

# AusGuide

Part

# 3C

## Appraisal and approval

### **Associated guidance on activity design**

Part 3A *Identification and assessment of initiatives*

Part 3B *Preparing activity designs*

AusGuideline 3.1 *Principles of activity design*

AusGuideline 3.2 *Selecting forms of aid*

AusGuideline 3.3 *The Logical Framework Approach*

AusGuideline 3.4 *Undertaking a prefeasibility study*

AusGuideline 3.5 *Undertaking a feasibility and design study*

AusGuideline 3.6 *Preparing draft scope of services and basis of payment*

AusGuideline 3.7 *Preparing activity schedules*

AusGuideline 3.8 *Designing and using Flexible Funding Accounts*

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**AusAID**

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# 1 Appraisal in the AusAID context

## 1.1 What is appraisal?

Appraisal is the assessment process that is required to be undertaken for AusAID activities prior to approving their implementation. Appraisal is used both as a quality assurance and accountability mechanism. The nature and extent of the appraisal process can be relatively basic or more comprehensive, depending on the nature, size and preparation path of the specific activity as set out below.

All activities funded by AusAID must be subject to a basic appraisal by the responsible area of AusAID. Appraisal is required prior to any FMA 9 approval to commence implementation where there is

- a new development activity,
- a new phase of an existing development activity, or
- a significant extension of an existing activity (i.e. substantively extending the work program and period of implementation of an existing activity).

For a basic appraisal, the responsible AusAID work unit has an obligation to

- appraise the merits of implementation in terms of the feasibility and likely benefits of the planned activity, in the light of the available information and drawing on the available expertise,
- decide whether or not to prepare a recommendation to the Minister (or Ministerial delegate) to approve the expenditure of the necessary amount of Australian Government aid funds, given the merits of the activity proposal and the merits of competing uses of those funds, and
- decide what the key reasons are for approving that FMA 9 recommendation, and thus the main elements of the case that should be made to the Minister (or Ministerial delegate) for approval.

This is essential before the final submission is prepared and signed for presentation to the delegate.

## 1.2 Desk accountability and consultation responsibilities

The officers who prepare the FMA 9 submission (and/or sign it as the officer making the submission to the delegate) are responsible and accountable for the professionalism of the assessments involved, and the soundness of the case made to the Minister or delegate.

The Minister or delegate have their own responsibilities in approving (or not approving) an FMA 9 submission, but they act on the basis of written advice from the preparing area - which is responsible for the accuracy, completeness and cogency of the case made for approval.

If an internal AusAID design team has made input to the activity design during activity preparation, then the responsible desk officers should, as a minimum, consult with the members of that team prior to coming to final judgements on

- the merits of the proposed activity, and
- the case which should be put to the Minister or delegate.

Even if no team has been in place, it is often good aid management for the desk area to seek expert comment from an AusAID sector adviser on the activity design.

It may also be appropriate to consult with other development partners who have contributed to design, particularly other Australian Government agencies, and partner government authorities.

As discussed below, for many activities a basic appraisal is not sufficient, and independent and professional appraisal will be required.

## 1.3 Independent and professional appraisal

All activities of significant size and scope funded by AusAID must have an independent and professional appraisal prior to the decision to commence to implement that activity. This applies to activities which are planned to have significant further design work (activity preparation work) during implementation, as well as activities which are approved on the basis of what is considered the final design for the activity.

An appraisal is considered *independent* if the individual or team undertaking the appraisal has not played a significant direct role in developing the proposed activity which is being appraised.

An appraisal is considered *professional* if

- a careful choice is made between a field appraisal (which includes a field visit to the relevant development situation) and a desk appraisal (conducted without field work), with adequate time allowed for the study chosen

- there are clear Terms of Reference (TOR) for the field or desk appraisal - which involve a systematic assessment of
  - the main elements of the activity rationale (including the main types of analysis)
  - the proposed institutional and management arrangements of the activity and
  - the proposed work of the development activity during implementation
- the selected appraisal team, or individual, has the combination of design expertise and specialist sectoral or technical knowledge needed to meet the requirements of the TOR (and adequately assess the type of design under consideration)
- the appraisal TOR have clearly set out the distinct roles and contributions of appraisal team members

AusGuideline 6.1 *Preparing Terms of Reference* provides general advice on the structure and content of TORs, including appraisal TORs.

