, Canberra: AusAID; Quality Assurance Group (2002). *Rapid Review of Project Quality at Entry, August 2002*, Canberra: AusAID.

BOX 1: WHAT IS GOOD-QUALITY AID AND QUALITY-AT-ENTRY?

Aid quality is a measure of excellence in aid delivery and outcomes.

An activity that is well prepared has a good chance of being successfully implemented. The rationale for the activity is logical, and its objectives and actual inputs are appropriate to the social and economic environment. It has a comprehensive, freestanding design document and a contract that have been prepared within a reasonable time frame and, in the case of the design document, with beneficiaries, the partner government and other key stakeholders fully involved. Careful consideration has been given to the human and financial resources and the time required for implementation, and adequate resources have been devoted to preparation. The activity's design is based on analyses of options and relevant lessons, and includes logframe and risk management analyses. It allows for sub-activities to be adjusted in the light of changing circumstances to ensure that its objectives (which should not be changed) can be achieved. And, the activity's preparation is sufficiently detailed and complete when it is contracted so that it can quickly begin in earnest.

Good-quality aid, as identified in this AusAID quality-at-entry review, has two **attributes**, each of which has a number of **indicators**:

Attribute A: Activity has appropriate objectives and design

1. Appropriateness of objectives
2. Standard of final design framework
3. Adequacy of treatment of sustainability in design
4. Standard of contract

Attribute B: Activity preparation is managed in a professional manner

5. Partner country and beneficiary participation in design process
6. Adequacy of design process
7. AusAID's management, timeliness and use of resources during preparation.

An activity has good quality-at-entry if its preparation meets the requirements of the two quality attributes and their 7 indicators, which are in turn based on up to 55 specific quality standards (detailed in the ORE quality-at-entry assessment form at attachment 1).

AID MECHANISMS

The review was organised around four types of activity: facilities, programs, whole-of-government, and co-financing. As the panels delved into the documentation, it became apparent that there was considerable looseness in definition and much overlap between the panels. The Program Panel, for example, observed that programs tend to be defined by what they are not – there seems to be a tendency to describe anything that does not fit neatly into another category as a program. The activities reviewed by the Facilities Panel had considerable programmatic elements and one was designed for whole-of-government purposes.

Facilities, programs and whole-of-government activities were all featured innovative, non-project

designs developed under AusAID's auspices or with its close involvement. The one panel that was distinct was co-financing, where AusAID co-funded activities designed by international agencies.

A recent AusAID review clarified forms of aid by noting that they have three key components: the aid mechanism, the funding arrangement, and the delivery intermediary.² Projects, programs and facilities are aid mechanisms; co-financing is a funding arrangement. 'Whole-of-government' does not fit neatly into the classification because the term refers to agency coordination.

The key element of the traditional AusAID aid mechanism, the project, is that it is fully designed from the outset in a one-step process before its delivery is contracted out. Prescriptive designs can

2 Office of Review & Evaluation (2004). *Aid mechanisms: guidelines for selection*, Canberra: AusAID, pp. 2–4.

restrict flexibility, which programs aim to provide by having two-stage design: the first stage sets the parameters; in the second stage, the contractor identifies and implements sub-projects according to the design parameters. Programs are therefore a collection of activities that are progressively identified and implemented over a longer period than the 3–5 years that typify standalone projects.

While the distinction between projects and programs is clear enough, there is considerable overlap between programs and facilities. Like programs, facilities are flexible 2-stage mechanisms that deliver a range of technical assistance such as training and advisory services; usually on a programmatic basis, sometimes as grants for sub-projects.

Co-financing, on the other hand, is a funding arrangement whereby aid agencies join together to fund activities. In AusAID's case, support is usually provided to activities designed and managed by international financial organisations, such as the World Bank, or by UN agencies. Unlike facilities and programs, which AusAID has mainly taken up over the last 5 years, co-financing dates back some 20 years. Importantly for present purposes, the co-financed activities reviewed were all designed by agencies other than AusAID.

'Whole-of-government' does not fit neatly into any single aid mechanism under the Agency's forms of aid classification system. The term refers to agency coordination: "Whole of Government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery".³ The Whole-of-government Panel's activities took the form of programs and facilities, while some of the Programs and Facilities Panels' activities had whole-of-government drivers.

In the outcome, this report will treat all activities reviewed as a group of innovative, non-project designs except, where appropriate, co-financing. Given the panel's views that the co-financed designs were

uniformly poor, the issues that arise for AusAID are its influence on these agencies rather than its ability to change its own designs, which is the central issue in other panel findings.

METHODOLOGY

The review methodology is based on rapid desk reviews in which panel members, using a standard questionnaire format, exercise their professional judgement about the quality of activity documentation based on *AusGUIDELines No. 12*.⁴ The process involves a mixture of qualitative assessments of activity strengths and weaknesses, good practice examples and lessons learned, together with quantitative ratings of Quality Indicators, Attributes and the overall activity.

Review members work through an iterative process starting with the most detailed variables, and progressively synthesise the data through six levels:

1. Activity Quality Standards. Detailed analysis of the strengths and weaknesses of each activity according to 37 Quality Standards in the Whole-of-government Panel and 55 in the other three panels.
2. Activity Indicators. Rating of seven Indicators that encapsulate the Quality Standards for each activity against a four-point scale of Excellent, Satisfactory, Unsatisfactory and Highly Unsatisfactory.
3. Activity Attributes. Rating, on the same four-point scale, of two Attributes that encapsulate the seven Indicators.
4. Overall Activity. Rating, on the same scale, each activity as a whole and crystallising its major strengths and weaknesses, lessons learned and good practice examples.
5. Panel Summary. Synthesis of the overall strengths and weaknesses, lessons learned and recommendations based on all of the activities reviewed by each panel.
6. Final QAE 2004 Report. Synthesis of the ratings, overall strengths and weaknesses, lessons learned and recommendations of all the panel summaries, as presented in this report.

³ Management Advisory Committee (2004). *Connecting government: whole of government responses to Australia's priority challenges*. Canberra.

⁴ AusAID (2004). *AusGUIDELines 12: Project quality standards*. Canberra.

Sixteen activities that had designs taken to the stage of implementation contract signing in the previous 18 months were selected for review. The activities were selected to give a balance across the geographical programming regions, the development sectors, and the extent of financial commitments.

Four panels of AusAID staff conducted the review. Each panel had a minimum of four AusAID officers and one consultant (selected from evaluation period contracts) working under the guidance of ORE staff. Panels were chaired by a senior officer (Director or internal Adviser). Additionally, all panels included informal members who contributed to discussions and the Co-financing Panel included two staff from UNESCAP. Some panel members had been involved in the preparation of activities under review. This was considered to add to the validity of activity rating by virtue of providing additional insider knowledge of the activities and their histories. As these members were always in a minority and they were generally stood aside for the activity they were involved in, their presence was not considered to reduce reliability.

Each panel reviewed three, four or five activities in one or more of five sectors – education and training (five activities), governance (seven), health (two), infrastructure (one) and rural development (one). Table 1 shows the panels and the activities that they reviewed, the total anticipated cost of which is \$458.3 million by the end of this decade, with an average of \$28.6 million.

THE PROCESS

Each panel's consultant undertook a preparatory analysis of the activities and provided to panel members a draft summary and a reading guide for each one. The panels then each met over 10 day periods during November and December 2004,

allocating two days to each activity and two days to summary and overview. Activity personnel were then given the opportunity to correct any factual errors and to comment on the activity-specific findings.

For each activity, with discussion led by panel members, the panels first identified strengths and weaknesses on all Quality Standards. During the two days allocated to each activity, interviews were conducted face-to-face or by telephone with desk officers, post officers, design consultants, appraisers, and managing contractors, as appropriate. Following this process, ratings were allocated on the four-point forced choice scale to each of the seven Indicators, then to the two Attributes, and then to the Activity as a whole (see attachment 1 for scoring principles). Examples of good practice and lessons learned were also identified.

During the two day summary and overview process, activity scores were reconsidered for consistency and the overviews of each activity type were developed. The panels also suggested, where relevant, what might improve the likelihood of each activity being successfully implemented. For each activity, the consultants drafted quality frame summaries and summary reports, which were reviewed by all panel members.

Activity personnel had an opportunity to review the individual activity assessment form and the activity summary report before they were finalised. The panels' activity assessments and reports were shown as drafts to the staff and contractors interviewed by the panel during the assessment process, including those overseas. Their comments were taken into account as appropriate, but the final version of the activity report is the panel's view of the activity rather than a consensus report. The final activity assessment and activity summary report were sent to the heads of the relevant divisions and branches, and to the branch staff concerned.

TABLE 1: PANELS AND ACTIVITIES REVIEWED

Panel 1: Facilities			
Ian Anderson (chair), Gerard Guthrie (consultant), Leo Carroll, Patrick Dennis, Sarah Hollis-Bennetts, Tim Vistarini, Sherrie Choikee (observer), Indra Thappa (observer).			
Program	Activity	Approval (\$'000)	Sector
Vietnam	Capacity Building for Agriculture & Rural Development	20 250	Rural Development
Indonesia	Indonesia Australia Specialised Training Project	65 000	Education & Training
China	China Australia Governance Program	21 010	Governance
Philippines	Philippines Human Resources Development Program	60 020	Education & Training
Panel 2: Co-financing			
Irene Davies (chair), Kaye Bysouth (consultant), Katrina Beattie, Carol Chan, Peter Davies, Peter Kelly, Sarah Lendon, Arthi Patel, Urs Nagel (UNESCAP), Hiroko Tanaka (UNESCAP).			
Program	Activity	Approval (\$'000)	Sector
Indonesia	Creating Learning Communities for Children	5 000	Education & Training
PNG	World Bank Road Maintenance & Rehabilitation Project	7 000	Infrastructure
Philippines	Mindanao Malaria Project	1 002	Health
Indonesia	Improving Maternal Health in Eastern Indonesia	6 300	Health
Panel 3: Whole-of-government			
Robin Taylor (chair), Jonathan Hampshire (consultant), Cathy Boyle, Joanne Choe, Greg Ellis, Stephanie Lehoczky, Solstice Middleby, Emily Rainey (observer).			
Program	Activity	Approval (\$'000)	Sector
Asia Regional	Asia Regional Public Sector Linkages	13 000	Governance
East Timor	East Timor Police	12 000	Governance
Philippines	Philippines Counter Terrorism (two sub-projects reviewed)	10 000	Governance
Solomon Islands	Solomon Islands Machinery of Government	19 000	Governance
Panel 4: Programs			
Julie Delforce (chair), Mike Crooke (consultant), Stefan Knollmayer, Sara Moriarty, Joanna Perrens, Isolde Macatol (observer).			
Program	Activity	Approval (\$'000)	Sector
Indonesia	ADS Offshore Management Program Phase III	17 205	Education & Training
Indonesia	Learning Assistance Program for Islamic Schools	30 500	Education & Training
PNG	Law & Justice Sector Program	171 000	Governance

Panel reports on activities were also drawn together into panel overviews by the consultants together with their chairpersons. The panel summary reports, on which this one draws heavily, noted broader issues relevant to quality-at-entry suggested by the review assessments. They contained:

- > a discussion of definitional issues with the types of activities;
- > an overview of what was reviewed;
- > an overview of findings and strengths and weaknesses;
- > identification of general lessons for improving activity quality-at-entry for the particular type of activity;
- > a summary of the ratings for the individual activities;
- > comments on the QAE framework; and
- > recommendations.

In addition to the information used to complete the activity assessment forms and prepare the activity summary reports, two other types of information were used to analyse project quality-at-entry and the review methodology. One was the cost of activity preparation. This information was collected from the Activity Management System and desk staff. The other was a feedback questionnaire completed, as in previous panels, by panel members and interviewees. This feedback will be taken into account in future reviews.

Overall, program staff reacted positively to the review process and to individual activity findings. Panel members find the process very time-consuming but almost always agree that, in addition to rating activities, it is highly educative about activity design for them personally.

CAUTIONARY POINTS

ORE revised the methodology, the rating system and the activity assessment form for the 2004 review to fit more diverse activities than had previously been reviewed. Only limited differences between the previous 1999 and 2002 project reviews meant that their methodologies were sufficiently similar to enable valid comparisons of results. However, adaptation of the methodology in 2004 to allow assessment of a wide range of non-project activities restricts comparability between the current and the earlier reviews because:

- > In 2004 selection was deliberately biased towards new, often more challenging, higher risk aid mechanisms and flexible designs. Additionally, none of the samples have been randomly drawn. They were purposive samples designed to select projects in 1999 and 2002 and four different types of activity in 2004.
- > The 12 Quality Indicators used in 2002 were reduced to 7 in 2004. The Quality Standards varied from 2002 and differed slightly between the four panels in 2004. These changes affected the structure of the quality frame and removed duplication, Standards that focused on project outputs, and some that were considered not relevant to conditions at entry.
- > The review methodology became more qualitative in 2004. Quality standards were assessed for strengths and weaknesses and panels did not rate them.
- > Higher level quantitative rating was based on a four-point forced choice scale in 2004 rather than the previous five-point scale.
- > Results may reflect inconsistencies between panels and some bias that is inevitable in this type of peer assessment.

