



Australian Government
AusAID



Use of Advisers in the Australian Aid Program -

Operational Policy: Adviser Planning, Selection and Performance Management

March 2011



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Published by the Australian Agency for International Development (AusAID), Canberra, July 2011.

This document is online at www.ausaid.gov.au/publications

For further information about the Australian Government's international development program, contact:

Communications Section
AusAID
GPO Box 887
Canberra ACT 2601

Phone (02) 6206 4000
Facsimile (02) 6206 4880
Internet www.ausaid.gov.au

1. Policy Intent

- 1.1 This operational policy sets out the range of circumstances in which the Australian Government supports the use of advisers in the aid program and its requirements for planning, selection and performance management of adviser use.
- 1.2 The policy provides guidance to AusAID staff aimed at ensuring:
- that when used, advisers are the **most effective and value-for-money response** to mutually agreed needs and priorities;
 - **critical appraisal of the way technical assistance¹ options** - including the use of advisers - are identified, assessed and agreed across the aid program; and
 - **rigorous performance management and reporting of advisers** is conducted jointly with country partners against clearly defined development results.
- 1.3 The policy will be applicable across the Australian aid program. Policy implementation will:
- lead to an **increase in the use of alternative technical assistance approaches** to supporting capacity development; and
 - contribute to **improved effectiveness and better value for money** within the aid program.
- 1.4 The policy, and associated guidance, should be applied in accordance with AusAID's existing *Country Strategy Development Policy*, instructions and guidelines to ensure evidence-based decision making at all parts of the aid management cycle. The Policy must be applied in accordance with AusAID's *Adviser Remuneration Framework*.

2. Background

- 2.1 Historically, a large part of Australia's aid program has been delivered through advisers. This is primarily because the program is concentrated in fragile and conflict-affected countries where government systems and capacity are weak and relevant expertise is often not available locally.² In these contexts, advisers can be a legitimate means of providing aid and are likely to remain a contributor to capacity development in the short to medium term.
- 2.2 However, **the use of advisers as a primary form of aid delivery by AusAID has been criticised by both Australian and country partner stakeholders** as being high cost and supply driven, with weak or unsustainable impacts on capacity. The Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) also noted the high proportion of advisers, as compared to other international donors, in its 2004 and 2008 reviews of the Australian aid program.
- 2.3 The use of advisers has also been the subject of considerable recent international aid research. It has been noted that '*while a shift in thinking and practice with regard to the*

¹ For definitions of adviser and technical assistance refer to Attachment 2- Glossary

² Thirty of the countries that currently receive Australian aid are considered to be fragile. In 2009-10, these countries received approximately 50 per cent of Australia's regional and bilateral aid.

provision and use of advisers is needed, this does not mean that it is to be condemned outright, given the real value it can bring to development processes'.³

- 2.4 The aim of the Australian aid program, therefore, is to put in place an approach to the use of advisers that is results-focussed and demand-driven, with expertise increasingly procured directly by country partners through national systems, and nationally managed.

3. What is an Adviser?

- 3.1 Australia uses the term 'adviser' broadly, to refer to someone who **provides advice on the strategic direction, and/or supports the implementation of, Australian aid** and whose professional fees or salary are paid from the official development assistance budget.
- 3.2 Advisers share technical expertise and advice with, and support agreed capacity development aims of, country partners (government and non-government), AusAID, or other development partners (whole-of-government, other donors), regardless of whether they are based in-country, in Australia or elsewhere. The equivalent DAC term is 'Technical Assistance personnel'.
- 3.4 It is important to avoid confusion with the broader concept of technical assistance (TA) when reporting on both TA and advisers. When referring specifically to advisers in the Australian aid program the term "advisers" should be used, rather than "TA" or "TA personnel".

Box 1: Technical Assistance

Technical assistance is the provision of expertise in the form of personnel, training and research. It comprises activities that augment the level of knowledge, skills, technical ability or productive aptitudes of people in developing countries (such as scholarships, institutional twinning and mentoring) as well as services (such as consultancies, technical support or the provision of expertise): derived from the OECD DAC 2007 Statistical Reporting Directives.

