

AusGuideline

Introduction

1.1 Key aid terms and concepts

Associated guidance on 'Introduction'

Part 1A: *Introduction*

Part 1B: *Overview of program management*

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1 Introduction

The majority of the Australian Government's international development activities are delivered through a number of AusAID development programs (although significant Australian ODA is also delivered through the programs of other Australian Government agencies).

Most AusAID programs deliver a package of development initiatives (typically called "development activities" or just "activities") which are developed and implemented under a clear-cut program strategy. These activities utilise all forms of aid.

AusGuide presents AusAID's principles and practices for

- the preparation of high quality program strategies, and the high quality implementation of those strategies,
- the preparation of high quality activity designs (under those strategies), and the high quality implementation of those activity designs, and
- drawing the lessons of experience from both preparation and implementation at both the activity and strategy level.

These principles and practices are presented in a small number of main Parts, supplemented by a set of AusGuidelines on more specialised topics.

This AusGuideline

- explains a small number of key terms and concepts used across AusGuide (section 2, below), and
- provides a glossary of specialised aid terms used in various Parts and AusGuidelines (section 3, below).

2 Key terms and concepts

Twelve terms (or sets of terms) are scoped below

- development activity (or activity)
- activity design
- Australian Government contribution (to a development activity)
- delivery agreement *and* delivery organisation

- joint activity *and* freestanding activity
- AusAID program (or AusAID development program)
- development partnerships
- Umbrella agreement (on development cooperation) *and* activity-specific MOU
- implementation partners
- activity implementers (delivery organisation and counterpart agency)
- Joint Management Committee (JMC) (and Project Coordinating Committee - PCC)
- activity mobilisation *and* activity management

2.1 Development activity

An activity undertaken by any private or public sector entity is a *development activity* if its primary purpose is to support the economic and social development of the poor in developing countries.

A development activity is an *aid activity* if its implementation is supported by a contribution of real or financial resources from an international donor country or organisation. These activities can utilise a wide range of forms of aid. (See AusGuideline 3.2 *Selecting form of aid*).

2.2 Activity design

Any development activity needs to be developed and agreed with relevant implementation partners. (For a joint activity, partner government ownership is essential.) Once agreement is reached, final approval can be given within the Australian Government for implementation of the activity, including financial approval for the expenditure of the necessary Australian Government funds.

Both agreement with an implementation partner, and approval for expending Australian Government funds, are based on a written description of the activity. This design documentation sets out what is to be done, how and why. The agreed basic arrangements for activity implementation recorded in that documentation are known as the *activity design*.

Some designs determine what is to be done in great detail. Other designs are open-ended, providing only a broad framework. The form and content of designs will vary between activities, and between forms of aid.

Every activity, irrespective of its details (and its form of aid), has a design - since there is a written specification of the activity to be supported by the allocated funds. Even general budget support to a partner government has a design (although it can be a simple one).

In most cases, AusAID design documentation not only describes what is to be done, but provides an activity rationale. This rationale will usually describe and justify both

- planned Australian Government resource commitments to the activity, and
- planned expenditure of resources by our development partners, including any partner government commitments

2.3 Australian Government contribution

Australian Government resources delivered to support the implementation of a development activity are termed the *Australian Government contribution* to that development activity. This Australian contribution can be financial support, or an in-kind contribution (i.e. the delivery of goods and/or services), including

- the provision of staff resources, short or long term (inc. professional or technical expertise) and/or,
- equipment, physical facilities or infrastructure, and/or
- management and administrative inputs

2.4 Delivery agreement & delivery organisation

The main method which AusAID uses to deliver Australian aid is to have a written agreement with another organisation to:

- provide the personnel and other inputs needed to deliver some or all of the Australian Government's contribution to a development activity, and
- undertake the management and administration of those resources in the partner country to support successful implementation of the activity.

The organisation that delivers and manages the Australian Government's contribution to an aid activity is called the *delivery organisation*. The written agreement between AusAID and the delivery organisation which provides for this delivery and management is called the *delivery agreement*.