## 1.4 A second appraisal for progressive activity designs

Additional design work for an activity is sometimes undertaken during the first phase of implementation (“progressive designs”). Where this design work results in significant development of (or alteration to) the existing design for a major activity, AusAID will need to agree to these changes prior to their being implemented, whether or not specific additional FMA 9 cover is required.

If an activity is approved on the basis that additional design work will be undertaken during implementation, the additional design work required should be made explicit when approval for implementation is given. In particular,

- the key design steps and processes should be specified *in outline*, with a clear exposition of respective roles and responsibilities (both within AusAID and between AusAID and other stakeholders)
- the peer review process and any other quality assurance processes for post-commencement design should be indicatively planned (and documented). This could include planning for an independent appraisal (and AusAID appraisal peer review meeting (APRM)) towards the end of the major design work. Such an appraisal (and/or APRM) would be additional to those undertaken prior to the activity’s initial approval for implementation.

Similarly, where an unanticipated need for major re-design arises, the changed design will need assessment and agreement. This will require peer review from an internal AusAID team, at a minimum a sector adviser and CSG officer. Depending on the circumstances, it may also require the use of an independent and professional appraisal, and/or APRM.

## 1.5 Timing

It is important that the appraisal process is carried out in a timely manner. Long delays in finalising appraisal comments, making a decision on next steps, and restructuring the activity design documentation can cause frustration among stakeholders and loss of momentum and/or political support for the activity.

To help prevent unnecessary delays, the activity manager should plan the appraisal well ahead of time. This includes seeking input from the partner government and the Post regarding the best appraisal process, and then preparing and distributing an appraisal schedule to all relevant parties.

## 1.6 Appraisal peer review meeting

An APRM is mandatory for those activities for which the expected Australian Government funding over the entire life of the activity is greater than \$3 million, or which have particular policy or political sensitivity, unless the responsible Director agrees to an exemption, which should be recorded on the relevant file.

The APRM is an important process for improving aid quality by making greater use of staff expertise and experience, including at senior manager level. It promotes transparent decision making and corporate ownership of decisions and outcomes. It also supports a broad transfer of lessons and knowledge within the AusAID, and strengthens team work.

The APRM is held after the appraisal report is produced. It focuses on such issues as the design integrity, in particular implementation risks, as well as the costs involved and the expected long term benefits. It also helps bring forward action in the light of the appraisal findings. An APRM is not a substitute for an appraisal.

The type of peer reviews that should be conducted (including the APRM and the Concept Peer Review Meeting (CPRM)), the circumstances for undertaking them and the situations where exemptions are warranted are set out in an AusAID Circular available under the Peer Review button on AusAID's Intranet, along with AusAID's *Good Practice Guide* on peer reviews.

## 1.7 Desk and field appraisals

Appraisals can be either desk or field appraisals. The choice is based on issues such as:

- the scope and complexity of the activity
- the history of its development
- the quality of analysis undertaken to date

- partner government concerns and
- AusAID's past experience with the particular type of activity.

Desk appraisals are the norm where activity identification, assessment and preparation have led to thorough recent draft design documentation and the activity is relatively small and straightforward. Field appraisals are used when the Activity Manager decides, in consultation with colleagues and with the agreement of more senior management (such as the Director), that adequate appraisal requires on-site inspection and face-to-face discussion with local decision makers, intended beneficiaries and other relevant stakeholders. It is conducted by a team of specialists in the partner country and often led by an AusAID sector adviser.

Details on how to conduct desk and field appraisals are set out in Annex A *How to conduct desk and field appraisals*.