OUTPUTS

In line with the review objectives, several outputs were generated. One is this overview report. It describes the overall level of quality-at-entry of innovative AusAID designs, identifies major strengths and weaknesses in these designs and their preparation, outlines the extent to which the 1999 and 2002 review recommendations have been adopted, and identifies key issues. It also makes recommendations on how quality-at-entry might be further improved. Within the scope of the data and methodology, analysis was undertaken of activity preparation costs. Additionally, the detailed assessment reports of each of the 16 reviewed activities were sent to the relevant branches and posts, where it is anticipated they will be useful as case studies in discussions on project preparation and design.

The review had further ancillary outputs.

These include:

- > ways to strengthen AusGUIDE in light of the review;
- > good practice examples highlighted in the individual activity reports; and
- > ways to improve the assessment form, the review process and quality evaluation methodology in general.

In the first instance, these ancillary outputs have most relevance to ORE.

FOLLOW-UP

Seminars have been held with Agency staff on review findings. Specific assistance will be given on request to branches, sections, posts or individual officers. The experience of this review has also highlighted a number of issues relevant to future ORE work.

2 Results of the review

KEY FINDINGS

- > Of the 16 activities reviewed 56% (9) had a quality-at-entry rating of excellent or satisfactory overall.
- > If the 4 co-financing activities, which were designed by other agencies, are excluded, 75% (9 of 12) of AusAID-designed activities rated satisfactory.
- > All four co-financed activities had unsatisfactory quality-at-entry.
- > Of the seven Indicators of quality-at-entry, 'standard of contract' received the highest score, with 80% of activities receiving a satisfactory or excellent rating. 'Appropriateness of objectives' and 'adequacy of design process' rated equal second with 69%. 'AusAID's management of resources during preparation' scored 63%.
- > As in 2002, sustainability ('adequacy of treatment of sustainability in design' and not likely sustainability of benefits as in earlier QAEs) received the lowest score at 38%. 'Standard of final design framework' and 'partner country and beneficiary participation in design process' also rated poorly at 50% each.
- > In general, activities were either consistently strong or consistently weak across the Indicators:
 - > The nine satisfactory activities shared consistently strong Indicator ratings, with 85% satisfactory or excellent. The worst rating Indicator among these activities was 'adequacy of treatment of sustainability in design', which had 44% of its ratings unsatisfactory or highly unsatisfactory.
 - > The seven unsatisfactory activities had consistently weak Indicator ratings, with 73% unsatisfactory or highly unsatisfactory. The only Indicator that achieved over 50% among these activities was 'standard of contract' at 57%.
- > Comment from panels on strengths and weaknesses are synthesised as lessons learned that are specific to each Indicator. The findings have many similarities with the 1999 and 2002 QAE reviews, indicating that implementation of previous recommendations in AusAID has been uneven.

OVERALL QUALITY-AT-ENTRY: ACTIVITIES AND ATTRIBUTES

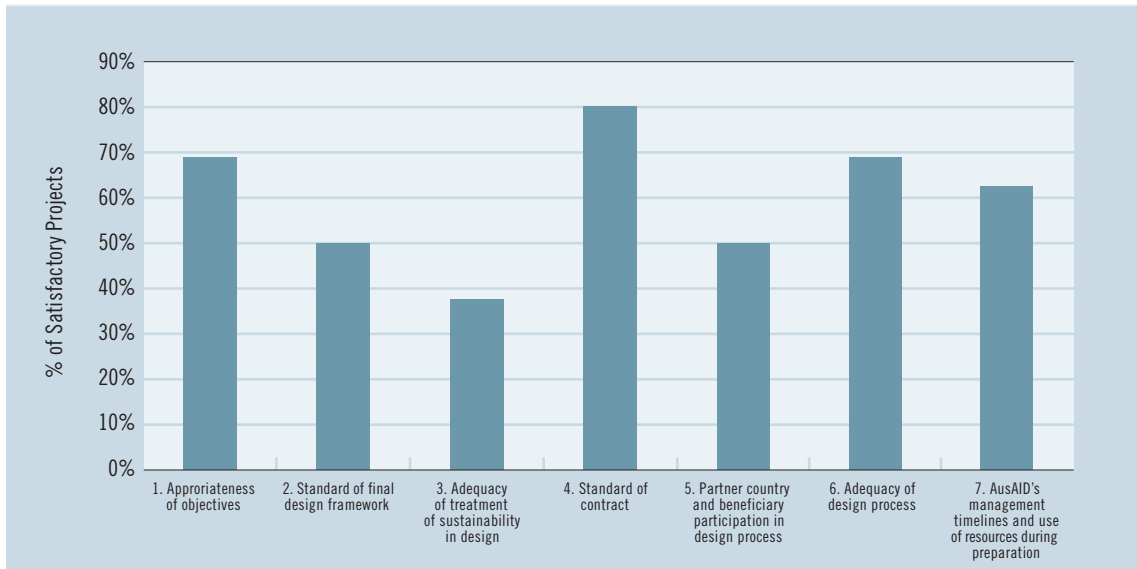
Of the 16 activities reviewed, only 56% (9) had a quality-at-entry rating of satisfactory overall or better (figure 1). Seven activities or 44% rated unsatisfactory or highly unsatisfactory.

These results were skewed negatively by co-financed activities, which relied on designs by the international agencies. All four of the co-financing activities were unsatisfactory. If co-financed activities are excluded, 75% of AusAID-designed activities (9 of 12) rated satisfactory. This result is similar to the 80% of 20 projects that received a satisfactory or better rating in 2002.

FIGURE 1: OVERALL QUALITY-AT-ENTRY



FIGURE 2: INDICATOR QUALITY-AT-ENTRY



The satisfactory activities accounted for 81% of the total value of the 12 AusAID-designed activities, a value of \$345.7 million out of \$439.0 million in AusAID contributions to project costs.

The overall quality-at-entry assessment is broken down into two Quality Attributes: one represents activity design documentation, the other management of the design process. Both Attribute assessments had a very similar distribution of ratings as the activities overall, but 'management of the design process' received no extreme ratings (figure 1).

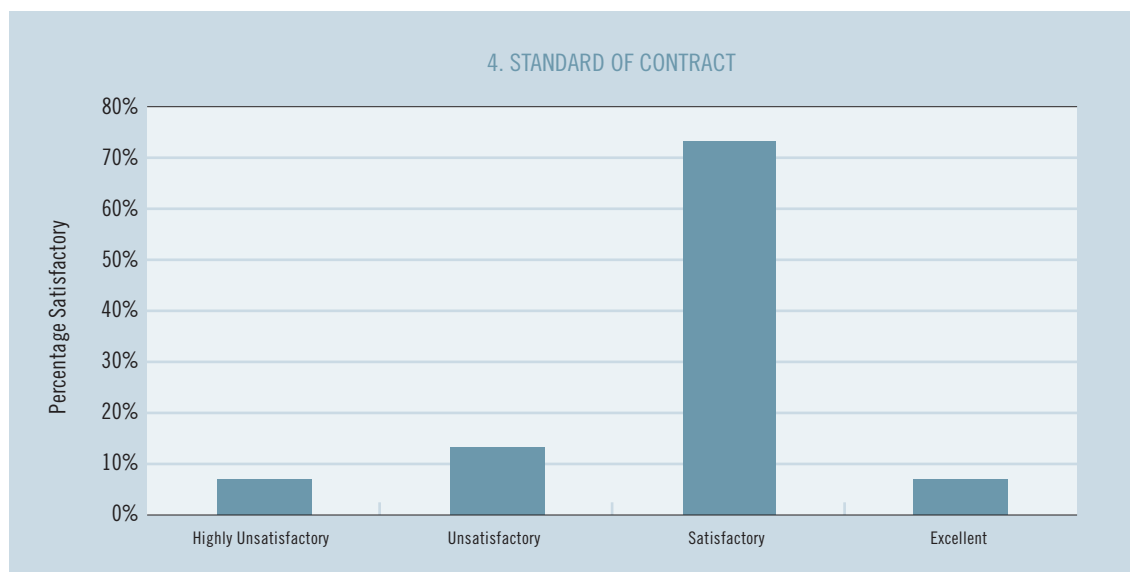
Satisfactory quality-at-entry is one predictor, but not the only one, of eventual success during implementation. The activities rated unsatisfactory require some adjustment if they are to achieve their objectives and all activities would benefit not only from careful analysis of quality-at-entry but also from periodic assessment of quality during implementation.

INDICATOR QUALITY

Of the seven Indicators of quality-at-entry, 'standard of contract' received the highest score, with 90% of activities receiving a satisfactory or excellent rating. 'Appropriateness of objectives' and 'adequacy of design process' rated 2nd equal with 69% of activities rated satisfactory (figure 2). Middle ranked 'AusAID's management of resources during preparation' scored 63%.

As in 2002, sustainability ('adequacy of treatment of sustainability in design') received the lowest score at 38%. 'Standard of final design framework' and 'partner country and beneficiary participation in design process' also rated poorly at 50% each.

When presented in rank order as follows, the Indicators move progressively from the positively skewed ratings for the top ranked 'standard of contract' to the negatively skewed 'adequacy of treatment of sustainability in design'. There is a wide spread in ratings for each Indicator, with five of the seven Indicators having activities with the full spread of four ratings, and the other two spread over three ratings. This implies that there was considerable variation in the quality of each Indicator in the different designs.



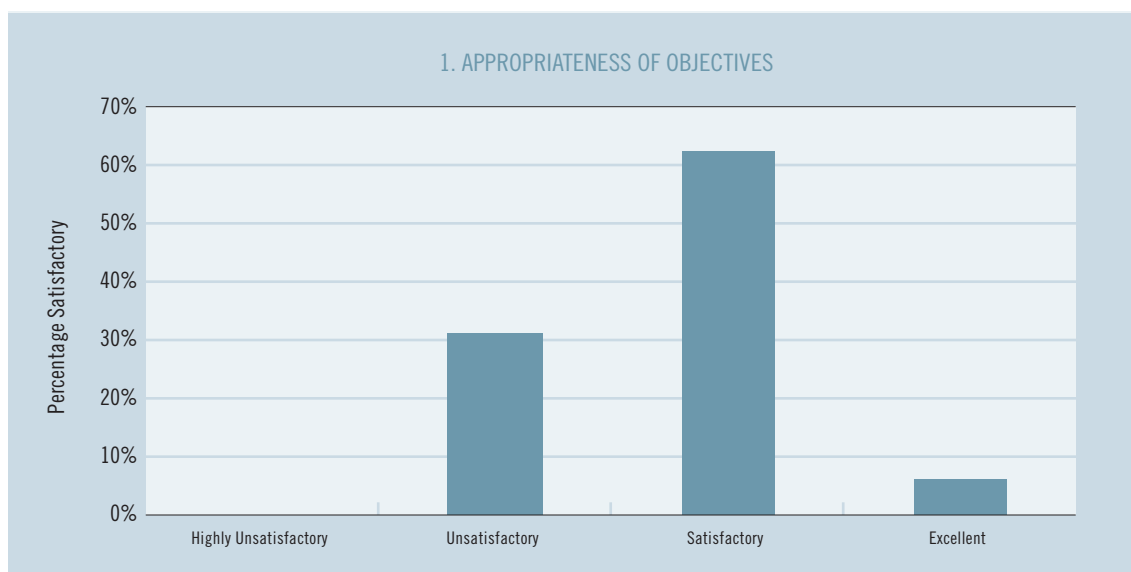
LESSONS LEARNED FROM QUALITY STANDARDS

Summary ratings can conceal the detail and variation within each design element. Rather than formally rate the individual Quality Standards, the panels identified their strengths and weaknesses. These are consolidated following each Indicator, with comment from panels on strengths and weaknesses synthesised as lessons learned that are specific to each Indicator.

- > Many activities had high levels of contractual innovation. For example, the China Australia Governance Program has partnering arrangements involving both governments and their implementing agencies in risk sharing arrangements through a joint Charter Board with considerable authority over the Program's directions. The approach stands to generate considerable commitment and sustainability. While it is innovative and carries risk, the risk appears acceptable. The contract embodies the innovative partnership approach, including strong performance related incentives for the Australian managing contractor.
- > Given the large financial size of activities (nearly \$460 million total, including two of \$60–65 million and one of some \$170 million) close attention needs to be paid to financial management frameworks, especially auditing provisions. The standard AusAID contract clauses

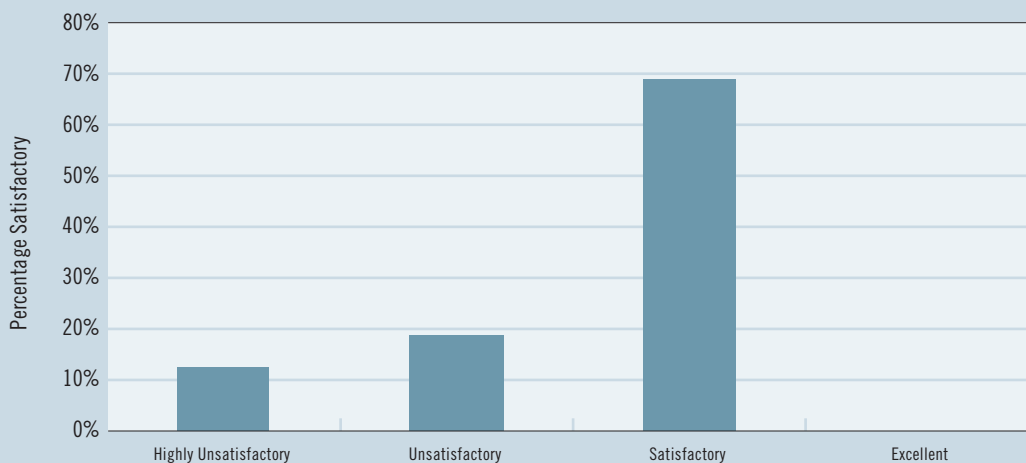
give AusAID strong auditing powers, but do not define audit frequency.