Additional note

The delivery agreement which AusAID uses to deliver Australian Government development activities is most commonly

- a commercial contract signed with a managing contractor, or
- a non-commercial agreement with an NGO.

However, AusAID also uses a range of other, non-contract, delivery agreements, to deliver some or all of the Australian Government contribution under AusAID programs, including

- delivery agreements with other Australian agencies (both Commonwealth and state), or other specialised public or private sector institutions in Australia (including Universities), and
- activity funding agreements with international organisations.

2.5 Joint & freestanding activities

Many major initiatives under AusAID programs combine an agreed Australian Government contribution to an activity with an agreed contribution from the partner government. These are called *joint activities*.

The partner government contribution may be financial, or they may provide non-financial resources, including

- equipment, facilities, or infrastructure
- staff resources, or
- Partner Government management and administration inputs.

There are also many freestanding activities that have a resource contribution from the Australian Government but no matching contribution of resources from a partner government. (But almost always there will be local participants in such activities who are likely to contribute, at a minimum, time and effort.)

2.6 AusAID programs

The majority of Australian Government development cooperation is managed by AusAID. It is delivered through a number of distinct AusAID programs.

Most aid managed by AusAID is delivered through Programs such as

- the bilateral Country Programs (which deliver Aust Govt aid resources to a single country),
- the various regional programs (particularly in Asia and the Pacific) which deliver Aust Govt aid resources to a set of developing countries,
- the AusAID/NGO Cooperation Program (ANCP),
- the Volunteer Programs (inc. the Youth Ambassadors), and
- the emergency, humanitarian and refugee programs

2.7 Development partnerships

2.7.1 Bilateral development partnerships

Most of Australia's development cooperation with partner countries is undertaken under a bilateral partnership between the Australian Government and a particular partner government.

The bilateral partnership is based on mutual ownership of a joint development cooperation program by the Australian Government and the partner government. The two governments jointly deliver the program.

The development partnership involves joint ownership of and work on

- program and sectoral strategies (including the country strategy),
- the identification, design and approval of program initiatives (i.e. development activities),
- the implementation of agreed activities, and
- drawing the lessons of development experience from program implementation, at both the strategy and activity level.

The partnership is supported by policy dialogue between the two governments that addresses

- the partner government's national development policies and strategies,
- the Australian Government's development cooperation policies and strategies,
- the governance practices and capacities in the partner country, particularly those relevant to the joint program,
- the development cooperation practices and capacities of the Australian Government,
- the agreed policy and strategic framework for implementing the joint program by the two governments as outlined in the agreed country strategy, and
- key issues that arise in activity and program implementation.

Periodic High Level Consultations on Development Cooperation (HLCs) are typically held between the partner governments. The HLCs review the joint program, and allow for high-level policy dialogue. However, consultation and policy dialogue can occur at any time.

Both joint and freestanding activities can be reviewed by the Australian and partner governments as part of consultation on the joint program.

2.7.2 Multi-country development partnerships

Under AusAID's regional programs, some Australian assistance is delivered under multicountry partnerships between the Australian Government and a small group of partner governments.

A multicountry partnership is often established under an existing regional group of developing countries, such as ASEAN or the Secretariat of the Pacific Community. However, freestanding multicountry partnerships can also be established to implement a single regional activity.

2.8 Umbrella agreement & activity-specific MOU

There are two basic types of written agreement between the Australian Government and partner Governments which govern program and activity management: umbrella agreements and activity-specific MOUs (often called subsidiary agreements).

For most partner countries, an *umbrella agreement* on development cooperation with Australia has been in place for a number of years. It is often an international treaty. It sets out the fundamentals of the development partnership, including an agreed framework for developing and implementing activities.

Each umbrella agreement provides that the two Governments can also sign *activity-specific MOUs*, in which each Government commits to specific additional arrangements and actions for implementing a particular, agreed, joint activity.

In combination, these two agreements typically determine, for each agreed joint activity

- the inputs of each government to the agreed activity,
- the division of implementation responsibilities between all participants,
- the activity management structures (and their functions), often including a joint management committee, and
- the agreed requirements for management and monitoring, including the basic obligations and roles of AusAID, the partner government's central coordination authorities, the delivery organisation and the counterpart agency.