- 3.4 The way the Australian aid program uses advisers varies according to the context:
- advisers undertake a variety of roles and functions, reflecting the growing range and complexity of aid delivery responses across middle-income and aid-dependent low-income countries to fragile and post-conflict situations;
 - the skill set required by an adviser is determined by the technical and capacity development role/s as well as cultural and personal attribute requirements of individual positions; and
 - an adviser may counterpart a partner government, regional institution, AusAID or other development entity.
- 3.5 In all situations **capacity development** – of people, organisations and systems – **should underpin all advisory inputs** provided by the aid program. Table 1

³ T Land, V Hauck & H Baser, *Aid Effectiveness and the Provision of TA Personnel: Improving Practice (Policy Management Brief No. 20)*, Maastricht, European Centre for Development Policy Management (ECDPM), 2007.

recognises that adviser support to capacity development can occur along a continuum – **capacity substitution, supplementation, facilitation to enabler roles.**

Box 2: Capacity Development

Capacity development is the process by which people, organisations and society as a whole develop competencies and capabilities that will lead to sustained and self-generating performance improvement (AusAID 2008).

3.6 Each of these roles, or a combination of them, has a valid place in the Australian aid program when positioned within the broader context of agreed **sustainable solutions to development challenges**:

- For example, an in-line adviser may perform the role of Accountant General in a partner government Finance Ministry for an agreed period - essentially substituting for capacity that does not exist locally. But this input should be positioned within a cross-ministry capacity development strategy. For example, as part of an approach that includes:
 - a. a graduate accountant development initiative;
 - b. a twinning arrangement with a regional finance ministry;
 - c. scholarships for targeted ministry staff; and
 - d. institutional change management support.

While the capacity building contribution of the in-line adviser may be modest and time-bound, it is situated within a comprehensive plan combining a range of technical assistance approaches to support broader sustainable capacity gains.

3.7 Clarity about both the limitations and expected results of adviser support helps establish more **transparent and realistic performance expectations** and **positions the adviser input to maximise both value for money⁴ and results.**

Box 3: Value for Money

Value for Money (VfM) incorporates concepts of compliance, accountability for results, effectiveness (relationship between costs and results) and efficiency (includes an emphasis on driving down unit costs).

⁴ AusAID is currently developing a definition and approach to applying Value for Money across the aid program.

Table 1: Capacity Development Framework: Adviser Roles

	Capacity Enabler ⁵	Capacity Substitution	Capacity Supplementation	Capacity Facilitation
Purpose	Technical, governance or activity management advice. To enable efficient use of donor resources. To liaise between donors and country partners to facilitate aid delivery.	Technical, organisational or governance advice. To help an organisation carry out its work in lieu of locally available personnel.	Technical, organisational or governance advice. To provide expert advice to a client on a defined area of specialisation not available locally.	Mentoring, coaching, confidence-building, change management. To assist capability development and enhance performance.
Approach ⁶	Indirect	Direct	Direct or indirect	Ideally indirect
Role	Provision of program management/specialist technical advice. Transitional boost to aid program delivery capacity not available, or needed long-term, in-house or locally. Always off-line.	Delivering services in the context of performing core functions. Providing capacity that does not exist locally (gap-filling). In-line.	Delivering services in the context of supporting specific tasks. Adding to existing capacity in specialist areas. In- or off-line.	Facilitating change and/or service delivery. Strengthening and expanding existing capacity. Always off-line.
Relationships	AusAID staff or work unit. Country partners.	Fills established position within partner organisation, so no counterpart.	Counterpart may be a country partner work unit or individual.	Must have a country partner counterpart (individual, work unit or system).
Examples	Program Team Leader; AusAID Public Financial Management adviser overseeing fiduciary risk in a budget support activity.	International adviser contracted to perform role of Judge; Whole-of-government employee seconded to perform Auditor General role in partner government.	National adviser supporting partner country statistics office undertake national census; Education Adviser supporting national vocational skills audit.	Change Management adviser working in Ombudsman's Office to facilitate strengthened case management and business processes.

4. Minimum Standards for Adviser Planning, Selection and Performance Management

- 4.1 The following set of minimum standards should be applied in all adviser position decision-making processes and documentation, including: country, sector or thematic strategies; delivery strategies, design documents or their equivalent; appraisal and approval processes.

Some standards are not relevant to all adviser roles. For example, A) and H) are not usually applicable for advisers undertaking 'capacity enabler' roles.