- > Tendering for all AusAID activities followed standard value-for-money selection processes based on Australian Public Service guidelines. Many programmatic activities require managing contractors to sub-contract (e.g. training delivery) or to assess sub-project funding applications. In these cases, contracts should specify the value-for-money criteria (i.e. technical and financial weightings) that contractors should apply in assessing sub-project funding applications.
- > Accountability frameworks, the specific role and responsibilities of AusAID, and dispute resolution mechanisms were not well specified in whole-of-government and co-financing activities. In 3 out of 4 co-financing cases, the activities were funded just before the end of the financial year, resulting in inadequate attention to Commonwealth accountability requirements in preparation of the contractual agreements. In only one case was the formal agreement with the counterpart agency considered appropriate by the panel. No major deliverables were specified in the agreements, inadequate attention was given to AusAID's reporting requirements, nor were the bases of payment linked to performance in any way. As a result, AusAID lacked mechanisms or leverage to address quality issues during implementation.



- > Usually, activities were strongly aligned with Australian and partner government strategies, policies and five guiding themes. Solid research into the activity context was to be found, but often in background documentation and not adequately analysed for its design implications.
- > Where activities were deliberately designed to be whole-of-government, objectives were generally well aligned with Australian and partner government priorities. Significant efforts were made by the Agency to meet its obligations as a whole-of-government partner and AusAID staff devoted considerable time and effort to developing and maintaining sound working relationships with other Australian government agencies. However, AusAID's role was not always clearly defined and the rationale for the whole-of-government approach was not always clearly spelled out in design documents. Desks lack guidance on balancing political with developmental priorities. In the process of working collaboratively with other agencies, AusAID's own quality assurance processes and analytical requirements were sometimes diluted.
- > Programmatic activities are intended to be responsive and flexible. They therefore need very clearly understood objectives so that the selection of sub-projects can be properly targeted. In cases where policy, stakeholder and contextual analyses were poorly done, higher level objectives were often overly ambitious and poorly focussed. In one facility in particular, there was a lack of common purpose among stakeholders because of this lack of clarity.
- > Co-financing activities were generally selected to meet priority geographic and sectoral focus objectives and in several cases they facilitated access to areas where bilateral access was denied. Poor analysis of social, gender, poverty and institutional issues resulted in poor understanding of beneficiary groups. Links between problem analysis and activity objectives were weak, objectives were often unrealistic, and the activities did not reflect lessons from previous experience.
- > Design processes were variably handled. While few contained all of the following elements, the strengths that did stand out were: solid background analysis; clear desk direction for the activity; strong terms of reference for design teams; sufficient field work and writing time for design teams; clear post guidance; and extensive counterpart involvement.
- > Facilities and programs have the apparent virtue of encouraging greater engagement of Australian government departments with their counterparts overseas, while the aid program absorbs many of the project management risks and costs. Where whole-of-government interests were not the

6. ADEQUACY OF DESIGN PROCESS



driving force behind a design, some opportunities to engage other Australian Government agencies were lost.

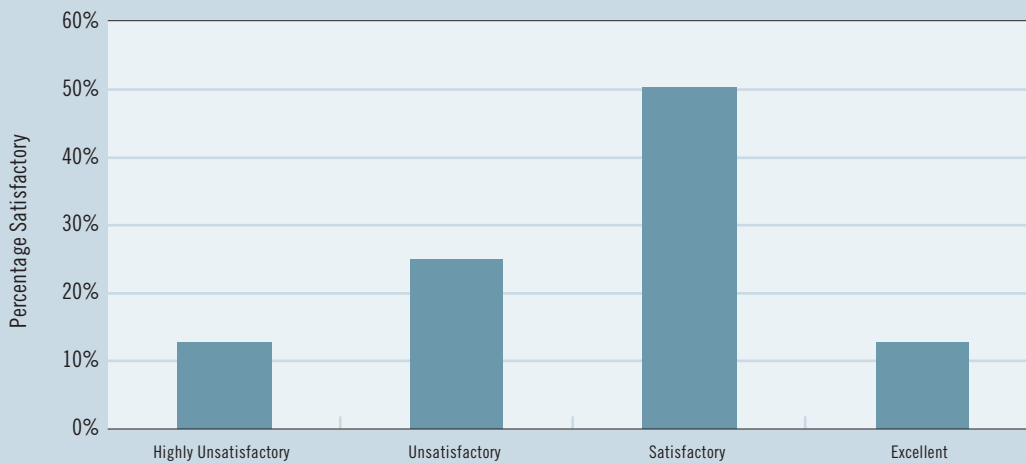
- > In some cases, including but not only the co-financed ones, AusAID quality systems were either not applied or were poorly applied (e.g. inadequate appraisal or poor follow-up on appraisal recommendations, no peer reviews, no risk management strategies. In two cases, approvals did not articulate justifications for the form of aid and in another two risks were inadequately explained.
- > Appraisal was variably done. A good example of appraisal involved independent appraisal by a team within AusAID, where the team leader visited the field during the design process, and coordinated the input of specialist advisers into a very solid and consistent report. A poor example of appraisal involved only one external appraiser.
- > Peer review was also variably done. At its best there was creative brainstorming; at its worst there was tokenistic consultation and unstructured and inconclusive discussions. In such cases, the level of AusAID peer involvement was not sufficient to produce a quality design. Good practice guidance on peer review in the 2002 report (p. 30) has not been followed sufficiently. Particularly, ADG involvement, being held for all activities over \$3 million or where sensitive, involving a broad

WHAT CAN GO WRONG

QAE Quality Standard 6.5 is “Appropriate peer review undertaken”. The facility panel’s comment on one activity was that the frequency of peer review was good but the process was not well guided by the desk in its early stages. Many competing and contradictory viewpoints were not resolved. For example, there was diametrically opposed advice on whether or not to summarise analyses in tabular form. Apparently minor in itself, such contradictory advice was indicative of an initial lack of desk control over the activity and unintegrated design inputs from a first design team. The culmination was a negative appraisal that led to rejection of the first design.

- enough spectrum of staff and external involvement where appropriate.
- > Facilities and programs can contribute to outsourcing of post administration, but especially where whole-of-government and government-to-government interests are beyond the purview of managing contractors, extensive post management time should be factored in or supplemented by activity-funded positions.
- > AusAID staff often played a crucial and resource intensive role in the early development of designs, especially managing complex relationships

7. AUSAID'S MANAGEMENT TIMELINES AND USE OF RESOURCES DURING PREPARATION



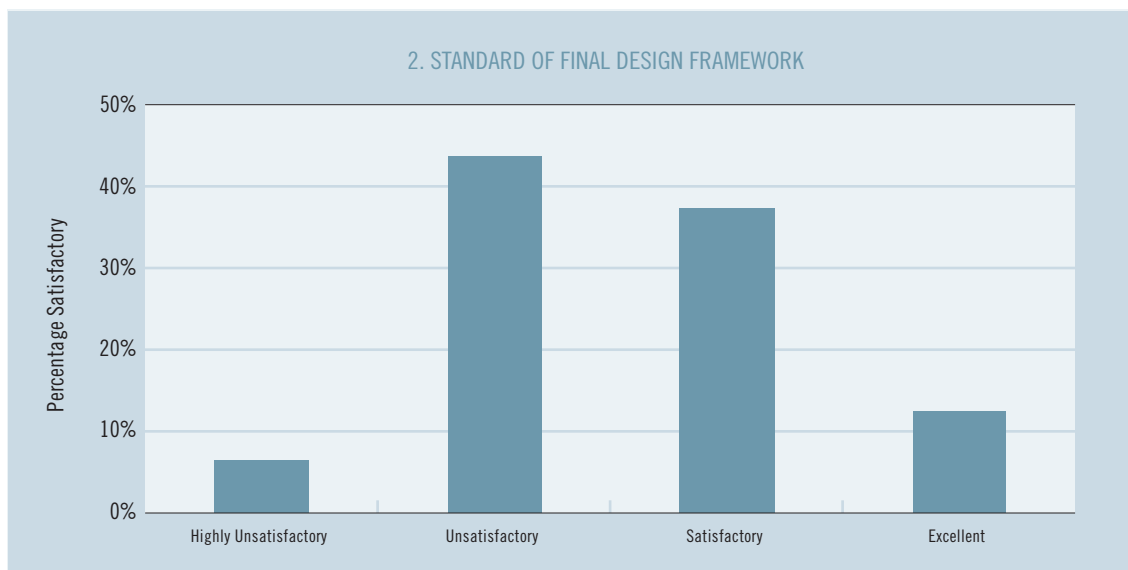
among stakeholders. Staff tended to handle time pressures well in terms of rapidly identifying and processing an activity in response to designated requirements.

- > AusAID's use of contracted design expertise helped to support the production of clear design documentation, depending on the terms of reference provided. In nearly one-quarter of AusAID cases, design was under resourced. The relationship between activity size and design cost will be discussed on pp. 27–28.
- > Designs were generally well structured with a small number of clearly defined components and objectives. AusAID has implemented the finding from its early quality reviews that activity structure should be kept simple.
- > Logframes can be appropriate for flexible designs because they help to focus these flexible designs on the higher level objectives. Most designs used logframes, but their quality was variable. At their worst, Goals were vague and unmeasurable (e.g. “to improve the capacity of institutions...to reduce poverty and contribute to sustainable and equitable development”). Purpose levels were usually well defined (e.g. “to support...the governance reform and development agenda in areas of mutual

interest”), however, Component Objectives sometimes did not relate clearly to the Purpose. In one case the vertical logic of the logframe was so weak that lower level output indicators did not lead to a higher-level outcome orientation as required by AusAID policy.⁵

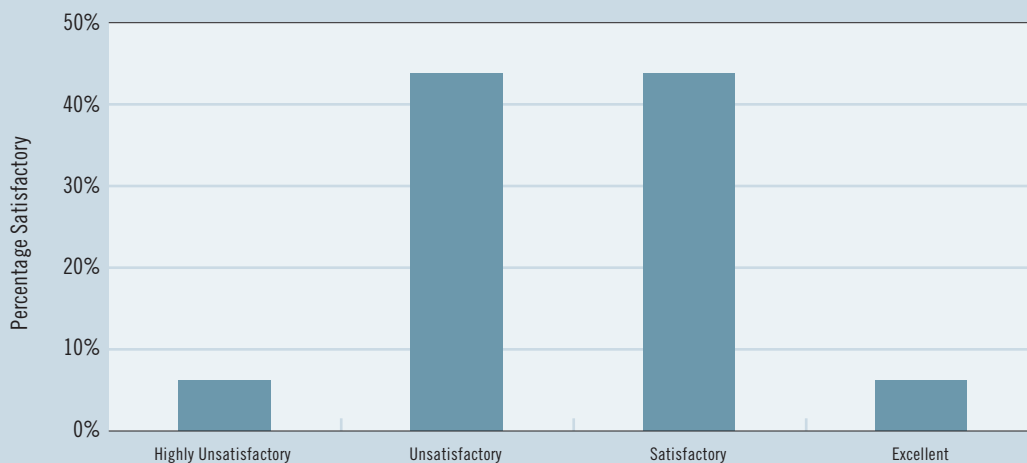
- > These activities were all intended to be flexible and responsive. The documentation of that flexibility in the designs was a strength. While contractors need to be provided with delivery flexibility it is essential that the objectives are clear from the outset. Similarly, M&E frameworks need to be well developed, however these were often ill defined, with detailed design delegated to managing contractors and little indication given about how they would be put into action. Delegation to contractors can lead to real and perceived conflicts of interest for the contractor, which might be required to recommend to AusAID the basis on which its performance will be assessed. Prior to contract signature, development of the M&E framework by the contractor under competitive tendering conditions (as occurred in one case) can be appropriate providing their framework is independently appraised.

⁵ AusAID (2001). *AusAID Strategic Plan: improving effectiveness in a changing environment*. Canberra, p. 8.