2.9 Implementation partners

In most partner countries, there are three main activity *implementation partners* in AusAID Programs

- the partner government,
- the Australian Government (represented by AusAID and/or another Aust Govt Agency), and
- the delivery organisations that deliver the Australian Government's contribution to activities under written agreements with the Australian Government. (In most countries the

majority of Australian Government delivery organisations are NGOs or managing contractors.)

Some activities have other partners who participate in implementation. These partners will be noted in the design documents. Additional implementation partners at the sectoral or national level will be noted in the country strategy (or other high-level policy document).

Additional note

Most partner governments have central aid coordination authorities that are responsible for overseeing or coordinating the overall joint program.

For a joint activity, a counterpart agency is identified in the design process to

- deliver and manage the partner government's agreed contribution, and
- work in partnership with the delivery organisation (if any) to implement the activity.

2.10 Activity implementers (delivery organisation and counterpart agency)

For a joint activity

- the delivery organisation is responsible for mobilising and managing the Australian Government's contribution to the activity.
- the counterpart agency is responsible for mobilising and managing the partner government's contribution.

These two partners in day-to-day management of a joint activity are called the *activity implementers*. They are jointly responsible for activity management and administration and for progress reporting to the two governments.

2.11 Joint Management Committee (JMC) or PCC

AusAID and the partner government's central aid coordination authorities do not participate in the day-to-day management of the activity (although they may intervene in major difficulties that cannot be resolved by the *activity implementers*). They participate in a joint, higher level, activity management process in which the implementation partners

- periodically review overall activity progress, particularly at the level of activity outputs and development results, and
- periodically review (and, if necessary, adjust) the overall direction of the activity.

This strategic management is typically undertaken through a high-level *joint management committee* (JMC) for each major activity. This key body, sometimes called the 'project

coordinating committee' or 'PCC', usually has a key role in endorsing the annual plans for major multi-year activities.

2.12 Activity mobilisation & activity management

Activity implementation involves both *activity mobilisation* and ongoing *activity management*.

Mobilisation is the phase in which all the initial arrangements, personnel and resources needed for an activity are put in place both in Australia and in the partner country.

Activity management involves all three partners in implementation – the partner government, the delivery organisation and the Australian Government (usually AusAID) – working together to ensure that the objectives and planned results of the activity are achieved.

Activity management includes *managing risk*, *building sustainability*, *managing the delivery agreement* (usually a contract), and *monitoring the activity*.

3 Technical glossary

Activity Manager	The Activity Manager for a particular development activity is the person designated by AusAID management to undertake and/or co-ordinate AusAID's management functions in relation to that development activity.
Accrual accounting	The system of accounting in which items are brought to account as they are earned or incurred (and not as money is received or paid) and included in the financial statements for the accounting periods to which they relate. Accrual accounting provides the basis for the recognition of the full costs of an organisation's activities (including assets and liabilities).
Aide memoire	An aide memoire can be completed at the end of an activity mission. It provides a summary of findings by the team for both AusAID and the partner government. An Aide memoire should contain a disclaimer stating that the findings are those of the team and do not necessarily reflect the views of either AusAID or the partner government
Aidworks	Aidworks is AusAID's computerised system for the management of AusAID programs and activities.
Annual Plan	An annual plan is the key document for defining, justifying and monitoring activity implementation on an annual basis. It presents a time slice of the activity design, and should include a detailed schedule of the activity's work program and outputs for the financial year. The first annual plan for an activity documents any adjustments to the design agreed to by AusAID and the partner government.
Appraisal	Appraisal is undertaken during activity preparation. It assesses any activity design which is being considered for approval to commence implementation, prior to AusAID's decision on whether to give that approval, and is a key input to that decision point. Appraisal is AusAID's independent check on the quality of the draft design and the adequacy of activity documents for contracting and implementation (referred to as quality at entry).