- A) The initial **demand** for technical assistance should be **country partner led and clearly articulated**

⁵ Capacity enabler roles do not have primary or explicit capacity development responsibilities – they enable effective capacity gains to be realised across the aid program.

⁶ For definitions of direct and indirect adviser approaches refer to Attachment 2- Glossary.

- B) Each adviser position must be justified as being **the most effective response** to the result desired. This includes assessment of both **the range of technical assistance options available, and the various ways advisers can be used** and clear planning and sequencing of such, as appropriate.
- C) Each adviser position must represent **value for money** for Australia and country partners, which includes:
 - i. consideration of the opportunity cost compared to alternative technical assistance options
 - ii. the full range of costs associated with adviser deployment being made transparent to country partners⁷, and
 - iii. application of AusAID's standardised *Adviser Remuneration Framework*⁸
- D) The design of any advisory position must have **clearly articulated objectives, deliverables and outcomes**. If the adviser input is part of a wider development activity, the design should clearly show the contribution of each advisory input to achieving the higher level, mutually agreed activity objectives.
- E) For each advisory position, the relevant design documentation (eg. terms of reference) should articulate the primary capacity role - to **substitute, supplement, facilitate or enable capacity**.
- F) Every adviser position undertaking a supplementation or facilitation role must have a **counterpart** in the form of an individual, work unit or system.
- G) Lines of **accountability** should be clearly specified. Advisers should in the first instance be accountable to, and managed by, the organisation/s in which they are working. Where country partner capacity for adviser performance management is limited, support should be provided to strengthen partners to effectively performance manage adviser placements.
- H) Country partners should lead **adviser procurement or recruitment processes**⁹, to the extent possible. This should be based on joint assessment and agreement on country partner capacity and preferences. As a minimum, country partners should lead adviser selection processes.

4.2 The following set of minimum standards should be applied to the performance management, monitoring and reporting of all adviser positions. It is recognised that for advisers undertaking 'capacity enabler' roles, the standards may not be wholly applicable.

- I) **Joint annual dialogue** on the effectiveness and value-for-money of all adviser positions must be conducted, at a level appropriate to discuss and make decisions on whole-of-program issues, to encourage mutual accountability of adviser performance, including discussion of:

⁷ Privacy issues and Do No Harm principles need to be taken into consideration, including country specific legislation and security issues.

⁸ Application of the AusAID Adviser Remuneration Framework is mandatory for all commercially contracted adviser positions.

⁹ For policy purposes, procurement relates to tender processes undertaken to contract advisory services and recruitment relates to selection processes undertaken to employ advisory services.

- i. adviser effectiveness, through examination of adviser performance and contributions to aggregated aid development outcomes, and
- ii. the overall number and location of adviser positions for the following year, and their justification.

Relevant fora for this dialogue include existing processes such as High Level Consultations, Pacific Partnerships for Development and Statement of Commitment processes, Ministerial meetings, Program Coordinating Committees and/or dedicated Joint Adviser Review committees.

J) The above dialogue will be informed by data drawn from combined AusAID and country partner performance assessment and reporting processes. These include:

- ❖ **Six-monthly adviser stocktakes**¹⁰, reporting on:
 - i. Numbers of advisers, and
 - ii. Estimated cost of using advisers.
- ❖ **Joint annual adviser performance and position reviews**, reporting on individual adviser deliverables/results and country partner and AusAID satisfaction with adviser performance relative to position objectives. They also review and verify the ongoing position relevance and primary capacity role. AusAID's *Contractor and Adviser Performance Assessments - Guideline* mandates annual adviser performance reviews to be undertaken; defines processes for management of underperformance; and allows performance information to be used to inform both adviser remuneration and future selection processes. It includes Performance Assessment templates for both managing contractor entities and individual advisers which require performance ratings to be recorded against (minimum) critical performance factors/criteria.
- ❖ **Performance assessment at the strategy, program and activity levels**, through the conduct of Annual Program and Thematic Performance Reviews (APPR/ ATPR), annual Quality at Implementation (QAI) Reports, periodic country and delivery strategy reviews, independent completion reviews and impact evaluations. These processes will collectively provide **annual assessments of all adviser positions** (individually and aggregated, as appropriate) for their **effectiveness - including contribution to higher level development outcomes and continuing relevance**. AusAID's *Performance Management and Evaluation Policy* defines minimum standards for each assessment process.

