

Report on Quality at Entry and Next Steps to Complete Design for Incentive Fund Phase III

A: AidWorks details

Initiative Name:	Incentive Fund Phase III		
AidWorks ID:	TBC	Total Amount:	A\$100 million
Start Date:	1 January 2009	End Date:	31 December 2013

B: Appraisal Peer Review meeting details

Initial ratings prepared by:	Belinda Conn & Willie Koi
Meeting date:	15 July 2008
Chair:	Margaret Thomas, Minister Counsellor
Peer reviewers providing formal comment & ratings:	– Kate Averill, Ben Powell, Jacqueline Lees
Independent Appraiser:	– Peter Deacon
Other peer review participants:	<ul style="list-style-type: none"> – William Sent, Senior M&E Officer Department of National Planning & Monitoring (DNPM) – Ilma Gani, Planning & Programming Officer, DNPM – Margaret Callan, Assistant Director General, PNG Branch – Bill Costello, Counsellor, Policy Coordination and Quality – Belinda Conn, First Secretary, Program Quality – Willie Koi, Activity Manager, Incentive Fund – Charlotte Smith, First Secretary, Democratic Governance – Parulu Kwarara, Program Officer, Infrastructure – Romias Waki, Deputy Director, SNS – Lydia Butut-Dori, Senior Program Officer, Health Sector – Gabriel Kubul, Senior Program Officer Law and Justice – Alison DeLuise, Performance Quality and Review Section – Michelle Lowe, Performance Quality and Review Section – Roslyn l'Ons, Program Quality and Review Section – Rebecca McClean, Partnerships and Program Coordination Section – Angela Corcoran, Design Advisor – Les Holland, Advisor, Transport/Infrastructure – Jane Lake, Economics Advisor – John Winter, Performance Assessment Advisor – John Mooney, Design Team Leader – Owen Martin, Gender Thematic Group

C: Quality Rating Assessment against indicators

Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	5	<p>The Peer Review agreed that whilst the goal and purpose were clear there were no specific overarching objectives articulated in the design.</p> <p>It was noted that whilst flexibility is good in a design, there is a need to be clear on what the development outcomes are that we expect the IF to achieve (how do we know we have been successful?). It was recognised that it is difficult to articulate objectives where the design involves a facility that targets multiple sectors.</p> <p>The Peer Review discussed a number of approaches that could be used to better articulate the linkages between the objectives of the IF and the objectives that will be developed for each individual grants awarded under the program. It was agreed that these objectives would need to cover two key areas; firstly how we identify and support the capacity of PNG Organisations, and secondly the development outcomes of our investment.</p> <p>It was agreed that the IF is clearly linked to the objectives of both the Development Cooperation Strategy (DCS) and the PNG Medium Term Development Strategy (MTDS).</p>	<p>A schematic to be developed that will set out the hierarchy of goal, purpose and objectives to clearly demonstrate the linkages between what is being achieved at the grant level, and the goal and purpose of the IF.</p>
2. Monitoring and Evaluation	4	<p>The Peer Review agreed that a lot of thought had been put into the M&E framework for IF III. The activity level approach to M&E is clear however more definition is needed around the strategic level M&E.</p> <p>The risk of overburdening grant recipients with M&E responsibilities was discussed, and it was agreed that the process for each organisation would need to be tailored to ensure that it did not present a burden, or prevent organisations from delivering on their core business.</p> <p>The Peer Review identified that the link between the role of the Managing Contractor, development outcomes and goals needs to be measured. It was agreed that this could be incorporated into the role of the Independent Review Team.</p> <p>AusAID sectoral teams posed the question of how we link and communicate the outcomes of the IF M&E to the sectors that the work is happening in.</p> <p>The design team re-emphasised the role of the research element of the design, which has been created to look at the overall impact of the IF. In particular the research element of the design is in place the test the assumptions outlined in the design. This will go some way to provide evaluative reporting on the facility as a whole.</p>	<p>Strategic level outcome framework to be developed to address this issue</p> <p>Scope of IRT to be expanded to include this work.</p> <p>Information on IF projects to be provided to sectoral teams for inclusion in their SPR's</p> <p>It was noted that work on the strategic level M&E would need to wait until there was a portfolio of projects under the IF, and clarity as to the sectors that we are working within. AusAID will need to work closely with the Contractor to refine the M&E framework early in the implementation of the program.</p>