Component	A component of an activity is a package of related work and outputs which together contribute to the achievement of an activity purpose or major objective (eg a water supply component of a village improvement activity).
Country Strategy	Country strategies are the primary means of translating Government priorities into programs on the ground. A strategy will clearly articulate what key poverty issues/problems the Australian aid program to a particular country or region will address, why it has chosen these particular issues to focus on, and how it will address them. In doing so it will explain how a given country program will facilitate poverty reduction and the promotion of sustainable development. Country strategies will take account of the broader development framework of a country/region, and assess the current and potential links/synergies with the activities of other donors. The strategy timeframe will be appropriate to the particular circumstances of the country/region.
Environmental Management Plan	A plan prepared with stakeholder participation that describes specific environmental issues for an activity and outlines the actions for managing likely environmental impacts. As it is central to environmental management it should be incorporated into design elements of the activity documentation and appraised; or developed in early implementation and incorporated into the Annual Plans.
Ex-post evaluation	Ex-post evaluation of activities is usually undertaken 2 to 5 years after activity completion and assesses how well an activity has achieved its objectives and the sustainability of benefits. Cluster evaluations are ex-post evaluations of a number of similar completed activities or of activities with similar objectives or design.
Evaluation	Evaluation is the assessment of how well an activity achieved its objectives. Ongoing evaluation (during activity implementation) is referred to as 'review' and is linked closely with monitoring.
Feasibility/Design Study (FDS)	A FDS is a detailed study undertaken in-country to assess whether a proposed activity is feasible and, if so, to prepare a detailed design and full design documentation. Consultants usually undertake a FDS.
Goal	An activity's <i>Goal</i> is a selected high level sectoral or national objective which the activity is expected to contribute to, eg increased incomes, improved nutritional status, reduced crime. The goal helps set the macro-level context within which the activity fits, and describes the long-term impact that the activity is expected to contribute towards (but not by itself achieve). Note that the highest level outcome which the activity is capable of producing if it is completely successful is called the Purpose of the activity (see <i>Purpose</i>).
Implementation	Implementation is the period from activity commencement to activity completion. A development activity commences when work commences under that activity which is planned to produce the development benefits (planned positive development outcomes) which justify the expenditure of resources on the activity. Activity completion is reached when the program of work which is planned to produce those development benefits is completed.
Indicator	An activity indicator is a measurable or observable state of affairs which indicates progress, success or failure in the achievement of activity objectives over time, and is used to monitor or evaluate the achievement of, or progress towards, those objectives. Indicators often include quantified targets and measures of quality.
Logical Framework Approach	The Logical Framework Approach consists of a method of analysis and set of analytical tools which supports problem analysis; preparation of a logical hierarchy of activity objectives; identification of important assumptions and risks, and specification of monitoring and evaluation instruments.
Logical Framework Matrix (Logframe)	One well-known product of the LFA is the Logical Framework Matrix (also known as the Logframe Matrix or Logframe). The matrix provides a summary of what the project aims to achieve and how, what the main assumptions are,