Box 4: Use of Advisers in the Australian Aid Program Guidance Note 1: Operational Policy Implementation Checklist

This document provides a checklist and further information on how to define expected results, how to identify the most appropriate form/s of technical assistance, and the processes for selection and performance management of adviser positions.

¹⁰ Stocktake data will be collated centrally through AusAID's AidWorks system reporting processes

5. Whether and How to Use Advisers

Whether to use Advisers – the Results and Capacity Context

- 5.1 The starting point for dialogue is **NOT** whether or not to use an adviser. The starting point is the results Australian aid seeks to achieve. This discussion must include consideration of what the country partner can change or implement to achieve the desired results and what range of technical assistance approaches are available for the country partner and AusAID to support achievement of the results.
- 5.2 To inform this dialogue it is essential to have a solid mutual understanding of the **capacity context**. This includes joint analysis of the existing capacity of the organisation or sector proposed for engagement, inclusive of the political, institutional and cultural factors at play – country partner leadership and political ownership are key determinants of aid effectiveness.
- 5.3 Where they exist, country partner national, strategic and operational plans should be used as a basis for assessing capacities and for determining AusAID's potential contribution. This can be done as part of existing processes to determine AusAID engagement, such as country situational analysis, delivery strategy development and activity design – as outlined in AusAID's *Country Strategy Development Policy*.
- 5.4 This analysis will provide country partners and AusAID with an informed understanding of what can be expected from any external intervention and the areas of engagement with potential to have the greatest impact and effectiveness gains.

How to use Advisers – the Technical Assistance Options

- 5.5 There are a range of technical assistance (TA) options which can support capacity development – **of which advisers are one**. There are also a range of approaches to how advisers can be used. Consideration of alternative TA options – and the potential blending or sequencing of TA – is most critical at the initial scoping or design stage, although there are still options once aid delivery is underway.
- 5.6 A coherent framework incorporating a range of options, including advisers where appropriate, is more likely to contribute to sustained capacity development than an over-reliance on one single approach. Some options are more focused on individual capacity while others are more suited to organisational or institutional change. Where adviser inputs are used they must include an appropriate mix of skills to enable change management to progress alongside, and support the sustainability of, technical system and efficiency reforms¹¹.
- 5.7 A matrix of **Technical Assistance Options for Developing Capacity** has been developed by AusAID to provide a reference and information tool to inform discussion and decision-making on TA options between AusAID and country partners.

¹¹ Technical Assistance (TA) Personnel "Frequently Asked Questions"; AusAID, September 2009

**Box 5: Use of Advisers in the Australian Aid Program Guidance Note 2: Technical Assistance
Options for Developing Capacity**

This document provides a summary of over sixty options to support individual, team, sectoral and/or institutional capacity development; outlines uses, advantages and disadvantages of each; and provides some examples of their application.

Examples of TA options include coaching, scholarships, professional network membership, mentoring and secondments for individuals; study tours, customised leadership and management courses, on-the-job training and planning or training retreats for team or sector groups; and capacity diagnostics, research, workshops, institutional twinning arrangements and outsourcing of services for organisations. Most of these options can be applied across individual, team, organisational and sector levels to develop capacity.

- 5.9 The relative **cost of alternative TA options should be made transparent to all partners** to ensure decisions are informed by both the development results desired and value for money considerations.

When an Adviser is the Agreed Approach

- 5.10 When the use of an adviser is agreed by partners as the preferred TA option, further decision points follow as to how to source, fund and mobilise the adviser.
- 5.11 Advisers can be sourced from international, regional or national labour markets, or a combination of these. Using a combination of international and national advisers can leverage international experience informed by local needs, capacities and contexts.
- 5.12 Advisers may be procured directly by AusAID, by country partners, by a commercial (managing) contractor or by Australian whole-of-government stakeholders¹².
- 5.13 AusAID may choose to: fund advisers directly; cost-share funding of advisory positions with country partners; provide funds to country partners to contract national service providers to access the local labour market for specialist skills; or contribute to 'pooled' donor funds to enable country partners to access advisory services.
- 5.14 Each of these **funding approaches** has different implications, including for where the primary responsibility for performance management, risk management and accountability for results, rests.
- 5.15 Adviser approaches may be **direct** – where an adviser undertakes an implementation role, seeking to produce tangible results or products – or **indirect** – where an adviser supports or facilitates one or more country partners to achieve their priorities and produce tangible results.
- 5.16 All advisory positions should be designed with **clearly defined objectives and performance accountabilities** which are assessed and reported against on a regular basis.