## **2 Responsibilities**

The AusAID appraisal process is managed by the Activity Manager. The appraisal itself should be undertaken by an independent individual or team with appropriate knowledge and skills. Whoever undertakes the appraisal should not have been substantially involved in preparing the activity design documentation. This is to help ensure an appropriate level of objectivity.

## **3 Appraisal criteria and issues**

### **3.1 Appraisal criteria**

The appraisal criteria are at the heart of a professional appraisal and feed directly into the TOR for the appraisal.

Appraisal involves checking and/or analysing the activity design using many of the same criteria and analytical tools that were applied during the activity preparation stages. It is also important to ensure that the activity design documentation provides a sound basis for

- preparing any necessary memorandum of understanding with a partner government, and any necessary delivery agreement (including any planned contract), and
- effectively and efficiently implementing the activity.

It is important that the partner government has the opportunity to carefully review the draft activity design documentation using its own procedures and criteria. Time must be factored into the appraisal process to ensure that the partner government's considered comments are received and taken into account. This is an important part of ensuring local ownership of, and commitment to, the activity.

A detailed indicative check list of key appraisal topics, covering thirteen of the fifteen criteria of good quality set out in AusGuideline 6.5 *Activity quality standards*, is included in Annex B: *Appraisal note*. These topics cover the following aspects of the activity's design:

- Objectives
- Partner country participation in design process
- Adequacy of design process
- Standard of final design
- Timeliness of preparation and design
- Standards of contract and contractor's activity implementation
- Strength of partner government support and value of dialogue in country
- Adequacy of AusAID management arrangements and provision of resources
- Progress in achieving objectives
- Sustainability strategy
- Sustainability of grass roots benefits
- Sustainability of improved institutional capacity
- Maintaining future recurrent budget.

The appraisal process also examines the degree to which the study being appraised (such as a feasibility and design study) has satisfied its TOR and hence provides assurance that the team/individual which undertook the feasibility and design study has done what it was asked to do. This can be particularly important if the environment (such as political and economic) at the time of the appraisal is significantly different to that prevailing when the feasibility and design study was undertaken.

### 3.2 Testing the activity's design logic

A key aspect of appraisal is to assess the logic underpinning the activity design. AusAID's logical framework approach guides thinking on what is to be accomplished and how; the links to the underlying development problems being addressed; the basics of the monitoring and evaluation framework and the basics of the risk management framework. As the quality of the

logical framework analysis undertaken has a significant impact on the quality of the activity design, it needs to be appraised carefully.

The appraisal process should therefore assess how well the following have been addressed in the design analysis and suggest areas for improvement where these are identified:

- problem analysis (setting out underlying causes and consequent effects of the development issue being addressed)
- proposed activity objectives (particularly in relation to the purpose, component objectives and outputs, where relevant) and the way in which poverty reduction has been incorporated into the objectives
- the logic of moving from activities to outputs to outcomes (purpose and goal)
- the feasibility and benefits of the activity from the relevant technical, financial and economic, institutional, social, relationship building, gender and environmental perspectives
- the risks and assumptions
- proposed performance indicators (and the proposed sources of that information) which verify that the outputs have been produced and outcomes realised (where possible in terms of the quantity, quality, and timeliness of outputs and related intermediate and final outcomes). The appraisal should also assess whether there is an appropriate balance between quantitative and qualitative performance information and assessment
- the links between the activities and outputs, the implementation schedule and the budget (including that of Australia, the partner government and other contributors)
- the consistency between the text set out in the chapters of the design documentation and the content of the logframe matrix where both have been prepared.

### 3.3 Organising the tendering and contracting process

The nature and scope of any tendering and contracting process needed to mobilise resources for appraisal is formulated in consultation with Contracting Services Group (CSG), based on their procedures and guidance, bearing in mind changes made to AusAID's procurement policy since July 2005 which can affect the nature of the procurement and contracting process to be undertaken and its associated time frame.

