



SAFEGUARD GUIDANCE NOTE: SAFEGUARD MONITORING AND EVALUATION

This Guidance Note is one of a series that provide supplementary information on the identification, assessment and management of environmental and social impacts in program investments. The notes complement the *Environmental and Social Safeguard Policy* and the *Environmental and Social Safeguard Operational Procedures*.



1. HOW MONITORING AND EVALUATION IMPROVES ENVIRONMENTAL AND SOCIAL OUTCOMES

Why monitoring and evaluation are important – The purpose of monitoring the implementation of environment and social safeguards is to identify problems as early as possible, while there is still time and resources to address them. The purpose of evaluation is to assess whether management planning measures have achieved their objectives, including compliance with DFAT policies.

Monitoring allows for identification of problems, such as those requiring a change of plans, as well as problems stemming from a failure to follow plans at an early stage when they can be resolved in a timely and cost effective manner. Monitoring also increases the likelihood that problems can be addressed through established procedures rather than becoming a source of conflict or disagreements with partners.

Effective monitoring and evaluation require advance planning as an element of investment design and implementation.

2. WHAT ARE DFAT'S RESPONSIBILITIES?

In co-financed investments, multilateral or bilateral partner agencies are likely to have their own specific requirements relating to monitoring and evaluation. DFAT itself has a responsibility to monitor whether the investment is being implemented in a way that will ensure DFAT policy objectives and agreements are fulfilled.

DFAT should engage with partners to formulate appropriate responses to any implementation problems or shortcomings that monitoring and evaluation discover. In some circumstances, third-party monitoring is also appropriate to provide independent verification of implementation status. If there is a need for monitoring by third parties, it is important to identify the need early to ensure that agreement and resources are in place.



3. FUNDAMENTAL ELEMENTS OF IMPLEMENTATION MONITORING

Typically, environmental and social management plans establish monitoring requirements, commensurate with the impacts associated with the investment. Effective management plans may require baseline data to be obtained against which implementation progress can be monitored and evaluated. Other key issues to be addressed in planning for implementation monitoring are:

- What are the key intended functions of monitoring and who is responsible for undertaking them?
- What should be monitored?
- What forms of information should be obtained?
- When should monitoring occur?
- How is monitoring information to be reported, and what is expected to happen as a result of monitoring?
- Who will fund monitoring, including third-party monitoring?

Management plans should clearly establish the agencies or personnel tasked with monitoring. This is especially important in investments whose implementation requires coordination across multiple ministries or geographic jurisdictions.

For investments with significant potential environmental or social impacts, or investments affecting highly vulnerable populations or situated in conflict-prone areas, management plans should include arrangements for *third-party monitoring* independent of investment management. This requires terms of reference to be prepared that establish necessary skills and qualifications as well as the scope of monitoring investments and coverage.

Third-party monitoring involves field-based validation of internal monitoring results, supplemented by field consultation with the implementing agency and affected people. It usually focuses in particular on the effectiveness of mitigation measures and management activities.

What should be monitored? – Depending on the nature, scope and scale of the investment, the range of monitoring generally includes physical, financial, process and impact aspects. Monitoring of physical progress focuses on the extent to which changes in environmental or social conditions have occurred. Financial monitoring focuses on budgetary outflows, for example, for rehabilitation or compensation. Process monitoring reviews whether interactive arrangements (e.g., consultations, disclosure of information, grievance procedures) are functioning as specified in management plans. Examples of these four monitoring categories are included in the box on monitoring indicators on page four of this note.

What forms of information should be obtained? – It is important to distinguish between quantitative and qualitative monitoring information. Physical and financial information can usually be quantified, typically making it more objective and verifiable. Process and impact information, by contrast, is likely to require at least some degree of qualitative assessment, necessitating application of judgment. For most development investments, effective monitoring requires a blend of quantitative monitoring indicators and qualitative assessment. Examples are included in the box on monitoring indicators.

When should monitoring occur? – Environmental and social management plans should establish when monitoring should begin, frequency of monitoring during the implementation phase and when monitoring may cease. It is important to observe implementation practices in the very early stages in the field, when patterns remain relatively easy to adjust and before resources are expended inappropriately or ineffectively.