¹² Advisers can also be engaged through multilateral organisations or other development partners using their own systems and processes.

6. Adviser Performance Management, Monitoring and Reporting

- 6.1 Managing adviser performance is an essential element of ensuring effectiveness in aid delivery. AusAID's *Contractor and Adviser Performance Assessments - Guideline* mandates review and documentation of adviser performance on a minimum annual basis, using a standard set of performance criteria.
- 6.2 **Measurable and realistic objectives** are the benchmark against which AusAID monitors and reports on adviser performance. While it is relatively easy to identify technical objectives, capacity development objectives also need to be clearly defined – capacity of who, for what and by when? If a contribution to high level development outcomes is expected of an adviser input, can this contribution be clearly measured?
- 6.3 **Rigorous adviser performance and position reviews** should identify the capacity gains and/or technical change attributable to the adviser input. Are these gains contributing to agreed priority development outcomes – is the position still relevant?
- 6.4 Monitoring systems can have a significant influence on how adviser personnel perform. AusAID and country partners need to **jointly establish adviser monitoring frameworks** that set realistic performance indicators, reflecting the roles and functions ascribed to the adviser position. Monitoring systems should avoid perverse incentives that might encourage the adviser to focus solely on outputs at the expense of less tangible and measurable processes of capacity development¹³.
- 6.5 Data collection systems should engage all stakeholders and promote **equal reporting accountability**. Where country partners have relevant **national indicators**, these should provide the basis for joint reporting and assessments. Support should be provided to develop and monitor national indicators where necessary.

7. Adviser Remuneration

- 7.1 A critical factor in assessing whether the use of an adviser provides the best value-for-money option is the ability to accurately plan for and compare the cost of such an input.
- 7.2 AusAID's *Adviser Remuneration Framework* allows programs to predict and manage the cost of adviser inputs. The Framework applies to all commercially contracted long and short term adviser positions.
- 7.3 Consideration of country partner contributions (financial and/or non-financial) should also be part of a value-for-money assessment.

Attachment 1 provides a summary checklist for operational policy implementation.

Attachment 2 provides a glossary of key terms used in this operational policy.

¹³ Land, T. (2007) Joint Evaluation Study of Provision of Technical Assistance Personnel: What can we learn from promising experiences: ECDPM Discussion paper No. 78

Attachment 1: Operational Policy Implementation Checklist

A. Defining the need for technical assistance (TA)	
	1. There has been an analysis of the context in which TA is being considered. This has included an analysis of capacity and the political, institutional and cultural factors as well as related support from other stakeholders.
	2. There is agreement about what the need is, and the changes required to meet that need.
	3. There is agreement that AusAID funded TA is the most appropriate way to meet that need.
	4. There is agreement about the results the TA is expected to achieve.
B. Identifying the most appropriate form of TA	
	5. Options for TA have been identified (this might, or might not, include advisory support).
	6. The advantages, disadvantages and costs of each option have been documented and discussed.
	7. The most appropriate option, or mix of options, has been agreed. If applicable, the use of an adviser has been jointly agreed as the most suitable option that will provide value for money [see the Adviser Remuneration Framework].
C. When an adviser is proposed	
	8. There is agreement about the type of adviser to be appointed (in line or off line; international, regional or national).
	9. There is agreement about who the adviser's counterparts will be. Every adviser position with a capacity supplementation or facilitation role has an incumbent counterpart in the form of an individual, work unit or system.
	10. There is agreement about the position duration (short or long term, part time, intermittent).
	11. There is agreement about how the adviser will be funded, including the contributions that will be made by the country partner (financial and non financial).