C: Quality Rating Assessment against indicators

3. Sustainability	5	<p>It was agreed that the sustainability of the recipient organisations is well covered in the design.</p> <p>Question was raised as to the sustainability of the program as a whole if we were to use the Managing Contractor model. It was noted however that this was a facility, and that the (significant) Australian investment needed to be protected. The most effective way to do that was through a Managing Contractor model. The Managing Contractor model does no harm to any PNG institution as it is there primarily to provide an access point to the facility itself.</p> <p>It was noted that the design undersells the achievements to date of the IF in developing the capacity of local industry in a sustainable way. The reach of the IF has been beyond the organisations it funds, but stretches to the builders and architects that are employed under the projects. Project Management capacity in PNG has also been built in a sustainable way over the life of IF.</p> <p>It was noted that there needs to be specific support to the grant recipients during the default liability phase of the program to assist the organisation to manage post-completion issues.</p>	<p>Justification for this being a 'project based' form of aid to be added to the design.</p> <p>Need to capture this work within the design and M&E framework to ensure that it continues in a systematic way in the new phase.</p> <p>This will be made explicit in the scope of works for the Managing Contractor.</p>
4. Implementation & Risk Management	5	<p>The importance of ensuring that this design is taken forward within the broader context of the Port Moresby Declaration was noted.</p> <p>The Peer Review agreed that the additional support available to applicants at the Concept Paper stage under IF III was an improvement on previous phases.</p> <p>The Democratic Governance team noted that they were pleased with the inclusion of the Joint Organisational Assessment tool, but did question whether it was coming too late in the selection process. They also noted the challenges associated with the assumption in the design that civil society organisations could graduate from SPKN to IF given their differing approaches. It was noted however that the two programs do compliment each other.</p> <p>The Peer Review requested greater clarity on the steps in the application process, in particular the contents required within the Concept Paper. It was also noted that the 'Gateway Criteria' need to be clearly set out in the design.</p> <p>The Chair highlighted the need to establish and maintain coherence between the IF and other similar mechanisms within the PNG Program. The Chair also requested that engagement of Provincial Governments be explored for the Management Group. In order to ensure coherence between the IF and broader sectoral approaches, there is a need to look for ways to bring in others working in sectors where proposals are put forward to participate in discussions with the Management Group. The Chair also suggested that the timing of funding rounds should be in sync, where possible, with annual budget and planning processes for Provincial Governments.</p>	<p>Once SPKN and and IFIII have been established further analysis will need to be undertaken to test the assumption that organisations can graduate from SPKN to IF.</p> <p>Application Process and Gateway Criteria to be presented in the design in a clearer and more concise way. Need to ensure decision points are well defined (including timing of JOA).</p> <p>Examine Management Group membership to incorporate the views of Provincial Governments.</p>

C: Quality Rating Assessment against indicators

5. Analysis and lessons	5	It was agreed that this was a strong element of the design, and that the lessons from the previous phases have been incorporated both at the macro and micro level. It was also agreed that the analysis supporting the design provided a solid base to take forward a new program.	
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*** Definitions of the Rating Scale:**

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps *completed by Activity Manager*

Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. Finalise the IF Design Document considering the Required Action	John Mooney	15 August
2. Finalise the design and call for Tender	Belinda Conn	End Sept 08
3. Mobilisation of the new IF facility	Belinda Conn	Mobilised by Jan 09

E: Other comments or issues *completed by Activity Manager*

- The Peer Review agreed that the design integrates Gender well. The draft design builds on the positive work in this area from the second phase, however one area for improvement would be to ensure that the engagement of women in the decision making process goes beyond consulting them on the proposed project.
- Overall, the Peer Review agreed that the Incentive Fund Phase III was a sound design and presented a good basis for moving forward.

F: Approval *completed by ADG or Minister-Counsellor who chaired the peer review meeting*

On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:

- ☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:
- ☒ **FINALISE** the design incorporating actions above, and proceed to implementation
- or: ☐ **REDESIGN** and resubmit for appraisal peer review

- ☐ **NOT APPROVED** for the following reason(s):
- _____
- _____
- _____

Margaret Thomas

signed: *Margaret Thomas*

19/09/2008