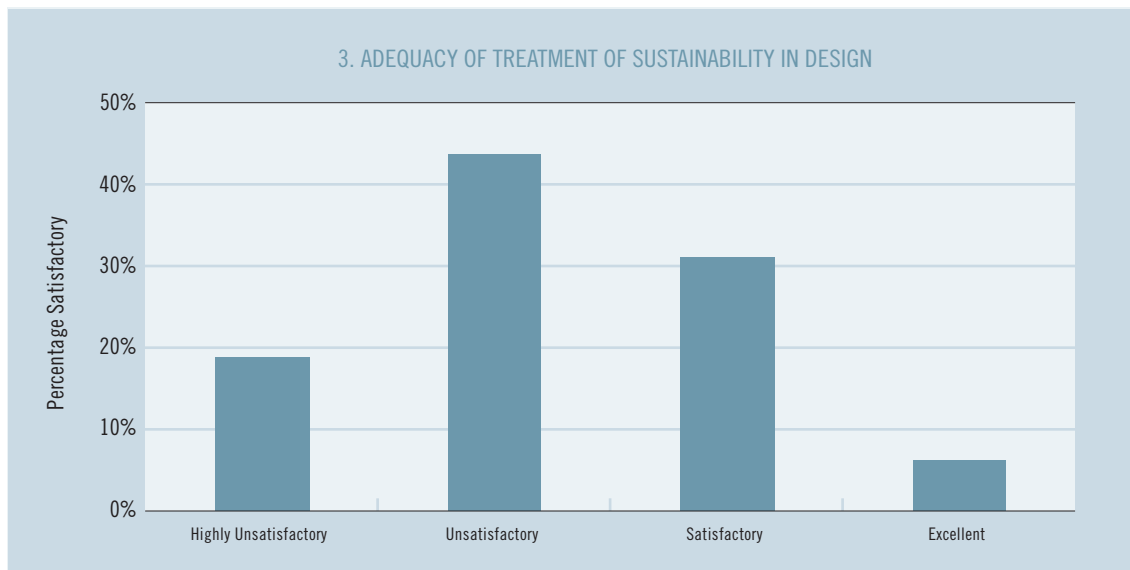


- > Risk Management strategies were sometimes not done or were poorly done. Critical risks were often underrated. A further weakness in risk management plans, where risk analysis and identification was often very good, was the failure to identify how key risks would then be monitored. In several cases, key lessons learned from previous development experience were identified but were not clearly incorporated into the design. Many designs had no reference to AusAID lessons learned.
- > Activities with more flexible approaches to development challenges lend themselves to consultation with partners increasing as the design process evolves. The most innovative designs attempted to generate strong partnering arrangements with developing country counterparts that will involve genuine joint decision-making through shared management of the program processes.
- > While all bilateral activities had high level partner government support, it was often not clear what level of commitment and ownership existed at the lower levels. Strong involvement of counterpart operational staff in activity design was not the norm.
- > Three of the four co-financed activities were funded at the end of the financial year. A rigorous and systematic design process was not followed by the international agencies. AusAID did not engage with the co-financing partners in programming and at the early stage of design of specific activities, nor did it require substantial changes to existing designs.
- > Inadequate institutional analysis in all the co-financed activities indicated that partner government staff at lower levels (who would ultimately be responsible for implementation) were apparently not consulted during design. In all cases, the consultation of beneficiaries in the design process was very weak and, in three of them, the beneficiaries were not specifically identified. Inadequate social analysis in all cases assumed, rather than generated and supported, community commitment to activities.
- > In several cases, activity designs were founded in long-standing aid program relationships with partner governments and the activities either followed on from earlier successful stages or had been piloted and jointly developed with the partner government. This boded well for take-up of their developmental benefits.

5. PARTNER COUNTRY AND BENEFICIARY PARTICIPATION IN DESIGN PROCESS



- > Treatment of sustainability was poorly formalised in a majority of cases. There was a lack of discussion of the issues influencing sustainability and little or no thought about how these issues might be tracked through the life of the activities.
- > Many activities contained education and training elements that could carry benefits for individuals beyond the life of the activity. However, the linkage of individual skills to organisational benefits was variable. In one facility, a well-developed counterpart mentoring process linked individual training to organisational needs, and was backed by trainee action plans. In contrast, another facility faces the prospect of scholarship applicants seeking study opportunities in areas far removed from their organisations' needs.
- > Phased approaches associated with evolving whole-of-government designs can promote ownership by partners. If whole-of-government activities are driven more by Australian priorities than those of the partner governments, they may be supply driven and have reduced prospects for take-up by the partner governments and for long term sustainability. A candid analysis of sustainability issues would be more useful than making unrealistic assertions.
- > The designs appeared to assume that working through government systems equated with sustainability. Inadequate institutional analyses in numerous cases led to an overestimation of partner government institutional capacity, particularly at the lower levels. Inadequate attention was given to the long term resource implications of the activities for partner governments.
- > When the developmental benefits are sustainable, the activities themselves do not necessarily need to continue beyond their funding periods. However, little attention was paid in any of the designs to strategies for withdrawal that would ensure adequate support was provided to ensure consolidation of the change process.
- > Few design processes attempted to establish financial and economic viability and hence whether financial and economic returns were likely to provide adequate incentives to promote sustainability.



ACTIVITY RESULTS

Considerable inconsistency existed in design quality at entry, as further demonstrated in the web charts in figure 3, which presents, first, AusAID-designed activities, then co-financed ones designed by other agencies. Activities are presented in ranked order according to their accumulated Indicator scores. (With more satisfactory activity designs, the plot line encloses a larger area within each graph; conversely the plot line encloses a smaller area in the more unsatisfactory designs. Consistency in design quality is indicated by regularity in the shape of the plot line.)

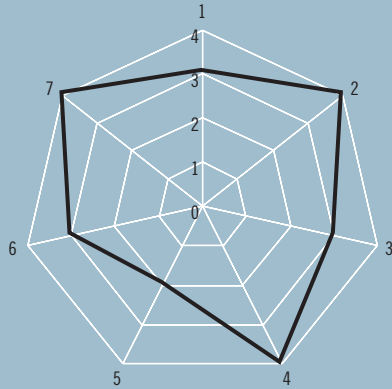
FIGURE 3: INDICATOR QUALITY-AT-ENTRY FOR EACH ACTIVITY (OVER)

KEY

Attribute (A) Program has appropriate objectives and design	Attribute (B) Program preparation is managed in a professional manner
Indicators 1. Appropriateness of objectives 2. Standard of final design framework 3. Adequacy of treatment of sustainability in design 4. Standard of contract	Indicators 5. Partner country and beneficiary participation in design process 6. Adequacy of design process 7. AusAID's management, timeliness and use of resources during preparation
Rating Scale: 4 = Excellent, 3 = Satisfactory, 2 = Unsatisfactory, 1 = Highly Unsatisfactory	

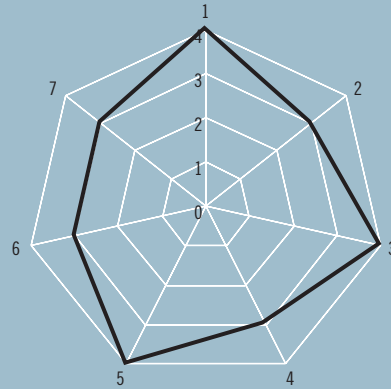
AUSAID-DESIGNED ACTIVITIES

Police Development Program (TLPDP)



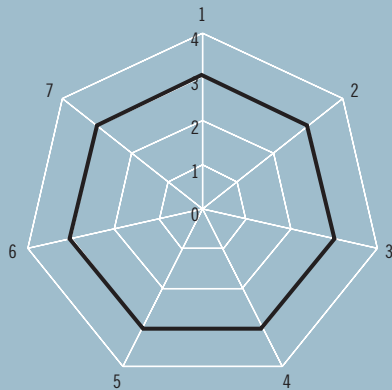
The Timor-Leste Police Development Program is a whole-of-government activity to improve policing services. The program is jointly implemented by the Australian Federal Police and AusAID (through a contractor). A team was mobilised in July 2004. The budget is \$32m until the end of 2007.

China Australia Governance Program (CAGP)



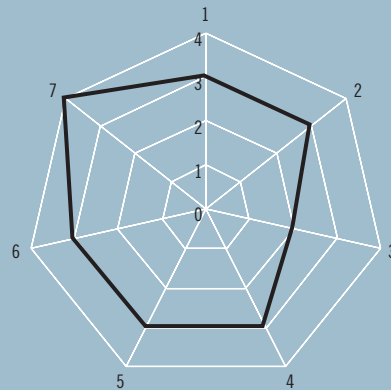
CAGP has a highly targeted strategic whole-of-government approach to economic governance in China. It provides capacity building assistance intended to consolidate further government-to-government working relationships. Funding is \$20.3m over 5 years.

Counter Terrorism Initiative – Port Security Project



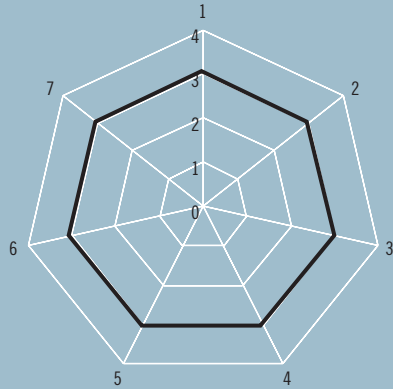
The Philippines Counter Terrorism Initiative is a whole-of-government activity that commenced in 2003. It has 4 sub-projects. The Port Security Project is implemented in conjunction with the Department of Regional and Transport Services. It has a budget of \$1.2m.

Learning Assistance Program for Islamic Schools (LAPIS)



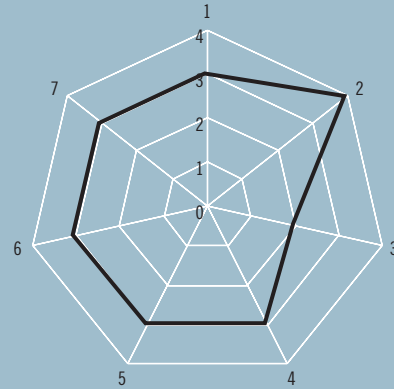
LAPIS is an innovative activity to improve the quality of basic education in Indonesian Islamic schools. LAPIS aims to achieve this by creating a flexible mechanism without prescribing how implementation might be done, thus allowing open consultation with stakeholders. The budget is \$30.5m.

**Law and Justice Sector Program
(PNG LJSP)**



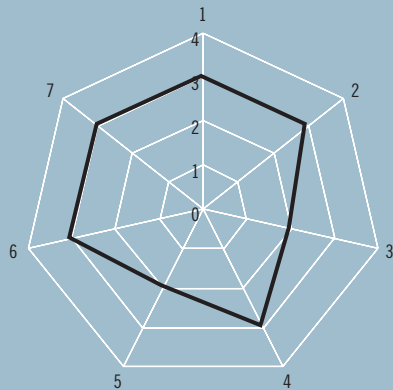
LJSP is a complex program that is providing support to six law and justice sector agencies in PNG. The aim is to bring into operation the PNG Government policy of a sector-wide approach to law and justice. The program commenced in 2003 with a budget of \$171m.

**Specialised Training Project Phase III
(IATSP III)**



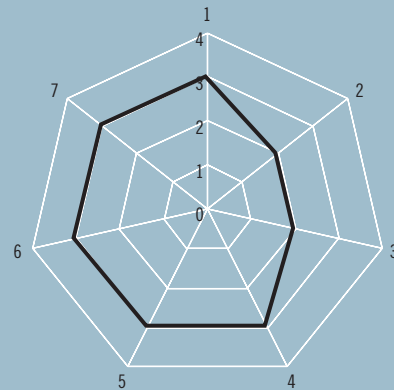
IATSP is the 3rd phase of a long-term training program focused on providing training in Indonesia and Australia that directly supports institutional strengthening for Indonesian government agencies. Funding is \$65m over 6 years.

**Counter Terrorism Initiative –
Law Enforcement Project**



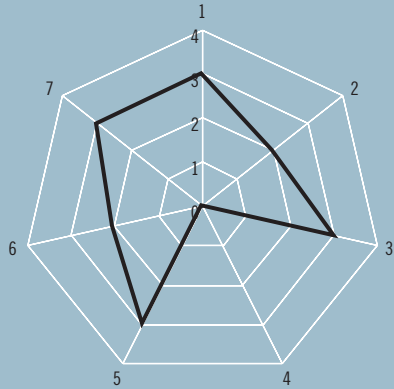
The Philippines Counter Terrorism Initiative Law Enforcement Project builds the capacity of Philippines law enforcement agencies, with a particular emphasis on counter terrorism and trans-national crime. It is implemented by the Australian Federal Police with a budget of \$3.2m.

ADS Offshore Management Phase III



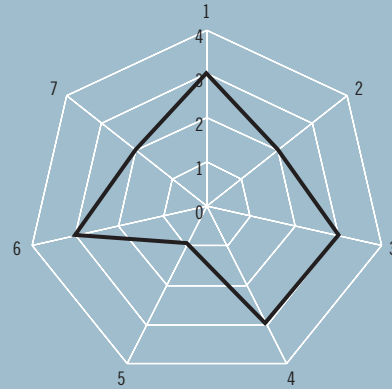
ADS is the 3rd phase of a long-term scholarships program that now seeks to target more directly personnel associated with other activities in the Australian aid program in Indonesia. Funding is \$17.2m.