How to report monitoring information, and what should happen as a result of monitoring? –

Designs, agreements and management plans establish reporting requirements, including the frequency for reporting on internal and third-party monitoring activities.

DFAT and the partner government (and co-financing partners, if any) should review the monitoring reports and discuss how any problems or issues that are identified should be managed. In many instances, problems will reflect some form of implementation problem or failure – planned actions have not been taken, have been taken at the wrong time, or in an inappropriate sequence. In other instances, monitoring exposes problems that were not anticipated, or indicates that implementation of actions as agreed has not had the intended effect. Such instances call for adaptive management, which may include agreement among DFAT and other partners that management plans need revision or that actions inconsistent with the original management plan will be undertaken. Agreed actions that are supplemental or contrary to the management plan are recorded. If there are revisions to the management plan, the revised plan is publicly disclosed.

How is monitoring to be funded, including third-party monitoring? – Management plans should make specific reference to how the various elements of the monitoring plan will be funded and provides estimated costs. If third-party monitoring is used, its costs should be addressed whether funded by DFAT or by a co-financing partner agency. Monitoring is an integral element of the investment; securing reliable and timely funding. It is addressed as a part of investment design where information on costs and funding sources is provided in the overall budget and financing agreements.

4. EVALUATION OF PERFORMANCE AND OUTCOMES

Evaluation assesses whether the environmental and social safeguard measures in agreements and management plans have been fully implemented and whether fundamental objectives – management of environmental and social impacts – have been achieved.

5. DFAT'S ROLE IN SUPPORTING MONITORING AND EVALUATION

DFAT has a responsibility to assess whether Australian Government support has been used as intended and in accordance with DFAT's safeguard policy - whoever is implementing an investment.

DFAT has a direct role to play in monitoring the performance of co-financing partners, when decisions have been made to use a partner's policies as the basis for implementing environmental and social safeguards. When a DFAT team identifies problems associated with a co-financing partner's failure to meet its policy obligations or when implementation does not lead to satisfactory outcomes, DFAT should discuss the situation with the relevant partner and suggest appropriate remedies.

GET HELP IF YOU ARE UNSURE

For assistance please contact aidsafeguards@dfat.gov.au



Examples of Quantitative Monitoring Indicators and Issues for Qualitative Judgment

The form and content of monitoring should be based on the impacts and implementation complexities of the investment. No single set of monitoring indicators or monitoring arrangements will be effective or efficient to undertake in all implementation settings. Nonetheless many are commonly employed across a range of settings. Examples include the following:

Physical Indicators

- Land acquired including crops and trees
- Construction site rehabilitated
- Infrastructure repaired or replaced according to plans
- Services provided for resettled communities
- Water supply quality and flows maintained

Financial Indicators

- Payment of compensation for land, structures and fixed assets
- Payment of moving allowances or other forms of transitional assistance
- Resource transfers to agencies providing training, employment or other livelihood support
- Resource transfers to agencies restoring or replacing infrastructure, facilities or services

Process monitoring

- Implementation agency staffing and training
- Management plan investments completed
- Households (and businesses) receiving compensation and other assistance in full and when required
- Provision of titles and permits, or other administrative or legal measures
- Community consultation meetings held
- Grievances received
- Response time for grievances received
- Grievances resolved

Impact monitoring

- Sufficiency of compensation for replacement of land or other assets
- Households occupying replacement housing
- Replacement housing meets standards
- Agriculturalists receiving equivalent agricultural land
- Household agricultural production and income
- Displaced persons receiving skills training
- Displaced persons with paid employment exceeding or equalling prior income levels
- Household access to public infrastructure and services
- Household access to community facilities and services
- Businesses restored to profitable operation
- Household aggregate income sources and levels
- Effectiveness of actions targeted for women and children and persons with disabilities
- Support provided to identified poor or vulnerable households, or persons within households
- Effectiveness of support in addressing identified vulnerabilities among or within households