### 3.4 Briefing and debriefing

Briefing and debriefing arrangements for desk and field appraisals are separately set out in Annex A *How to Conduct Desk and Field Appraisals*.

## 4 Reporting

An important outcome from the appraisal is that decisions taken in respect of the appraisal findings are reflected in the final activity design documentation. The nature and extent of such changes are specific to the activity. The process typically involves

- receiving the draft appraisal note/report from the appraisal team
- finalising the appraisal note/report after input from key stakeholders, including the partner government
- taking the appraisal note/report into account when undertaking an APRM.

Where an APRM has been mandated, the final appraisal outcome includes the assessments made in the APRM process. Documents considered by APRM participants include any concept paper, draft design documentation, appraisal report, other relevant studies, reports from sector advisers, and reports from other Australian agencies and partner governments.

Whilst expecting that a range of views will be expressed at the APRM, every effort should be made to reach conclusions on the main issues, especially the critical ones. The main points and conclusions of the APRM should be documented and circulated to participants after the meeting.

The decisions taken in the APRM would normally be reflected in the final activity design documentation and in the course of action recommended for the future progress of the activity.

Given that the appraisal process by its nature typically involves areas of disagreement, should the responsible work unit decide not to adopt all the APRM recommendations, the Activity Manager needs to ensure that the APRM findings and the rationale for the lack of adoption of any of these findings are documented.

### 4.1 The appraisal note

An appraisal note is a report that summarises the key findings of the appraisal and specifies any required changes to the design documentation. A suggested format and content for the appraisal note is set out in Annex B *Appraisal note*.

The format is structured around AusAID's quality frame which identifies four key attributes of aid quality and fifteen associated indicators (See AusGuideline 6.5 *Activity Quality Standards*). Good quality aid:

- has appropriate objectives and design
- is managed in a professional manner

- achieves its objectives and
- has sustainable outcomes.

An appraisal note is produced for both field and desk appraisals. In a desk appraisal, the appraisal coordinator, such as a sector adviser, prepares the appraisal note for the Activity Manager. The Activity Manager seeks Post and partner government comment on the appraisal note.

In a field appraisal, the appraisal team prepares the draft appraisal note with contributions from partner government members. The appraisal team leader determines from individual team members whether additional working papers are required. The need for working papers depends on the details of the activity, the quality of the feasibility study analysis and the degree of change recommended to the draft activity design documentation.

On return to Australia, and after de-briefing, the appraisal study team leader prepares the draft appraisal note, attaches any working papers, and submits these to the Activity Manager. The appraisal note will then be finalised in line with AusAID requirements based on the principles and processes set out in this AusGuideline.

## 4.2 Appraisal findings

The appraisal findings may result in recommendation(s) that

- the activity be implemented as designed
- the activity be implemented subject to specified changes
  - some possible types of appraisal finding for improving the activity design are noted in Annex A *How to conduct desk and field appraisals*
- the preferred option(s) recommended by the design team should not proceed and that an alternative option (or options) be pursued, necessitating a redesign of the activity or
- the activity should not proceed at all.

These different types of finding will have very different implications for the activity design in terms of the work required to complete the design and the time and resources involved.

## 4.3 The response to appraisal

The Activity Manager prepares a response to the appraisal note once the APRM (where required) has been undertaken and the post and the partner government have considered the appraisal note.

The work unit responsible for the appraisal decides on the action to be taken on each of the recommendations of the appraisal note/report, after consultation as necessary with more senior managers. The response should include

- the appraisal's main recommendations
- the action proposed on each recommendation (e.g. design adjustments)
- explanatory comments when appraisal recommendations have not been accepted or cannot be incorporated into the design.

#### 4.4 The activity design documentation

Once the APRM is completed and appraisal note finalised, the Activity Manager organises the preparation of the final activity design documentation and any draft scope of services, basis of payment and memorandum of understanding clauses that have been prepared, incorporating agreed changes.

The Activity Manager may decide to finalise the activity design documentation by including this finalisation work in the scope of services of:

- the feasibility and design study contract or
- the appraisal study contract (for the appraisal team leader, or another appropriate team member).