**Strengthening Assistance:
Machinery of Government (MoG)**



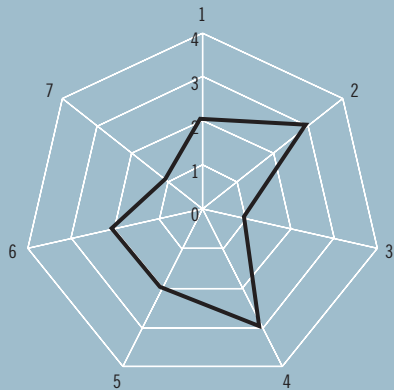
The Solomon Islands MoG is a whole-of-government framework being designed in a flexible way to help improve the machinery of government in the post-conflict environment. Budget approval is currently \$19m, including \$10m in 2004–05.

**Capacity Building for Agriculture &
Rural Development (CARD)**



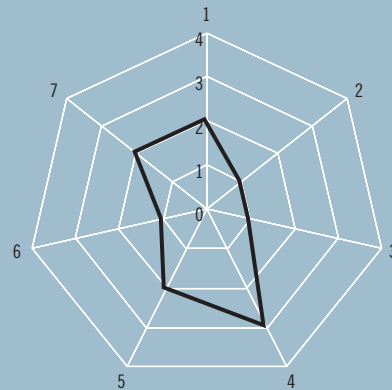
CARD is the 2nd phase of a program of technical assistance for research into agriculture and rural development that links organisations in Australia and Vietnam. Funding is \$20.3m over 6 years.

**Asia Regional Public Sector Linkages
(PSLP)**



PSLP is a regional program that provides a centralised facility for managing competitive grant funding to Australian government agencies and universities for small activities to provide institutional strengthening with partner country institutions in Asia. Funding is some \$13m over 3 years.

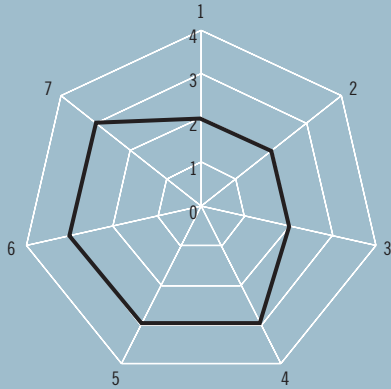
**Human Resources Development Facility
(PHRDF)**



PHRDF combines previously separate scholarship and short-term training elements in the country program and focuses them on emerging Country Strategy concerns, including poverty and security in the southern Philippines. Funding is \$59.6m over 5 years.

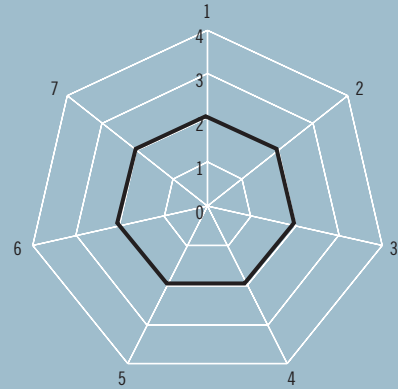
CO-FINANCED DESIGNS

WHO: Mindanao Malaria Project (RBM)



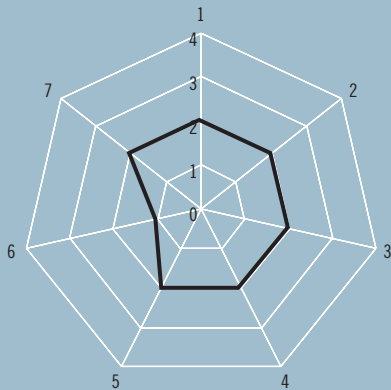
Australia is providing a contribution of \$1m in 2004–05 to the WHO Roll Back Malaria (RBM) partnership for malaria control and reduction in Mindanao in the southern Philippines.

UNICEF: Creating Learning Communities for Children (CLCC)



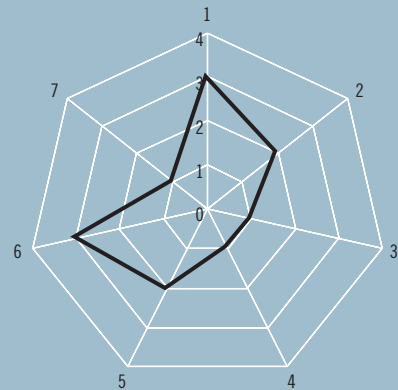
CLCC is a joint program between Indonesia, UNESCO and UNICEF mainly funded by NZAID and AusAID. It aims to raise quality of local primary education and is focussed on giving schools and communities more responsibilities. Australia is contributing \$5m over 3 years.

UNICEF: Improving Maternal Health in Eastern Indonesia (IMHEI)



IMHEI is a UNICEF program aiming to build local capacity to address health sector obstacles to implementing maternal and neonatal health programs in eastern Indonesia. The Australian contribution is \$6.3m over 2 years.

World Bank: Road Maintenance & Rehabilitation Project (RMRP)



The World Bank has made a US\$40m soft loan to PNG to help finance road maintenance. Australia is providing up to \$A7m of the PNG Government's counterpart contribution.

BOX 2: ACTIVITY RATINGS

Two AusAID-designed activities were rated Excellent:

- > the Timor-Leste Police Development Program.
- > the China Australia Governance Program (CAGP)

Seven were rated Satisfactory, the first 3 with similar ratings:

- > the Philippines Counter Terrorism Initiative Law Enforcement Project
- > the Learning Assistance Program for Islamic Schools (LAPIS) in Indonesia
- > the PNG Law & Justice Sector Program (LJSP)
- > the Indonesia Australian Specialised Training Program (IASTP III)
- > the Philippines Counter Terrorism Initiative Port Security Project
- > the Australian Development Scholarship Offshore Management Program (ADS III) in Indonesia, and
- > the Solomon Islands Machinery of Government program (MoG).

The 9 sound designs shared strong all round performance. 85% of their Indicator ratings were satisfactory or excellent. None of the Indicators was consistently rated high or low. The satisfactory activities were all from the education and training and the governance sectors.

Two of the AusAID-designed activities were rated unsatisfactory:

- > the Vietnam Capacity Building for Agriculture & Rural Development (CARD II), and
- > the Asia Regional Public Sector Linkage Program (PSLP).

One was rated highly unsatisfactory:

- > the Philippines Human Resource Development Facility (PHRDF).

All four co-financed activities were rated unsatisfactory:

- > the WHO Mindanao Malaria Project (RBM) in the Philippines
- > the UNICEF creating Learning Communities for Children (CLLCC) in Indonesia
- > the UNICEF Improving Maternal Health in Eastern Indonesia (IMHEI) program, and
- > the World Bank Road Maintenance & Rehabilitation Project (RMPRP) in PNG.

The 7 unsatisfactory activities were uniformly weak. 73% of their Indicator ratings were unsatisfactory or highly unsatisfactory. The only Indicator that achieved 4 satisfactory ratings was 'standard of contract'. The four health, infrastructure and rural development activities reviewed were in this group, although the sample numbers are too low to draw conclusions.

When activities were satisfactory they tend to be consistently strong across all the Quality Indicators and when they were unsatisfactory they tend to be consistently weak across the Indicators.

3 Selected issues

WHOLE-OF-GOVERNMENT IMPLICATIONS

Australia is increasingly taking a whole-of-government approach to the national interest and this is affecting significantly aspects of quality at entry in the aid program. More than in any previous review, the panels had before them activities that are part of this development trend.

Shared objectives One lesson is that for effective whole-of-government initiatives the planning process must be used to clearly align and document the objectives of the initiative and to reach a common understanding of stakeholder roles, responsibilities and skill sets.

Accepted principles To effectively advance the Government's development agenda within the whole-of-government approach, it is important for the aid program to establish, promulgate and earn respect for the principles that underpin its role, to maintain adherence to well founded good practice processes (especially for accountability purposes), and demonstrate its areas of comparative advantage relative to other Australian Government players.

Resource implications Whole-of-government engagement is resource intensive. It requires AusAID to build relationships, bridge gaps in institutional cultures and work practices, clarify what can be achieved and how, and to negotiate organisations' roles. Effective whole-of-government engagement requires active senior management involvement.

Extent of engagement If the aid program is to assist whole-of-government partners' improve their understanding of development and AusAID's role in it, there would appear to be value in promoting greater involvement of other agencies in the analysis of the development situation of key partner countries. Opportunities for promoting greater involvement include establishing development priorities and assessing options for assistance. Other opportunities include preparation of terms of reference, design work, peer reviews, contractor/team selection, activity implementation, and review and evaluation. Joint assessment of activity quality through quality-at-entry processes might be a useful tool for promoting greater understanding of what is internationally accepted good practice.

The active engagement of AusAID staff in planning and implementing whole-of-government initiatives offers a valuable professional development opportunity for the Agency to develop alliance-based approaches that involve stakeholders jointly sharing management responsibility and risk.

INNOVATIVE AID DELIVERY IMPLICATIONS

The whole-of-government environment in Australia is paralleled by increasingly complex government-to-government relationships internationally. Long term quality improvement issues are made more challenging by AusAID's openness to innovative aid mechanisms to meet the need for greater flexibility during activity implementation. A range of new challenges is associated with these delivery mechanisms and it seems highly unlikely from the diversity of designs in this review that any one flexible activity design model will be appropriate for all situations.

Managing uncertainty Uncertainty in the planning environment is a common reason for using programmatic approaches. They have a difficult balance to maintain between adequate flexibility to respond to evolving needs and understanding, on the one hand, and adequate guidance to avoid becoming largely ineffective 'slush funds', on the other. Not the least of the challenges is managing non-prescriptive government-to-government agreements. Alliance approaches to activity design and management can help to align activities with partner government needs and to manage high risk environments, but do require considerable time, effort and resources. Strong and effective leadership is particularly important to manage the uncertain and evolving roles and responsibilities, to build robust relationships, and to maintain commitment and ownership among key players. These partnership management issues with overseas counterparts parallel whole-of-government requirements within Australia.

Assuring quality of evolving designs Managing the evolving design is a significant matter for AusAID. While program management efficiency can be enhanced by utilising the managing contractor to design sub-projects, this requires the establishment of quality assurance systems and sub-project selection parameters before contracting occurs. Activity designs at entry also need to minimise the potential for inappropriate 'design creep', manage potential disunity among key players, and establish mechanisms through which AusAID can provide strong leadership when necessary.

Contractual innovation As noted earlier, the review found that 'standard of contract' was the Indicator that had the highest quality-at-entry (pp. 10–11). Innovative contracts can potentially add considerably to effective delivery and it seems important that Agency contract personnel should continue to be given the opportunity to influence the design process.

Common weaknesses A number of common design weaknesses were observed by panels, including inadequately developed M&E frameworks, unspecific auditing schedules, inadequate risk management plans, and lack of strategies for improving the likelihood of sustainability during implementation.

Importance of M&E frameworks The high risk environment and flexible designs that are often associated with innovative activities requires greater attention to M&E frameworks. Particular attention needs to be paid to the monitoring and active management of key risks which may not be apparent during design. Programs require multi-level M&E systems at sub-project, activity, and developmental outcome levels. M&E evaluation frameworks were often well developed at one level but not at the others. In several cases, M&E was being almost totally left to the managing contractor to clarify during implementation, generating a potential conflict of interest.

CO-FINANCING

Co-financing is a long established practice, but it would appear that it is currently being used as an expedient method of quickly responding to whole-of-government needs, including working in locations where bilateral assistance is prohibited. While there can be compelling whole-of-government reasons for co-financing, these reasons should be spelled out in the documentation and the implications for activity design identified. Co-financing appears to be occurring at the expense of quality and carries risks associated with the variable design capacity of the international organisations in different countries.

Three of the four co-financed activities were funded at the end of the financial year (late May/mid June). A rigorous and systematic design process was not

followed by the international agencies. AusAID did not engage with the co-financing partners in programming or at the early stage of design of specific activities; nor did it require substantial changes to existing designs where needed. Moreover, the co-financing activities reviewed were underpinned by weak agreements that did not provide AusAID with sufficient leverage to influence the evolving design during implementation.

The review panel found evidence of staff perceptions that co-financed activities do not require the same rigorous quality at entry assessment as in-house designs and require little management input during implementation. Co-financing was perceived as a low cost, low resource way of disbursing funds. An apparent assumption was that, even if the design of a given activity did not meet AusAID's standards, implementation would be satisfactory simply because the implementing agency was an international organisation. AusAID's own Multilateral Assessment Framework, used to assess international agencies' competence, identified their limitations, but simply had not been read by staff. A lesson is that brief guidance should be offered to staff on preparing an activity for co-financing.

ACTIVITY PREPARATION COSTS

How much should desks allocate to activity design? Table 2 indicates some partial answers to the question when co-financed activities are taken out of the picture because their design costs are not normally fully borne by AusAID and not known. These figures are only approximate. The full costs of design are very difficult to establish through AusAID's Activity Management System for a variety of reasons including: the difficulty of apportioning costs spent on previous stages of evolving designs; and un-costed Agency staff inputs.

The available data shows that AusAID's activity designs that rated satisfactory in this review had about 1% of anticipated total activity costs allocated to design. The two exceptions were very large activities that did have considerable amounts spent on preparation, ranking 1st and 4th in terms of actual design cost. The two poorest designs allocated the lowest percentage of expenditure on design.