	and a framework for developing the activity's monitoring and evaluation system.
Milestone	A milestone in activity implementation is an event which is selected to serve as an indicator that certain parts of the work program have been completed, or certain objectives achieved. Milestones used as the basis for payments by AusAID to contractors (or other delivery organisations) are called payment milestones.
Monitoring	Monitoring is concerned with assessing the implementation progress of an activity and identifying action to correct problems where they occur. It includes the processes of collecting, analysing, recording, reporting and using information about the progress of a project. Input monitoring may also be required in some circumstances. Monitoring is a core management function during implementation.
Objective	Objective refers to what the project aims to achieve at each level of the Logframe hierarchy from the output up to the goal level. One can therefore refer to goal, purpose, component or output level objectives.
Outcome	Outcome is used to describe what the activity is expected to achieve at the component objective and purpose level.
Output	<p>Activity outputs: The <i>outputs</i> of a <i>development activity</i> are the tangible products (goods and services) produced by undertaking a series of tasks as part of the planned work of the activity. Subject to assumptions about the situation in which the activity is undertaking its work, their production is under the control of the immediate partners to implementation of the activity. (Typically, for a joint activity, they are under the control of the delivery organisation and counterpart agency.)</p> <p>Contract outputs: Contract outputs are different from activity outputs. Contract outputs are usually referred to in AusGuide as <i>contract deliverables</i>: they are the outputs to be delivered by the Contractor itself, as part of delivering the Services of the contract. For a joint activity, the contract outputs are often <i>inputs</i> to the overall work of the activity: in particular, they are often <i>inputs</i> used in producing the overall <i>activity outputs</i>. Sometimes, an activity output is to be produced by the unaided work of the Contractor alone, without other inputs. In this case, the one result may be both a contract deliverable (i.e. Contract output) and an Activity output.</p>
Performance information	Performance information (PI) is evidence about performance that is collected and used systematically. PI should enable judgements to be made on the extent to which outputs are achieved and how these contribute to desired outcomes.
Performance information framework (PIF)	The PIF is AusAID's framework for reporting on the performance of its programs and activities. Performance information is aggregated at program and whole-of-agency level from assessments of the effectiveness of individual activities.
Portfolio Monitoring Plan (PMP)	Each year each AusAID post plans an annual monitoring program for its portfolio of development activities. This program is based on risk assessment and risk management across the post's portfolio. The results of the planning process are recorded in the Post's <i>Portfolio Monitoring Plan</i> (PMP).
Poverty Analysis	This is an analysis of who the poor are, where they are located, and why they are poor. It should both describe the socio-economic characteristics of those living in poverty and define the causal and contributing factors that keep them in poverty. The analysis should also include an assessment of the most effective policies and/or practical interventions for reducing the incidence of poverty or ameliorating its impact on the most vulnerable. It should take into account the relevant poverty reduction policies, programs and priorities of the partner government and other major donors. It is an essential element in development of a more effective poverty reduction strategy and provides the

	rationale for country and sector strategies, and particular aid activities within a country or a region of a country.
Pre-feasibility Study (PFS)	A PFS precedes and prepares for a feasibility/design study. The main outcomes of a PFS are a detailed analysis of the development situation being addressed and a clear description of the project proposal and terms of reference for the feasibility/design study.
Purpose	Purpose refers to what the activity itself is expected to achieve in terms of sustainable development results, if the relevant assumptions of the activity design are correct. It is the positive developmental change which the activity would produce if it were completely successful (and the assumptions were fully accurate). Examples might include an increase in agricultural production, higher immunisation coverage, cleaner water, or improved legal services.
Quality (of aid)	Aid quality is excellence of aid delivery and outcomes. Good quality aid: <ul style="list-style-type: none"> ▪ has appropriate objectives and design; ▪ is managed in a professional manner; ▪ achieves its objectives; and ▪ has sustainable outcomes.
Quality assessments	Quality assessments of activities are undertaken by the Quality Assurance Group (QAG) either during preparation or early in implementation.
Review	Project reviews are undertaken on an as-needs basis during implementation when project monitoring indicates there are substantial problems or uncertainties which require in-depth field assessment before the project can move ahead satisfactorily. Reviews, if required, may be used as a form of monitoring and of ensuring the project continues to target the development priorities of the partner government.
Risk Management	The systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risk at the program or project level.
Strategic Environmental Assessment	The broad evaluation of environmental impacts of a policy, program, plan, country or regional strategy, or sector strategy. Aim is to integrate environmental issues into the early stages of policy development, country strategy formulation and country programming.
Sustainability	Sustainability is the likelihood that beneficial outcomes of a project, such as assets, skills, facilities or improved services, will persist for an extended period beyond project implementation. The basic definition used by AusAID for development activities is: the continuation of benefits after major assistance from a donor has been completed.
Sustainability Analysis	The identification and analysis of the key factors likely to impact either positively or negatively on the delivery of sustainable benefits.
Sustainability Strategy	The sustainability analysis will lead to a strategy to promote sustainability. It defines the benefits that should be sustained and specifies how each of the main constraints to sustainability will be addressed in implementation. The level of detail in the strategy should be expanded at each stage of activity design.