The approach adopted depends on such issues as the extent of agreed changes arising from the appraisal work which need to be incorporated and the time delay between the appraisal and when the feasibility and design study was undertaken. Significant delays may make it impractical for the feasibility team member(s) to produce the final design documentation.

## 5 Approval tasks

### 5.1 Partner government approval

The partner government must agree to the proposed activity as described in the final activity design documentation (after appraisal) before AusAID proceeds to approval and implementation. The time needed for partner government consideration and response must be factored into the activity's preparation plan.

## 5.2 FMA Reg 9 approval

To obtain approval to implement the activity, the Activity Manager prepares a submission to the Minister, or the Parliamentary Secretary or other FMA Reg 9 delegate as appropriate, seeking approval to implement the activity as designed.

Prior to drafting the FMA 9 submission, the Activity Manager should update the Activity Preparation Brief (APB) to reflect any changes arising from the appraisal.

The requirements for submission to the Minister or Parliamentary Secretary vary from time to time, and desk officers will need to refer to the latest corporate advice from the Ministerial and Parliamentary Services Unit (MPSU).

A submission to a delegate should include the following

- a brief outline of the activity, including the development problem being addressed, the objectives and significant outcomes
- the Australian contribution by year, the expected level of partner government contributions and the level of any significant expected contributions from any other development partner
- a discussion of the critical issues and risks, including brief information about any significant quality issues, such as risk management and the strategy to achieve sustainability
- the appraisal process undertaken
- the updated APB, as an attachment.

At the end of 2004, the AusAID Executive directed that for all new or extended development activities (including new phases), the FMA 9 submission for implementation should outline the appraisal process which has been used to assess the proposed activity (or extension), including

- whether there has been an independent appraisal of the proposal and
- whether there has been external scrutiny of that proposal (that is, by parties external to AusAID, such as other Australian Government agencies, or partner Government agencies).

This requirement is highlighted in the FMA 9 template within AidWorks which must be used for all FMA 9 submissions for development activities under AusAID programs.

### 5.3 Updating AidWorks

Following approval, the Activity Manager updates the “activity record” on AusAID’s activity management data base (AidWorks) to reflect the outcome of the appraisal and approval processes.

## A How to conduct desk and field appraisals

### Introduction

The following sets out more detailed guidance on how to conduct desk and field appraisals.

For both desk and field appraisals, changes to the activity design arising from the appraisal process may lead to:

- more coherent or sharply focussed objectives and outputs
- additional activities or resources to achieve the objectives and outputs more effectively
- strengthening the feasibility and viability of the activity from technical, institutional, financial, economic, social, cultural and gender and environmental perspectives
- proposed activity elements being deleted
- management and coordination arrangements being revised
- stakeholder responsibilities being specified more clearly
- additional risk management strategies being suggested
- the sustainability strategy being strengthened.

In some circumstances the appraisal team may recommend rejection of the activity.

### A.1 Desk appraisal

Desk appraisals may be undertaken when activity identification, assessment and preparation have led to thorough recent draft activity design documentation and the activity is relatively small and straight-forward.

For some desk appraisals, AusAID may contract one or more consultants to form a small team to undertake the study. Where a team is selected, an AusAID sector adviser may be appointed as team leader. The advisor would then assist the Activity Manager in selecting an appropriately qualified team to undertake the appraisal. The officer responsible for selecting the appraisal team will normally select the appropriate consultant(s) from either the relevant AusAID period contract or by a specific selection process involving consultation with the Consultant Services Group (CSG).

The desk appraisal can commence once the appraisal TOR are cleared by the Post and partner government.