DOCUMENTATION

Activities reviewed usually had appropriate documentation to meet the searching questions generated by the Quality Standards. However, an observation common to all panels was that this documentation is often difficult to access because it is scattered in country program strategies, reviews of sectors and previous activities, peer reviews, various specialised reports, facility design documents, appraisal notes, and requests for tender (including scopes of services and bases of payments).

Several activities were significantly modified during the design stage. With evolving designs, reasons for change and options considered were often not adequately documented. Much of the rationale resided either in individual's heads or in documentation (e.g. cable traffic) that are not readily accessible. Some activities were new phases, which added to the complexity of the paper trail. Much documentation lacked version control, so that final versions were mixed with earlier drafts.

Few activities had important contextual information, in particular on policy frameworks, developmental needs and problem analysis, well integrated into the design documents. Documentation had to be found from a variety of sources, identification of which was dependent on contact with key personnel, who often changed during the 1–2 year processes through which designs typically develop. This contextual documentation was often not cross-referenced and obviously used in the final design document.

Making arrangements to have key activity documentation formally integrated into "master design document/file" could have two advantages for AusAID. One is that it would make more efficient responses to transparency and accountability requirements (inherent in external Parliamentary scrutiny and public accountability) and internal quality assurance, review and evaluation processes. The second is that management continuity could be assisted by the documentation. Staff turnover can be expected among all parties to an activity. In the absence of consolidated documentation, efficient access to and effective application of existing knowledge is very difficult to maintain.

TABLE 2: ACTIVITY PREPARATION COSTS

Activity	Approval (\$ millions)	Design Cost (\$ est.)	Design Cost as % of Approval	Overall Rating
Counter Terrorism Initiative – Port Security Project	1.20	72,931	6.08	S
China Australia Governance Program (CAGP)	21.01	758,384	3.61	E
Strengthening Assistance: Machinery of Government (MoG)	19.00	553,239	2.91	S
Police Development Program (TLDP)	12.00	213,070	1.78	E
ADS Offshore Management Phase III	17.21	168,422	0.98	S
Counter Terrorism Initiative – Law Enforcement Project	3.17	29,608	0.94	S
Learning Assistance Program for Islamic Schools (LAPIS)	30.50	277,233	0.91	S
Capacity Building for Agriculture & Rural Development (CARD)	20.25	136,269	0.67	U
Law and Justice Sector Program (PNG LJSP)	171.00	918,043	0.54	S
Specialised Training Project Phase III (IASTP III)	65.00	317,205	0.49	S
Human Resources Development Facility (PHRDF)	60.02	198,992	0.33	HU
Asia Regional Public Sector Linkages (PSLP)	13.00	43,938	0.003	U

Additionally, the central electronic document repository, proposed by IRSU/ORE, that ensures all key related planning, design and other key documents are readily available across the Agency for long term review, when combined with the proposed AIDWorks key document lodging and tracking system, will improve efficient knowledge management.

IMPLEMENTATION OF FINDINGS FROM EARLIER REVIEWS

A number of significant quality issues are common to all the quality-at-entry reviews.

The 1999 review made two types of recommendation. One related to individual activities, such as ensuring that activity design defines how the activity will contribute to poverty reduction. The other applied to AusAID more generally, such as ensuring that staff

are trained in activity preparation and have their roles in quality assurance defined more specifically.

The 2002 review found that the 15 activity-specific recommendations made in 1999 (Table 3) had been unevenly implemented and made six recommendations itself (Table 4, which provides a more detailed overview of the actions taken to implement the recommendations of the 2002 QAE exercise). The report commented that two important issues raised in the 1999 review continued to be a concern: (i) the treatment of sustainability, and (ii) design process shortcomings; both of which are still the case.

From the Quality Attribute strengths and weaknesses listed in Chapter 3, it is apparent that a number overlap with the recommendations from both 1999 and 2002 and that those recommendations

TABLE 3: RECOMMENDATIONS FROM THE 1999 REVIEW

Ensure project proposals are for activities in which AusAID has demonstrated comparative advantage
Define how a project will contribute to poverty reduction
Undertake a comprehensive review of sector and country lessons, from AusAID experience and beyond, and use these lessons in design
Agree with major stakeholders on clear, realistic and measurable objectives
Prepare comprehensive design team terms of reference, and staff the team with the skill mix to fulfil them
Ensure design teams have sufficient time in country
Prepare logframe, sustainability strategy and risk analysis with implementing agency and beneficiary participation
Define partner government contributions to the project, during and after the project period
Complete all preparation steps before finalising the PDD
Have PDD appraised independently
Ensure statements summarising 'quality' and 'quality-at-entry' are used as a reference for project preparation
Use <i>AusGUIDE</i> as the basic guide for project preparation
Give greater attention to the detailed elaboration of budget and other resources required for quality project preparation
Give priority to ensuring strong staffing of design teams
Establish an open review environment to contribute to preparation quality (taken as effective peer review).

remain unevenly implemented. For example, recommendations to (i) incorporate lessons learned, (ii) have sufficient time in-country for design teams, (iii) prepare improved logframes and risk analyses, and (iv) conduct open peer review (most notable with Co-financing activities) were frequently done poorly in activities reviewed in 2004. Others, such as demonstrating comparative advantage, were not well presented in design documents. While, sustainability was again the worst performing Indicator in 2004, the major concern is now the quality of analysis and strategies put in place to promote sustainability and not a questionable QAE 2002 judgement about the likely future sustainability of benefits.

The implication is that there is a range of familiar chronic quality improvement issues needing ongoing attention and that we need a more effective strategy to building staff and management commitment to these quality improvement challenges.

CHANGING BEHAVIOUR IN THE ORGANISATION

There is not much merit in reiterating yet again the particular lessons of this review and the similar ones from 1999 and 2002 (see pp. 10–16, 25–26). Part of the problem seems to be that the quality standards are being largely used after the design events and do not adequately shape them. In evaluation terminology, it is insufficient for the standards to be used for *summative* review of designed activities; there needs to be more effective emphasis on the *formative* review of activities against the quality frame during design.

It should be noted, the current appraisal guidance requires that the Appraisal Note address appropriate aspects of the Agency's Quality Frame. If this was systematically done then quality at entry would be subject to rigorous *formative* review. However, this would appear not to be consistently followed in conducting appraisal and/or to be rectified at appraisal peer review.

Most of the more general recommendations arising from the previous reviews have been acted on through additions to *AusGUIDE* and training, but evidence of resulting improved quality of design documents is difficult to identify.

TABLE 4: IMPLEMENTATION OF RECOMMENDATIONS OF THE 2002 REVIEW

Recommendation	Action Since 2002 Review	Current Status
<p>1. Establish and target a few priority actions to improve the activity quality at entry. Suggested priorities:</p>		
<p>> Giving renewed attention to achieving sustainable outcomes</p>	<p>This initiative has been mainstreamed into the emphasis given at peer review meetings.</p>	<p>As a recommendation of the Fundamental Review of Quality, ORE is to revisit the issue of appropriate advice related to improving sustainability of outcomes.</p>
<p>> Implementing the proposed peer review process</p>	<p>In March 2002 the Agency reintroduced the peer review process for all activities likely to exceed \$3 million or less if sensitive. By August 2002 a website had been established. A good practice guide was produced for peer review participants. In 2004 a “cheat sheet for ADG’s chairing peer review group meetings” was produced.</p>	<p>The Fundamental Review of Quality indicated that the process is not being consistently applied in all quarters of the Agency. QUAL/ORE periodically reviews conformity with guidance.</p>
<p>> Systematically using relevant lessons learned</p>	<p>Good practice advice for the peer review process requires specific consideration of whether the planning process has given adequate attention to relevant lessons learned.</p>	<p>The obligation for systematically using relevant lessons learned lies primarily with the activity manager and their supervisor. The peer review process and possibly appraisal are the only “independent” mechanisms for checking whether this has occurred satisfactorily.</p>
<p>> Delineating – during design – activity monitoring and evaluation systems</p>	<p>In 2002 and 2003 the Agency held a number of workshops, involving staff and the consulting industry, to encourage better M&E systems. In 2003 Baseline Study Guidelines were made available. A workshop was held in late 2003 to launch a set of Good Practice Hints covering M&E Frameworks, Impact Assessment and Baseline Studies. M&E training has been conducted for PSU staff and partner government counterparts.</p>	<p>While progress has been made, scope continues to exist for improving M&E Frameworks. There is a particular need for appropriate good practice examples and to reinforce existing messages through training opportunities that would utilise the Good Practice Hints series.</p>
<p>> Financial and economic analysis</p>	<p>In 2004 a significant review was undertaken of the Agency’s use of financial and economic analysis. This study considered international good practice, our use of Cost Benefit and Cost Effectiveness Analyses in a randomly selected sample of activities and suggested an action plan.</p>	<p>The report of this study is being finalised before being submitted to the Executive.</p>
<p>2. Improve activity preparation planning and budgeting</p>	<p>QUAL is in the process of revising AusGUIDE to better reflect accepted good practice activity planning and budgeting. Existing guidance requires modification to incorporate the move to new forms of aid delivery (and devolution).</p>	<p>To hasten the process of developing and launching this new guidance QUAL is in the process of contracting in additional resources.</p>

3. Select the form of intervention that best meets the identified development challenge	In 2003/04 QUAL developed guidance entitled "Forms of Aid: Guidelines for Selection". This guidance suggests a number of key decision points and a set of generic selection criteria to be considered. The guidance also suggests some distinguishing characteristics to assist in the selection of the most appropriate aid mechanism.	The Executive has recently required that activity managers explicitly document the reasons for selecting the form of aid.
4. Develop practical guidelines on different forms of aid intervention	In 2003/04 QUAL developed generic guidance entitled "Forms of Aid: Guidelines for Selection". In mid 2004 "Working in Partnership with the Multilateral Development Banks: A Guide to Co-financing" was made available.	There is an apparent need for further form of aid specific guidance to draw together the Agency's experience and suggested good practice.
5. Undertake more evaluations and use the findings to improve choices and activity design	In 2004 the Executive decided that from mid 2004 each of the programming Branches will undertake at least two ex-post evaluations per year. This current QAE exercise was designed to also contribute to the Agency's understanding of the different forms of aid and improve decisions about choice and eventual activity design. Completed a Review of Institutional Strengthening and Technical Assistance Facilities in late 2002.	A review of lessons learned from new forms of aid is almost completed.
6. Promote on-demand QAG reviews as a tool for quality assurance	Resource constraints on ORE have meant that the QAG is no longer a permanent group able to offer this service to Desks. In preparation for the DAC Peer Review in mid 2004 such a specialised QAG exercise looked at the trends in quality of design documentation.	Discussions have recently been held with the Training Unit about the possibility of using such an approach to meet priority training needs by focusing on key issues, such as M&E Frameworks, risk management.

That improving design quality is an on-going issue implies that identification of design issues and lessons learned, producing guidance, and conducting training are insufficient in themselves to improve design quality. The key constraint to quality improvement appears to be, how do we generate individual and organisational change to improve design quality and so improve accountability for quality improvement?

While staff are usually aware of many aspects of design quality, the poor results in several of the web charts (pp. 17–20) suggests that the full range of considerations needed to meet AusAID's own quality-at-entry requirements is often not addressed. There is potential to improve the effectiveness of the existing quality-at-entry analysis undertaken during appraisal and the appraisal peer reviews prior to tendering.

However, there is also a case for greater use of the formal quality-at-entry and other rapid panel-based

learning approaches as these are among the few chances that staff have to get systematic quality overviews and they are widely recognised as effective means of increasing staff understanding of quality improvement. Feedback also indicates the need for streamlining the time involved in staff involvement.

Clearly, the Agency has an important unfinished quality improvement agenda that is becoming more complex with the increasing need for innovative design, and changing organisational behaviour is central to this quality improvement challenge. It is also apparent that improved appraisal processes and greater use of rapid panel-based learning approaches like QAE are important strategies for achieving this improvement.

4 Recommendations

The commonality of many of the quality improvement issues across the 1999, 2002 and 2004 QAE reviews indicates both the chronic nature of the issues and also that the effectiveness of the quality improvement process needs to be improved.

However, some new recommendations from this review relate more specifically to the quality-at-entry of more innovative aid mechanisms.

1. Promoting better uptake of quality improvement messages through a more effective quality improvement strategy which would, amongst other things:

- > clarify the linkage between the soon to be agreed quality principles and the suggested elements of good practice embedded in the Quality Frame, AusGUIDE and the key quality assurance processes of peer reviews and appraisal;
- > streamline the QAE process so that in future it would involve only a week of staff time;
- > test an even more streamlined version of QAE to provide a two-day active-learning approach to key quality improvement challenges, starting with M&E Frameworks;
- > encourage staff to participate in QAE exercises as well regarded learning opportunities;
- > proactively identify good practice examples for staff reference through AKWa;
- > prepare basic guidance for co-financing with UN Agencies; and

- > promote increased accountability for quality by requiring that the FMA 9 (Ministerial) Submission Minute provide: (i) the reasons for choosing the form of aid, (ii) a more balanced summary of implementation risks, and (iii) demonstration of consistency with the new quality principles.

2. Requiring more consistent assessment of quality at entry during appraisal by reissuing the Appraisal Circular to stress that the appraisal should be both independent and professional (the latter meaning appropriate TOR, breadth of skills involved, and decision about whether a desk or field exercise was needed).

