

INVESTMENT DESIGN QUALITY CRITERIA

All Australian aid investments, regardless of value, must meet these criteria.

RELEVANCE

Why are we doing this and what evidence is this based on?

To meet quality criteria for relevance, a design should:

- Outline Australia's national interest in the country or region. Identify the relevant aid outcomes this investment is contributing to in the Aid Investment Plan and where available, Sector Investment Plan/s;
- Show how the investment targets priority needs not addressed by other delivery partners, and/or how Australia is seeking to harmonise its assistance with donor partners;
- If working with another delivery partner (e.g. UN, WB or other bilateral donor) discuss what Australia expects to achieve through the partnership and how this fits with the partner government's priorities;
- Articulate the specific contribution of the investment to the Partner Government's priority development needs;
- Assess who the investment will benefit and why these beneficiaries have been selected (i.e. how the investment is relevant to the needs of these beneficiaries);
- Give sufficient analysis (including of opportunities for private sector engagement, innovation, gender, disability, other cross cutting issues and safeguards) to underpin the choices made and the logic to show why the investment will work. This should include an analysis of any major impediments impacting investment choices;
- Where knowledge gaps remain, identify and adequately resource further analysis as necessary, including as part of implementation arrangements;
- Demonstrate how the investment has been influenced by past experience and evaluations, including lessons learnt by other development partners and those contained in evaluation reports and international literature; and
- Describe how the investment will support policy engagement with partners to progress DFAT's priorities including aid for trade; private sector development; women's economic empowerment; and innovation.

EFFECTIVENESS

What will be achieved from the investment?

To meet quality criteria for effectiveness, a design should:

- Be clear on the link between the situation or problem analysis and the interventions and outcomes proposed;
- Have a clear orientation towards results, including links to relevant indicators in the department's Strategic Targets and the Performance Benchmarks as set out in the AIP;
- Have clear outcomes for the investment which are measurable and achievable within the stated timeframe;
- Have outcomes which are expressed in terms of the expected behaviour changes at individual and/or institutional levels (i.e. who will be doing what differently by the end of the investment);

- Demonstrate how the department will advance social inclusion within the investment – including as appropriate, but not limited to, people living with HIV/AIDS, people with a disability, indigenous peoples, ethnic and linguistic minorities, rural and remote communities and other excluded groups within the given context; and
- Where relevant, integrate social inclusion into outcomes including identifying why these are important and any risks associated with achieving those outcomes.

EFFICIENCY

Is the investment making appropriate use of Australia's and other partners' time and resources to achieve objectives?

To meet quality criteria for efficiency, a design should:

- Comply with DFAT's Value for Money principles – ensuring the proposed aid investment is an effective, efficient, economical and ethical use of Australian Government funds;
- Evaluate the value of this investment against alternative uses of these funds to achieve the proposed outcome or provide a comparison between previous investments with similar costs and outcomes;
- Outline and evaluate the key partnerships that contribute to achieving outcomes;
- Consider ways, if appropriate, to link funding to performance;
- Be able to be translated into contractable outcomes, through providing a clear budget with costed inputs and outputs leading to directly attributable outcomes;
- Provide the rationale and evidence which has informed the approach and type of aid, proposed delivery partner and financing arrangements selected;
- Clearly identify roles, responsibilities and accountabilities for delivery partners and stakeholders involved in implementation (e.g. through a Statement of Requirements and Pricing Schedule or other written agreement);
- Clearly articulate both the governance and management arrangements for the investment;
- Where advisers are being considered as a form of technical assistance, be consistent with DFAT's requirements on the use of advisers in the Australian aid program;
- Be harmonised with other donor partners and use, or be aligned with, partner systems where appropriate, or explain why use or alignment with partner systems is not appropriate; and
- Demonstrate that the investment can be appropriately resourced to achieve its outcomes. Resources include human, financial and time resources, partner staffing capacity, funding, and essential equipment and infrastructure.

MONITORING AND EVALUATION

Is the M&E Framework appropriate for measuring progress towards expected outcomes?

To meet quality criteria for M&E, a design should have monitoring and evaluation arrangements that:

- Have an explicit approach and/or techniques to evaluate changes in outcomes and impacts (where relevant);
- Help us know that our investment is performing against proposed outcomes;
- Are consistent with the underlying program logic of the investment;
- Support discussion with partner governments around investment progress;

- Enable sound management, ensure accountability and actively capture and respond to lessons-learned in a timely manner (so that poor performance can quickly be determined and managed);
- Are focused on priority information needs and not overly complex;
- Make clear what will be measured, by whom, when and how (including baselines);
- Are adequately resourced – both financially and with personnel;
- Use and strengthen local monitoring and evaluation systems;
- Include sex-disaggregated data that can be further disaggregated to measure impact on primary beneficiaries including disabled and particularly vulnerable or marginalised communities;
- Include appropriate, gender sensitive indicators that monitor compliance with cross-cutting and gender equality standards;
- Where implementing with other delivery partners, ensure their M&E framework meets DFAT reporting needs; and
- Monitor and report on implementation of safeguard measures.

SUSTAINABILITY

Will benefits last?