When preparing for a desk appraisal, the Activity Manager will need to:

- debrief with the feasibility/design study team
- assess the draft activity design document, in consultation with the design study team leader
- prepare initial comments on the quality of the draft design documentation, and any issues arising from the de-briefing
- distribute copies of the draft design documentation to the relevant Sections (or appraisal peer group members) within AusAID, together with the Activity Manager's initial comments, to promote discussion on the appropriateness of the proposed design
- determine the scope of appraisal required, in consultation with colleagues, including the nature of the appraisal peer review process and independent appraisal as required
- coordinate preparation of the appraisal TOR and an appraisal schedule indicating the main issues to be further appraised, the responsibilities of those involved and the timing. Whilst the Activity Manager coordinates the process of appraisal, the appraisal note will be prepared by the appraisal team and
- indicate in the appraisal TOR, the specific TOR for all consultants who will be involved in the appraisal.

The process of preparing the appraisal note will require the consolidation and rationalisation of appraisal comments from the different sections within AusAID, from the appraisal team and from others consulted on appraisal findings.

As a result of its assessment, the appraisal team will consider a range of options, including recommending alternative means of achieving the activity's objectives and comparing such alternatives with those in the draft activity design. This may result in minor or substantial changes to the activity design.

## A.2 Field appraisal

### A.2.1 When to use a field appraisal

A field appraisal is required when the relevant work area (in consultation with colleagues) decides that adequate appraisal requires on-site inspection and face-to-face discussion with local decision makers and intended beneficiaries.

Examples of when a field appraisal may be required include when:

- the activity is large and complex and/or politically sensitive
- circumstances (e.g. institutional, economic, political or social) in the country have changed in some significant way since the design document was produced

- there remain significant unresolved issues which require clarification with the partner government and implementing agencies
- there has been a long delay between the initial proposal and the feasibility study or between the study and the appraisal.

Field appraisal may also be undertaken partly in parallel with the feasibility/design. This option has the appraisal team arriving in country during (usually towards the end of) the feasibility/design team mission so it can discuss with the design team issues before the conclusion of the design team's field work. The strategy needs to be considered carefully to ensure that the feasibility and appraisal teams can effectively fulfil their responsibilities, the logistics are manageable and the demands made on partner agencies are not excessive.

Specific guidance for field appraisal teams and missions is set out below. More general guidance on planning and managing in-country missions is set out in AusGuideline 6.2 *Planning and managing in country missions*.

### **A.2.2 Selecting a field appraisal team**

For field appraisals, AusAID may contract one or more consultants to form a small team to undertake the study. Where a team is selected, an AusAID sectoral advisor may be appointed as a team leader. The advisor would then assist the Activity Manager in selecting an appropriately qualified team to undertake the appraisal. The officer responsible for selecting the appraisal team will normally select the appropriate consultant(s) from either the relevant AusAID period contract or from the consultant register.

To ensure that the appraisal is professionally conducted, the size and composition of the required appraisal team should reflect the scale and/or complexity of the activity and the importance of the various design issues which need to be assessed.

### **A.2.3 Team briefing in Australia**

AusAID's appraisal team leader is responsible for arranging a briefing of the selected Australian team members prior to their departure. The briefing involves the Activity Manager and other officers who can assist with information on the suitability of the draft activity design documentation and scope of services for the implementation contract.

The following is a combined agenda to be covered either in Australia or in country. While suggestions have been made as to who might have comparative advantage in leading the different agenda items, it is important for the Desk and Post to liaise to minimise unnecessary duplication and to agree on the logical primary responsibilities. To assist in this process it is

generally useful if the Desk and Post share draft annotated briefing agendas during preparation for the mission.