3. Requiring draft M&E frameworks to be included in designs before contracting and appraisal of such frameworks where significant further work occurs during implementation.

4. Adopting a more comprehensive approach to building external relationships and better utilising the skills of key Australian Government agencies where meeting national interest objectives is a significant issue for an activity. This approach could include taking opportunities to: jointly identify program priorities; develop program strategies; learn about and utilise areas of comparative advantage of these agencies; and where appropriate encourage participation in joint missions for planning, design, monitoring, review and evaluation.

5. Engaging more systematically in co-financed activities, particularly during activity planning and subsequent M&E exercises, to: (i) assess the effectiveness of an existing program; (ii) where appropriate influence activity designs; (iii) meet our documentation and quality assurance requirements; and (iv) learn from their extensive field networks and specialised expertise. Ensure that Contribution Agreements reflect this engagement strategy.

6. Improving the management of key “planning” documents through a combination of IRSU/ORE’s proposed electronic repository for all key activity documentation and the intention to track the lodging of key documents within AIDWorks. However, Desk staff need to give particular attention to maintaining key documentation related to programmatic approaches and other activities with evolving designs, where emerging problems have been observed.

7. Monitoring expenditure on activity preparation in AIDWorks as the level of investment in design is an important factor influencing quality at entry.

Attachment 1: Quality at Entry Guideline

PROGRAM-BASED APPROACH

Program: _____

Date: / / 2004

Panel Leader: _____

INDICATORS AND ATTRIBUTES

Attribute (A)	Rating	Attribute (B)	Rating
Program has appropriate objectives and design		Program preparation is managed in a professional manner	
Indicators 1. Appropriateness of objectives 2. Standard of final design framework 3. Adequacy of treatment of sustainability in design 4. Standard of contract		Indicators 5. Partner country and beneficiary participation in design process 6. Adequacy of design process 7. AusAID's management, timeliness and use of resources during preparation	
Attribute A:		Attribute B:	

Overall Facility Quality Rating: _____

Strengths	Weaknesses

QUALITY AT ENTRY APPROACH

INTRODUCTION

AusAID undertakes Quality at Entry (QAE) Reviews for a number of reasons:

- > to systematically establish and review the priority Agency-wide quality improvement issues and so focus the quality improvement program;
- > to assist in deepening staff understanding of aid quality and how to improve it through a concentrated and effective learning process;
- > isolating good practice examples, along with their strengths and weaknesses, through a robust process; and
- > to provide timely advice from peers to Activity Managers about how to improve the quality of the individual Activities reviewed.

Evidence from earlier QAE exercises and staff feedback confirms that this process is effective in achieving these objectives.

QAE QUALITY FRAME

The QAE approach requires the assessment of the quality of a stratified sample of Activities against AusAID's Quality Frame. Good quality aid Activities are defined as having four Attributes; that is, "having appropriate objectives and design", "professionally managed", "likely to achieve its objectives" and "likely to produce sustainable outcomes/benefits".

These four Attributes are then unpacked into a set of Indicators of achievement of the individual Attribute and then further unpacked into a set of Standards or questions to be answered in assessing whether the Indicators suggest satisfactory quality or not.

Based on feedback on earlier QAE exercises it has been decided to revise the established QAE framework. Due to the difficulty of assessing Attributes C & D ("likely to achieve its objectives" and "likely to produce sustainable outcomes/benefits") at this preliminary stage in the Activity Cycle, these two Attributes have been deleted and their key questions reworked to ensure that they can be adequately assessed by studying the quality of the design documentation through Attribute A ("having appropriate objectives and design").

THE QAE APPROACH

Each panel will consider the quality of each Activity at a cascading level of detail. For a particular Indicator panel members will be first given an opportunity to discuss the individual Standards to determine if they are satisfactory or not and why. Once all Standards for an Indicator have been discussed then the panel will discuss the most significant strengths and weaknesses of that Indicator. Having agreed and recorded those strengths and weaknesses the panel will then seek to reach a consensus on the rating (Excellent, Satisfactory, Unsatisfactory or Highly Unsatisfactory) for that Indicator. This process will be continued until all Indicators for an Attribute are rated and then a rating will be given for the Attribute. This process is repeated until all Indicators, both Attributes and an overall score are given for the Activity. In addition, the panel is asked to suggest aspects of good practice (including strengths and weaknesses) and any lessons learned.

The process is repeated for the other activities and then the panel is asked to distil more generic issues and recommendations related to the Form of Aid being studied and the Quality Frame being used.

INDICATOR & OVERALL PROGRAM QUALITY RATINGS:

AID QUALITY RATINGS – EXPLANATIONS

(NB THIS FRAMEWORK IS TESTING A FOUR POINT SCALE WHICH HAS TWO POSITIVE AND TWO NEGATIVE RATINGS)

EXCELLENT: This rating represents a situation where something over and above “Satisfactory” has occurred, particularly something reasonably innovative even if it is not perceived to be “state of the art” or “cutting edge” (it is essentially a good practice example to study). The key feature is that this item (or the overall Program) is suitable for presenting to AusAID staff as a model to follow. For an overall Program rating of “Excellent”, each Attribute and Indicator should be at least “Satisfactory”. If an item (or the overall Program) is rated as Excellent this should not be considered perfect, hence it is important that the panel notes the relative strengths and weaknesses of the suggested good practice example.

SATISFACTORY: While this is the lowest rating that satisfies AusAID requirements for the item or the overall Program, this is normally as good as it gets. The item (or the Program) satisfies all AusAID requirements and there are only a few minor weaknesses. For an overall Program rating of “Satisfactory”, no Attribute should be rated “Highly Unsatisfactory” and the majority of Indicators should be rated “Satisfactory” or higher. For accrual reporting purposes it is suggested that an overall Program rating of “Satisfactory” or above would substitute for “Satisfactory Overall” or above and represent satisfactory aid.

UNSATISFACTORY: This rating indicates that the item has serious weaknesses although other items may be satisfactory. The main difference between an “Unsatisfactory” and a “Satisfactory” rating is that the former indicates that the weaknesses require early action if the Program is to continue to progress.

HIGHLY UNSATISFACTORY: This is a rating that indicates that the item (or Program) is seriously deficient with respect to quality requirements. It also usually indicates that problems are widespread throughout the Program and that immediate and decisive action is needed to address them.

SOME SCORING PRINCIPLES

- > Panel assessments should emphasise quality and not quantity of analysis.
- > When awarding a rating, panels should only use one category.
- > Panels should only use the quality Standards as a guide to what should be considered in assessing a quality Indicator. While ratings against individual Standards are no longer necessary it is advisable to allow systematic discussion of why a Standard is satisfactory or not.
- > Panels may adopt provisional ratings for some of the quality Indicators, pending the receipt of further information or the conclusion of interview processes.
- > Panels should rate the quality Indicator within an Attribute before they rate the actual Attribute. When the Attributes are finalised the panels can then rate the overall Program.
- > Panels should not average ratings when converting to a higher level, eg, from quality Indicators to Attributes. Where the appropriate Indicator level rating is not readily apparent, panels will need to reflect on the relative importance, for this particular Program, of each of the Standards making up the Indicator so as to arrive at the most appropriate rating. Panels should not go back and amend the quality Indicator rating in order to ensure a better ‘fit’ for an Attribute level rating.
- > Strengths, weaknesses are briefly recorded in the Indicator comments column to capture the main points discussed in relation to the quality Standards for that quality Indicator.
- > Panels should consider the context in which any item that is suggested to be innovative is being delivered. That is, consider what might be innovative in some circumstances might be passé in other situations.

ATTRIBUTE A. PROGRAM HAS APPROPRIATE OBJECTIVES AND DESIGN

Indicator 1: Appropriateness of objectives

#	Indicators & associated Quality Standards		Comments
1.1	Objectives consistent with the country strategy and broader Australian Government policy priorities.		Objectives align strongly with the country strategy and reflect a high priority intervention for country program. Objectives support or are complementary to broader Australian Government policy priorities relevant to the partner country.
1.2	Objectives consistent with AusAID's 5 Guiding Themes sector development policies and other key policies on poverty, gender and environment.		Objectives align easily with 5 Guiding Themes and other relevant policy statements. All relevant AusAID policies should be considered.
1.3	Objectives consistent with PG national development policy and sectoral priorities and are endorsed by PG aid coordinating authority.		Official endorsement may be in the original request, or a letter responding to draft ADD, or an agreed MOU.
1.4	Objectives clearly reflect the needs of key beneficiaries or stakeholders.		The beneficiaries, including women and men, and their development needs have been clearly identified using internationally recognised social analysis techniques. An appropriate social analysis demonstrates that the objectives are a suitable response to these needs or confirms what additional work will be done to assess this matter.
1.5	Objectives reflect an appropriate response to a priority development problem.		Rationale for Program clearly demonstrates that this is a priority development issue to be addressed. The detailed analysis of the development problem desirably uses appropriate social analysis and participatory problem analysis techniques involving beneficiary and stakeholder groups. The Program objectives have clearly been formulated in response to the participatory problem analysis.
1.6	Objectives are consistent with Australia's comparative advantage vis-a-vis other donor partners/players.		Australian private sector and/or government agencies have adequate experience and expertise to contribute to a solution to the development problem.
1.7	Objectives clearly supported by other key donor players in the sector.		Clear evidence that there is agreement between other interested donors/players about the broad objectives and if not that we are comfortable with this lack of unified donor support. Looking for evidence of complementarity and reassurance of minimal duplication.
1.8	Outputs, where documented at this stage, describe tangible improvements in services, facilities or knowledge that are related to achievement of the Purpose.		Is there a strong link between the goods/ services etc delivered and achievement of the Program's purpose?
1.9	Objectives, especially at the higher levels, are clear, measurable and appropriate in terms of their contribution to higher levels.		Objectives easy to understand and measure.

1.10	Objectives are realistic.		Objectives are not too ambitious and achievable in the time frame. Scope exists for modifying objectives at the lower levels to provide appropriate flexibility and realism during implementation.
	RATING FOR INDICATOR 1		
	Strengths		Weaknesses

Indicator 2: Standard of Final Design Framework

#	Indicators & associated Quality Standards		Comments
2.1	Clear, concise and logical design framework that adequately addresses management needs related to contracting and implementation in terms of future needs of ongoing design, appraisal and approval of evolving design.		Convincing and yet concise basic reasoning behind supporting the Program. Not overly prescriptive but not scarce on basic detail of the design/ management framework and how the evolving design will be managed. Also recognition of need for supporting documentation like M&E frameworks, risk management plans and other aspects of evolving designs like Annual Plans.
2.2	Appropriate adaptation of the logframe approach or alternative approach to documenting Program logic (i.e. not just a logframe matrix produced, or equivalent, but evidence of thorough problem analysis and stakeholder analysis).		Problem and stakeholder analysis clearly undertaken as preliminary steps. Log frame matrix, or alternative approach, clearly documents the developed goal, purpose and probably component level objective levels and logic of the linkages. Indicators have QQT characteristics. Pragmatic means of verification. Clear sense of focus. Recognition of evolving M&E framework.
2.3	Explicitly analysed and clearly incorporated key lessons from other comparable earlier or ongoing Programs.		Explicit analysis of lessons learned and discussion of their implications for the design. Lessons could be from AusAID or other donors. Lessons need to relate to not only Program management but also to the sector to be supported.
2.4	Adequate system in place to ensure that the feasibility of the evolving design is being assessed/reviewed.		Program has a robust requirement /system in place to ensure the evolving design will be using appropriate technology, have adequately analysed the financial/budget implications, will be economically a good investment of scarce PG and our resources, socially acceptable to the key stakeholders, environmentally sound/responsible, consistent with institutional/staffing capacity and realistic in terms of scale and managerial requirements.

2.5	Appropriate poverty analysis conducted and specific strategy incorporated in Program to reduce poverty.	Need to analyse who are the poor, what are their needs and how will this Program contribute to poverty reduction. Where the social analysis has identified that the majority of beneficiary/ households are below the poverty line adequate resources have been allocated to ensure effective consultation with these groups.
2.6	Monitoring and review/evaluation framework is adequate in scope and appropriate progress has been made in providing details about how to operationalise the framework.	M&E framework appropriately develops monitoring and review/evaluation activities required to assess progress against all levels of the log frame (i.e. no inappropriate “leave it to implementation” syndrome). Future MEF development requirements are clear, including operationalising (what data needs collecting, by whom, how, when/what frequency and cost implications etc) and reporting requirements. Adequate resources allocated to M&E. May involve building local M&E capacity and some reliance on local systems. This is a problematic area for Programs.
2.7	Specific strategy included ensuring gender in development adequately addressed during implementation.	Appropriate gender analysis undertaken or will be undertaken early in implementation. Gender implications adequately considered during design, gender sensitive indicators exist and data to be collected to measure changes to gender outcomes. Adequate resources allocated to addressing gender issues.
2.8	Specific initial environmental assessment undertaken and appropriate strategy developed to address any environmental concerns or system in place to ensure this happens during implementation.	Depending on the sector to be supported, an initial environmental assessment was or will be undertaken. System in place to ensure environment adequately considered with an evolving design. Subsequent strategy exists to address concerns where appropriate. Adequate resources allocated to addressing environmental issues.
2.9	Risk Analysis > Main risks identified and adequately analysed > Risk management plan/strategy sufficiently detailed and realistic	Adequate risk analysis and management plans/requirements prepared for Program. Clear requirement for Program risk management plans or strategy to be updated (preferably) at least annually.
2.10	Design framework is not overly flexible to allow for support of unfocused program and yet allows for necessary adjustments during implementation.	Design is clearly focused on a limited number of clearly identified priorities and beneficiary groups. Design identifies aspects of the Program where adjustments might be possible and suggests possible approaches or mechanisms for ensuring flexibility of Program implementation without risking an unfocused Program.
2.11	Design explicitly states PG, other donor partners and contractor responsibilities.	Explicit statements about PG, other partner donors and contractor responsibilities. Design includes agreed process for resolving interpretation differences, about roles and responsibilities, during implementation. This will need to be repeated for sub-activities.

