TRACKING PERFORMANCE:
Evaluation of DFAT Aid Monitoring Systems
DECEMBER 2018

Each year the Australian Government invests around $4 billion to promote and protect Australia's interests internationally and contribute to global stability and economic growth. Currently, more than 2,000 staff at the Department of Foreign Affairs and Trade (DFAT) manage, monitor and report on the expenditure of more than 800 aid investments delivered through country, regional, global and thematic aid programs. The Australian aid program has a strong emphasis on performance, results and value-for-money that requires consistent and robust investment monitoring systems.

Key messages
Australia's aid performance management system is recognised as among global best practice. This however cannot be taken for granted. Performance management systems require ongoing attention and nurturing if they are to continue to provide the necessary foundations for an effective aid program.

This evaluation was in response to internal DFAT reporting that indicates that the quality of investment monitoring systems have been persistently lower than the quality of other aspects of aid investments such as effectiveness and efficiency.

The evaluation found that DFAT's performance culture - the mix of shared vision, results expectations, operational tools and workplace behaviours that define and reinforce success - is the key determinant of the quality of investment monitoring systems.

The evaluation findings and recommendations set out a pathway to further strengthen and improve our aid spending.

Key Evaluation Questions:
1. What are the characteristics of a DFAT better-practice monitoring system for investments delivered by managing contractors?
2. What factors contribute to, or inhibit, better-practice investment monitoring systems delivered by managing contractors? What is the relative importance of those factors? What are the management implications for DFAT?
FINDINGS

Characteristics
The evaluation found that Australian aid investments with higher-quality monitoring systems have three distinct characteristics:

- Monitoring systems have clearly defined outcomes that both measure and guide investment progress
- Monitoring systems and data are quality assured through the use of M&E quality standards and independent expert advice
- Monitoring system information is useful for multiple stakeholders and often for multiple purposes.

Factors
The evaluation found four factors strongly determined the extent to which aid investments demonstrate better-practice characteristics:

- DFAT's performance culture is the most important determinant.
- DFAT's ability to set and maintain clarity about aid investment objectives
- DFAT's demand for quality monitoring data and the systems required to generate this data
- Managing contractor responsiveness to DFAT requirements.

THE EVALUATION FOUND THAT DFAT'S PERFORMANCE CULTURE IS THE MOST IMPORTANT DETERMINANT OF INVESTMENT MONITORING SYSTEM QUALITY

Recommendations
The evaluation identified five recommendations for the Department of Foreign Affairs and Trade.

1. To promote consistent and robust investment level monitoring, and the performance culture to support this monitoring, across the Australian aid program.
2. To strengthen its communication of the role of monitoring in supporting performance, diplomacy and strategic objectives.
3. To check investment monitoring system quality during the investment inception phase and invest resources to ensure DFAT M&E standards are met.
4. To ensure that all investment managers have technical support to establish and oversee investment monitoring arrangements.
5. To standardise monitoring expectations across managing contractor contracts.

The evaluation identified two recommendations for managing contractors.

1. To nurture a corporate culture of performance, including by building new capability and encouraging a cohort of staff to develop and maintain M&E expertise.
2. To support simple yet adaptable monitoring approaches, strengthened by learning across investments.

Class in session at St. Joseph’s International Catholic College in Port Moresby, which received grant funding through DFAT’s Incentive Fund program. Photo credit: Incentive Fund, DFAT

Office of Development Effectiveness
The evaluation was conducted by the Office of Development Effectiveness (ODE), a unit within DFAT which monitors the quality and assesses the impact of the Australian aid program. The full report including the management response is available at dfat.gov.au/ode