To meet quality criteria for sustainability, a design should:

- Clearly outline what sustainable benefits or changes the investment aims to generate and the strategies to achieve these;
- Identify and address specific constraints to sustainability, including financial, environmental, institutional, human resource and political constraints;
- Consider capacity issues, including the need for baseline assessments and the development of capacity development frameworks or strategies that can become locally owned in time;
- Have explicit strategies for developing resilience which are integral to the investment outcomes, approaches and M&E; and
- Address any emerging climate and disaster challenges (e.g. extreme weather events, resource degradation, pollution, disasters and climate change related impacts) or opportunities (e.g. for disaster risk reduction or adaptation).

GENDER EQUALITY

How does the investment address gender equality and women's empowerment?

To meet quality criteria for gender equality, a design should:

- Effectively integrate appropriate strategies to advance gender equality and promote the empowerment of women and girls;
- Ensure the equal access of women and girls to the benefits of the investment;
- Demonstrate how the department will influence advancing women's empowerment within the investment; including where appropriate, addressing women's role in decision making and leadership, empowering women economically or addressing violence against women; and
- Ensure that sufficient resources (financial and technical) are allocated to implement strategies.

RISK MANAGEMENT AND SAFEGUARDS

What else is at stake?

To meet quality criteria for risk management and safeguards, a design should include an assessment of risk (including safeguard issues) that:

- Explains what may prevent the investment from achieving its outcomes;
- Has realistic strategies for mitigating the risks, with clear assignment of responsibility and timeframes;
- Considers a range of risk types within the categories of contextual, programmatic and institutional such as, but not limited to, fiduciary risk, development risk, workplace health and safety risks, risk of fraud and staff security;
- Considers the risk management systems and capabilities of partners to ensure they are adequately managing and monitoring our shared risks;
- Is informed by the risk assessment undertaken at the Investment Concept stage and draws on lessons learned; and
- Is documented in accordance with DFAT's Risk Management policy, Workplace Health and Safety policy and the Risk Management for Aid Investments Better Practice Guide.

Safeguards

- Identifies safeguard management issues which will be required in implementation, and discusses how these will be applied for child protection, displacement and resettlement, and environmental protection;
- Demonstrates how the investment will engage with partners to influence their approaches to safeguard issues; and
- Ensures no significant negative environmental impacts are likely (including complying with the *Environment Protection and Biodiversity Conservation Act* and international environmental agreements).

The department has safeguards to ensure aid investments “do no harm” to people and their environments. Safeguards are mandatory requirements that apply to all our investments regardless of value. The three mandatory safeguard areas in DFAT are child protection, environmental protection, and resettlement and displacement. Further details on these safeguards are in the Aid Programming Guide.

Environment safeguards (if applicable)

If during earlier preparations—such as at the Investment Concept or the Written Approval to Commence stages—it is identified that the investment could have an environmental impact the design must demonstrate that DFAT's environment safeguards form part of the design. For information see Environment Management Guide for Australia's Aid Program. The Environment Safeguards and Aid Risk Management section (environment@dfat.gov.au) will provide advice on the application of the department's environmental safeguards.

An environment analysis is not required if the investment falls within one or more of the following categories: procurement; report preparation; training; event (workshop, conference, meeting); multilateral fund replenishment; trust fund; budget support or communication.

Child Protection safeguards (if applicable)

The department's Child Protection Policy for the Australian Aid Program is designed to meet DFAT's obligations under the United Nations Convention on the Rights of the Child to protect children from abuse and exploitation, in line with relevant Australian laws. The policy outlines the key compliance

standards and mandatory reporting requirements that apply to all departmental staff and contractors, as well as to the non-government organisations and other groups that receive funding from the department.

If the investment takes place in a vulnerable place or risky sector as defined by the DFAT Child Protection Policy, adequate measures must be in place to manage the risks of child abuse and neglect. The DFAT Child Protection Compliance Unit (childprotection@dfat.gov.au) will provide advice on the application of the department's child protection safeguards.

Displacement and Resettlement safeguards (if applicable)

Where Australian aid investments may lead to physical displacement (partial or complete loss of residential land, shelter or other structures) or economic displacement (partial or complete loss of land, access to assets, income sources or other sources of livelihood), the department takes steps to address adverse impacts on people and businesses. DFAT's approach to these issues is outlined in its Displacement and Resettlement of People in Development Activities policy.

Investment planning must ensure the department's exposure to these risks is effectively managed, by avoiding displacement through alternate design, minimising the displacement of affected people and/or mitigating the adverse impacts of displacement and resettlement.

The DFAT Displacement and Resettlement Section resettlement@dfat.gov.au will provide advice on the application of the department's displacement and resettlement safeguards.

INNOVATION AND THE PRIVATE SECTOR

Has the investment explored innovative approaches to achieving development results?

Has the investment considered private sector engagement in the design process?

An investment design should consider:

Innovation

- Using an approach to aid delivery that has not been used in this region/country or sector previously;
- Trialling or adapting new technologies that offer the potential for improved cost effectiveness and/or achieving impact at scale;
- Undertaking new collaborations/ partnerships between DFAT and the private sector (excluding standard commercial supply contracts);
- Ensuring the investment's M&E system collects 'real-time' data and uses this information to adapt the investment during implementation;
- Driving the delivery of results (e.g. create linkages between performance and funding); and
- How the investment will be scaled-up and/ or replicated if it proves successful.

Private Sector

- Comprehensively engaging with the private sector during the design preparation;
- Involving the private sector during implementation; and
- How the investment will have a positive impact on private sector growth.