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**Appraisal briefing agenda: in Australia and in-country**

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1. Briefly cover history of request, earlier preparation steps and documentation available (Desk through Post may be able to contribute in terms of documentation available in country).
2. Summarise the perspectives, policies, and related activities of partner government and Australian government, also other donor activities (Desk could concentrate on Australian government while Post deal with partner government).
3. Provide brief background to other donors' activities, including proposed activities (Post).
4. Consider the draft activity design documentation from the partner government point of view (Post).
5. Discuss appraisal TOR generally and specifically as applies to individual team members (Desk). This may require that Australian team members brief the partner government team members on their tasks. The Post will have previously advised the partner government team members on their respective tasks as part of the preparation for the appraisal study.
6. Discuss the appraisal approach and method in detail with partner government team members and modify as appropriate (Post). The appraisal approach and method will have been discussed at the in Australia briefing.
7. Consider meeting schedules, travel itineraries and support services (to be confirmed with partner government agencies):
8. Agree on individual itineraries and means of arranging transport and accommodation:
  - Identify agencies able to support individual team members
  - Agree on arrangements for final in country debriefing with the partner government and other stakeholders (Post)
  - Finalise arrangements for other support services (including interpreters and report preparation) (Post).
9. Describe and discuss reporting responsibilities and means of preparing appraisal note and working papers (Desk).

#### **A.2.4 Team briefing in country**

Once Australian members arrive in country, the Post organises a briefing of the full appraisal team, involving appropriate AusAID and Embassy staff. Discussions may also be held with the Head of Mission where appropriate. Initial meetings are also arranged with the partner government. The Post may agree with the Activity Manager on an alternative means of briefing the partner government if it considers other arrangements more appropriate.

In preparation for the briefing, the Post should supply government team members with the draft activity design documentation, and request that they prepare comments. The Post may also make available (or indicate the location of) background documentation from relevant partner government agencies, NGO and/or other donor agencies.

As discussed in the section "Team briefing in Australia" the actual briefing agenda and the allocation of primary responsibility for each item between the Desk and Post needs to be discussed during preparation for the mission.

### **A.2.5 The appraisal field work program**

The outcome of the field appraisal study is that AusAID is provided with a thorough assessment of how validly the stated objectives of the activity address the development problem, how likely the proposed inputs and activities are to achieve the stated objectives within the time frame allocated and the feasibility and viability of the design. The appraisal also assesses the participatory processes built into the design and provided for in activity implementation.

In order to make such an assessment, the appraisal team usually develops a field work program to include:

- preliminary discussions with key coordination, implementation and other stakeholder agencies at a headquarters-level
- visits to the proposed activity location(s) to check on specific field-based issues concerning activity design
- on-site discussions with beneficiaries, partner government implementing agencies and other participating groups on activity scope and implementation issues
- additional data collection and analysis, draft report preparation and final discussions
- final debriefing consultations with partner government and other stakeholder agencies.

A key **input** to the appraisal study is the data provided by a well planned and executed feasibility/design study. If the appraisal team concludes that data is adequate, they should use it to appraise the activity design.

As a result of their assessment, the appraisal team may consider alternative means of moving towards the objectives and compare these alternatives with those in the draft activity design documentation. Improved activity design may result in but is not necessarily limited to:

- more coherent or sharply focused objectives and outputs
- additional activities or resources to achieve the objectives and outputs more effectively
- more viable options proposed
- proposed activity elements being deleted
- management and coordination arrangements being revised
- stakeholder responsibilities being specified more clearly
- additional risk management strategies being suggested or modification of proposed activities to enhance risk management
- a strengthened sustainability strategy.

In some circumstances the appraisal team may recommend rejection of the activity.

## A.2.6 Debriefing the appraisal team

Debriefing of the full field appraisal team occurs in country, followed by a debriefing of Australian team members in Australia.

### Debriefing in country

Debriefing of the full appraisal team in country should take place at the end of the field study. There should be a separate discussion with the Post, followed by a debriefing of representatives of the relevant partner government agencies.

The team leader prepares an aide memoire covering the objectives of the appraisal, the method used, the team composition and the principal findings. They clear the aide memoire with the Post and present it to the partner government for discussion. The Post also attends this meeting. The team leader should ensure that the views of partner government team members are reflected in the aide memoire.

The partner government may want to sign the aide memoire or may be satisfied with merely receiving a copy. The aide memoire should contain a disclaimer saying that the findings are those of the team and do not necessarily reflect those of either the Australian or partner Government.