2.12	<p>Institutional analysis makes it clear that</p> <ul style="list-style-type: none"> > the design is built on a sound understanding of the political context in which the Program will operate; > the PG staff requirements clearly are presented; > the proposed transfer of skills and knowledge is appropriate; and > workable institutional and organisational arrangements exist and that these are endorsed by the PG. 	<p>A potential complication with Programs that work with more than one PG Implementing Agency. Be aware that MOU Agreements do not always reflect the political realities between Government Agencies. Need to ensure adequate Institutional analysis is done on Implementing Agency to determine that we have a sound understanding of the political context and that adequate Agency capacity, commitment and mandate exists. Coordination and management arrangements are clear and adequate. If staff requirements are not included in the Program design framework (and agreed in the MOU), it should be required to be assessed during implementation. Skills to be transferred and method assessed to be adequate or will be assessed. Management skills emphasised. Essential Program documents to be translated into PG official language, where appropriate.</p>
2.13	<p>Final design includes appropriate mechanisms to manage PG, other donor partners and GOA political pressures.</p>	<p>Programs, particularly when designed to be flexible, may need to manage a variety of political interests and agendas. The design needs to include appropriate mechanisms for managing these agendas and interests.</p>
2.14	<p>Cost schedules provide adequate detail of estimated PG, other donor partners and Australian inputs.</p>	<p>Discussion of cost schedules and arrangements needs to demonstrate robust analysis and should engender confidence in plausibility. Alternatively, this is recognised as an important evolving design aspect of Annual Plans. Requires some understanding of the context in which Program is delivered.</p>
2.15	<p>Clear and achievable implementation strategy and schedules.</p>	<p>Due to the extent of design work required during implementation the Program needs to be realistic. Either we can be confident of the Program managing the key risks to timely implementation or enough allowance is made to ensure implementation schedule is realistic. Alternatively, this is recognised as an important evolving design aspect of Annual Plans.</p>
2.16	<p>Contract scope of services and basis of payment are clear, concise and consistent with Program design framework.</p>	<p>Easy to read and understand, and aligned with CSG good practice examples. SOS and BOP provide good guidance for Contract preparation. A challenge for Programs.</p>
OVERALL RATING FOR INDICATOR 2		
	Strengths	Weaknesses

Indicator 3: Adequacy of treatment of sustainability in design		
#	Indicators & associated Quality Standards	Comments
3.1	Clear analysis of PG policies and implications for the activity design.	Evidence that the policy environment has been analysed and that it is considered supportive of the activity's initiatives. If current policy environment is not considered support the implications are analysed.
3.2	Clear evidence of beneficiary support and commitment for Program initiatives that affect key beneficiaries.	If it is not possible to determine if the cost of providing ongoing benefits is within beneficiaries' means, assessment of this should occur during implementation. Incentives for participation and sustaining benefits are adequate.
3.3	Clear evidence of PG ownership of this "design" and commitment to Program.	PG ownership and commitment to success of Program intervention is widely accepted within DAC as essential for effective Program interventions. Ownership by the Senior management of the counterpart institution particularly important if resources and reforms are to eventuate.
3.4	PG's capacity to provide both staff and non-staff resources (both ongoing and any incremental) is explicitly assessed.	Realistic projections, about resources needed for staff and non-staff aspects and PG's capacity/commitment, have been made or this is explicitly the subject for further research during implementation. Projections should be in line with the usual budget amount provided by PG, or other local sources, for these types of activities or an aspect for assessment. No unrealistic expectation of significant increase in budget. Any intended analysis of capacity for users to participate or willingness to pay. Maintenance costs for new assets to be analysed & PG aware.
3.5	Adequacy of skills, knowledge, resources etc being transferred to those beneficiaries.	If the knowledge, skills and resources needed are not clearly identified and the means of providing them not included in Program design, then it is essential that the system should exist for assessing this during implementation. Appropriate supporting training included in Program. Appropriate technology involved or process for assessing appropriateness of technology during implementation. Effective approaches to capacity building, such as coaching, mentoring, building good counterpart relations etc, are proposed.
3.6	Current assessment indicates that AusAID should be confident the Program concept is feasible.	This requires an informed preliminary judgement based on assessing all the quality standards related to: <ul style="list-style-type: none"> > appropriateness of objectives; > good assessment of feasibility and implementation risks; > manageable and quality Facility design; > strong evidence of PG and beneficiary support; > AusAID monitoring/ management resources appropriate; and > supporting policy environment

3.7	Sustainability Analysis <ul style="list-style-type: none"> > Main risks to sustainability of benefits/ outcomes are identified > Explicit sustainability strategy sufficiently detailed and realistic > Phase out strategy 		Appropriate recognition of sustainability as an issue. Adequate analysis undertaken and strategy developed for key issues. Recognition of the eventual need for a phase out strategy.
OVERALL RATING FOR INDICATOR 3			
	Strengths		Weaknesses

Indicator 4: Standard of contract (assuming an external Program manager is used)

#	Indicators & associated Quality Standards		Comments
4.1	Contracting strategy appropriate		Appropriate mix of inputs and outputs. Appropriate degree of Program definition/design in Program design framework vis-a-vis what aspects are left to the implementation stage. Appropriate degree of flexibility. Sensible allocation of risks between parties, depending on who (AusAID, PG, other donors or contractor) is in best position to deal with the risk. Partnership approaches more common.
4.2	Contractor responsibilities clear.		Contract scope of services adequately and appropriately addresses responsibilities vis-a-vis other key players.
4.3	Contract provides implementers with adequate flexibility during implementation to achieve objectives.		Contract will allow field team to respond to any changing circumstances that impact on implementation.
4.4	Appropriate and adequate number of milestones identified.		Milestones should be tied to objectives/outputs of the Program (rather than to processes such as a report or a PCC meeting). Milestones must be achievable and measurable. Package of milestones sends a balanced signal to contractor about implementation emphasis. No obvious significant implementation gaps where contractor is not receiving a financial incentive to perform an important task.
4.5	Appropriate mechanisms in place to ensure adequate quality assurance (QA) of major deliverables.		Important aspect of Programs due to degree of design work during implementation. Quality standards of performance against each deliverable or milestone should be adequately specified in SOS/BOP. Appropriate contractor internal QA processes and resources required to peer review quality of major deliverables. Contract provides adequate financial incentives for quality delivery. Thorough external assessment of quality of key individual deliverables generally advisable.

4.6	Contract takes account of and can be easily managed in the context of available Post resources.		Contract management implications during implementation need to be consistent with Post resources. If apparently excessive, should clarify if this is a problem. Probably needs clarifying directly with Post during interview.
4.7	Contractor reporting requirements are appropriate.		Reporting frequency and required content will keep AusAID well informed of Program's progress and issues, and of evolving design aspects, without unreasonably distracting field team from other implementation responsibilities.
OVERALL RATING FOR INDICATOR 4			
	Strengths		Weaknesses

ATTRIBUTE B. PROGRAM PREPARATION IS MANAGED IN A PROFESSIONAL MANNER

Indicator 5: Partner government and beneficiary participation in design process

#	Indicators & associated Quality Standards	Comments
5.1	Key implementing institution's staff and other partner government stakeholders clearly identified and have actively participated and contributed at all stages of design process and adequate provision made for ongoing involvement with an evolving design.	Preferably adequate institutional analysis undertaken in designing Program. If not, provision needs to be made during implementation. Needs of all affected PG stakeholders analysed, including women and men. Key stakeholders have contributed to its design or been adequately consulted. Appropriate mechanism exists for ongoing involvement with evolving design.
5.2	Other donors actively and appropriately involved in design process.	Other key donors in the sector need to demonstrate support for the program and depending on the intervention this may include active involvement in design.
5.3	Other stakeholders, especially beneficiaries, clearly identified and have actively participated and contributed at all stages of design process and can appropriately contribute with evolving design work.	Other stakeholders affected by Program clearly identified. These stakeholders have contributed to its design or been adequately consulted. Stakeholder analysis, for women and men, done or planned for implementation. Where appropriate, the logframe specifies the beneficiaries in the component objectives and/or outputs.
5.4	Program has strong support from key senior officials of the PG.	Adequate PG ownership demonstrated by: a) Commitments to providing appropriate staff, funding and other resources b) Senior officials involved in the planning and design process. Clear PG ownership, if not leadership, is important for Programs and this should be clearly demonstrated during design.

5.5	MOU sets out in clear and appropriate detail the responsibilities and contributions of both the PG and AusAID (and other partners).		MOU is consistent with Program design framework input descriptions, cost schedules and responsibilities. That is, PG policy, institutional and financial support requirements are explicit and adequate.
	OVERALL RATING FOR INDICATOR 5		
	Strengths		Weaknesses

Indicator 6: Adequacy of design process (excluding PG & beneficiary participation)

#	Indicators & associated Quality Standards		Comments
6.1	Appropriate adaptation of overall planning pathway followed, that is commensurate with Activity's importance and resources involved and ensures: <ul style="list-style-type: none"> > context analysed; > problem well defined; > options carefully considered; and > feasibility of preferred option adequately assessed. 		Adequate attention given to studying the context, problem, alternative solutions and preferred option. Is Form of Aid explicitly and adequately analysed. No inappropriate shortcut taken in planning process, e.g. a "one stop design" for a major funding initiative. Appropriate level of development of design framework before implementation. That is, not under-designed.
6.2	Preparatory administrative steps, processes and resources of a high standard: <ul style="list-style-type: none"> a) TOR provided clear and appropriate guidance to the study team; b) Sufficient field time and resources were allowed; and c) Necessary and sufficient design and technical skills were included on study teams to address important aspects of feasibility assessment. 		<ul style="list-style-type: none"> a) TOR consistent with good practice guidance in AusGUIDE. b) If time and resources were limited during preparation, has this been recognised in the Facility design framework by requiring further major design work, possibly as part of the first and subsequent annual plans. If not, were the implications likely to be significant and adverse? c) Practical Facility design skills on design team, plus, where appropriate, social, economic, technical, gender, institutional, and environmental.
6.3	Design process involved broad consultation, both in-country and in Australia, with potential sources of appropriate experience and lessons.		Consultations included specialists involved in academia and activities of AusAID, other donors and PG, particularly in the same or related sectors, and locations.
6.4	Appropriate peer review undertaken and recommendations have been incorporated into the final design or documented why not.		Appropriate Peer Review meetings were held at least at the concept and appraisal stages. Minutes were kept. Meetings chaired by an appropriate level. Peer Reviews should involve broad representation from program and non-program areas and include an appropriate mix of skills. May require external involvement. Minutes should indicate that key recommendations would be actioned or explained why not.

6.5	Independent and professional appraisal undertaken and recommendations have been incorporated into the final design or documented why not.		Appraisal must be professional (appropriate skills and resources applied) and independent. Appraisers should have the correct mix of skills. Single discipline appraisals should be the exception. Documentation to demonstrate that appraisal comments were either taken into account or reasons provided for non-acceptance. No arbitrary dismissal of appraisal comments is acceptable. Adequate provision for ongoing appraisal of evolving designs of sub-activities.
OVERALL RATING FOR INDICATOR 6			
	Strengths		Weaknesses
Indicator 7: AusAID management, timeliness and use of resources during preparation			
#	Indicators & associated Quality Standards		Comments
7.1	Response and action times acceptable to AusAID stakeholders.		Time taken to receive responses from, or action to be taken by, PG, other donors, contractor, post, sector groups, CSG and desk. No inordinate delays obvious.
7.2	Time pressures (political etc) managed appropriately by AusAID without adversely affecting the design process.		Adequate time allowed in-country for various aspects of planning process. Sensible responses to political or other pressures to “get something on the ground”.
7.3	AusAID resources have provided strong team support and detailed contributions to Program preparation.		Contributions from desk, post, advisers, contract services, legal services have been appropriate to the size, complexity and risks of the Program. Evidence that inputs have strengthened the quality of the design.
7.4	Cost effective preparation process.		Overarching judgement about the balance of time taken and resources applied during preparation.
7.5	Post monitoring program provides appropriate monitoring schedule, resources and approach for this Program.		Appropriate rating under CPRAMP. Adequate internal and external (TAG etc) skills and resources to be applied to monitoring. Overall monitoring inputs considered cost effective.
OVERALL RATING FOR INDICATOR 7			
	Strengths		Weaknesses