D. Selection of an adviser	
	<p>12. The adviser Terms of Reference have been drafted and agreed by both parties. They clearly:</p> <ul style="list-style-type: none"> a) define the objectives, deliverables and outcome/s required; b) identify the full set of technical and capacity skills, cultural and language requirements and personal attributes, and these are incorporated into the selection criteria; and c) describe the position's performance management and reporting arrangements. <p>All TORs for commercially contracted¹⁴ long and short-term adviser positions must also make reference to the <i>Adviser Remuneration Framework</i>, in particular specify the relevant discipline category and job level for the position.</p>
	<p>13. There is joint assessment and agreement about how the adviser will be procured or recruited and who will be responsible. As a minimum, country partners should lead adviser selection processes. If the country partner is to procure/recruit the adviser, there is agreement about the level of support they require (if any).</p>
E. Monitoring and reporting on the use of advisers	
	<p>14. Advisers are, in the first instance accountable to, and managed by, the organisation/s in which they are working.</p>
	<p>15. Six monthly adviser stocktakes are conducted.</p>
	<p>16. Annual performance monitoring and reporting of adviser effectiveness, relevance and value for money is undertaken through:</p> <ul style="list-style-type: none"> • Joint annual adviser position and performance reviews • Reporting against national indicators where they exist • Quality at Implementation Reports, and • Annual Program and/ or Thematic Performance Reports.
	<p>17. Joint annual dialogue on the effectiveness and value-for-money of all adviser positions has been conducted, at a level appropriate to discuss and make decisions on whole-of-program issues, to encourage mutual accountability of adviser performance and relevance, including review of adviser needs for the following year.</p>

Use of Advisers in the Australian Aid Program Guidance Note 1: Operational Policy Implementation Checklist provides further information against each of the checklist requirements, including: how to define expected results; how to identify the most appropriate form/s of technical assistance; and the processes for selection and performance management of adviser positions.

¹⁴ The Adviser Remuneration Framework applies to all AusAID-funded advisers that are **commercially contracted** by AusAID directly, or through a managing contractor.

Attachment 2: Glossary of Terms

Term	Definition
Adviser	Personnel who provide advice on the strategic direction and/or support the implementation of Australian aid and whose professional fees or salary are paid from within the official development assistance budget. Advisers share technical expertise and advice with, and support agreed capacity development aims of country partners (government and non-government), AusAID, or other development partners (whole-of-government, other donors), regardless of whether they are based in-country, in Australia or elsewhere. They may be engaged by AusAID or through a managing contractor or as whole-of-government deployees; they may be operating on either a short- or long-term basis; and they may be performing either in-line or off-line functions. The equivalent DAC term is 'TA personnel'. For policy purposes, the term 'adviser' does not include permanent/ongoing employees of AusAID, volunteers, administrative and logistical staff engaged under an AusAID program, or company representatives/head office staff of managing contractors or of other implementing agencies.
Capacity	The ability of people, organisations and society as a whole to perform appropriate functions effectively, efficiently and in a sustainable manner.
Capacity Development	The process by which people, organisations and society as a whole develop competencies and capabilities that will lead to sustained and self-generating performance improvement.
Direct adviser	Adviser undertakes an implementation role, seeking to produce tangible results or products.
Governance advice	Governance advice focuses on strengthening the mechanisms, processes and institutions that support the management of a country's resources and affairs, in a manner that is accountable and responsive to citizens' needs and interests.
Indirect adviser	Adviser supports and/or facilitates development partners to achieve their priorities; the partners produce the tangible results.
In-line adviser	Adviser who occupies an established position in a partner organisation; performs functions of that position as set out in the approved job description; exercises the formal delegations of that position; reports to a manager in the established organisational structure; manages/directs staff who work to that position
Off-line adviser	Adviser who does not occupy an established position in a partner organisation; performs functions specified by the country partner and/or a donor in Terms of Reference; exercises no government delegations; manages no partner organisation staff. May be accountable to a partner organisation manager and/or donor.
Technical assistance (TA)	TA is the provision of expertise in the form of personnel, training and research. It comprises activities that augment the level of knowledge, skills, technical ability or productive aptitudes of people in developing countries, as well as services (such as consultancies, technical support or the provision of expertise) that contribute to the execution of a capital project. TA should include both free-standing TA and TA that is embedded in investment programs or included in program-based approaches ¹⁵ .
Value for Money (VfM)¹⁶	VfM incorporates concepts of compliance, accountability for results, effectiveness (relationship between costs and results) and efficiency (incorporates an emphasis on driving down unit costs). Core to a VfM approach is that cost is not the only determining factor in assessing VfM and a whole of life or aid delivery cycle approach is needed to assess the costs and benefits and different procurement options.

¹⁵ OECD DAC 2007 Statistical Reporting Directives

¹⁶ AusAID is currently developing a definition and approach to applying Value for Money across the aid program.