A suggested in country debriefing agenda is shown below:

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#### De-briefing agenda: in country

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1. Team leader presentation, including:
  - activity description using the logframe matrix, and
  - identification of main issues arising from the appraisal study.
2. Individual team member presentations (as appropriate) relating to specific disciplines and /or technical issues, and identification of any changes required in the activity design documentation
3. Discuss the appraisal findings and recommended changes to the activity design documentation
  - Agree on the wording of the aide memoire, specifying any changes to be incorporated into the activity design documentation and any follow-up required by the partner government.
4. Following the debriefing, the Post prepares a statement of proceedings for the Activity Manager, including a copy of the aide memoire.

### Debriefing in Australia

The Activity Manager arranges a debriefing of the Australian team members in AusAID following circulation of the appraisal note and working papers. At the debriefing the appraisal note and issues arising from the study are discussed and instructions developed for the appraisal peer review process, as required, and preparing final activity design documentation.

A suggested agenda for the in-Australia debriefing is provided below:

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**Appraisal team debriefing agenda : in Australia**

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1. Overview of the appraisal team's work and its findings:
    - the team leader summarises the field study, including method, level of partner government participation and local agency commitment, the main design issues addressed and the key issues arising.
  2. Discuss in detail the changes to the activity design:
    - use the logframe matrix to summarise the design
    - highlight any changes from the draft activity design document
    - discuss alternative strategies and why they are considered appropriate
    - individual team members comment on the analysis relevant to their disciplines and how this impacts on the design
    - review the suitability of the activity design document and supporting documents for proceeding to tendering and contracting.
  3. If proceeding with the activity, agree on instructions and timeline for finalising the activity design documentation, including allowance for the peer review process.
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## B Appraisal note

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### **Activity details :**

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Activity name:

Country:

Date appraisal completed:

Appraised by:

External appraiser:

Australian Government contribution:

PG contribution:

Duration:

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### **Appraisal summary**

#### **1. Objectives:**

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This section should answer the following questions:

- Are the activity's objectives appropriate?
  - Is poverty reduction being directly or indirectly addressed?
  - Will the fulfilment of the objectives likely to lead to sustainable outcomes?
  - Are those objectives consistent with AusAID's quality principles, guiding themes and country strategies?
  - Are the objectives consistent with AusAID's policies on poverty reduction, gender, human rights, governance, family planning, environment etc?
  - Are beneficiaries' needs reflected in the objectives?
  - Are the objectives and the indicators of progress realistic and measurable?
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#### **2. Partner country participation in design process**

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This section should state the appraiser's assessment of:

- the participatory planning approaches used;
  - how actively partner government officials and staff were involved at all stages in design development; and
  - the contribution of the ultimate beneficiaries to development of the design.
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#### **3. Adequacy of design process**

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This section should state the appraiser's assessment of:

- the appropriateness of pathways followed for the prefeasibility study, feasibility study, and appraisal
- the standard of preparation studies
- whether the TOR provide clear and appropriate guidance to study team
- whether sufficient resources & field time allowed
- whether the necessary skills were included on study teams
- the adequacy of involvement of sector advisers, post, desk, Contract Services Group, and the peer review group in the design process

- how thoroughly the design process took account of other activities (by AusAID and other donors) and if there was evidence provided of how lessons and possible complementarity have been incorporated
- how well the study team considered alternative approaches and designs.

If the activity is a parallel or co-financed activity, the appraiser must assess whether there was adequate opportunity for the study team to ensure that the Australian-funded components meet AusAID quality criteria.

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#### **4. Standard of final design**

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This section should state the appraiser's assessment of the following:

Design integrity:

- the rationale of the activity, i.e. the clarity of the presentation of the developmental problem being addressed (or goal of the activity) and the adequacy of the problem analysis in demonstrating that the contribution to the development problem (or purpose of the activity) is justified
- the likelihood of the activity leading to a sustainable reduction in poverty in the target group
- the clarity and comprehensiveness of the logical framework analysis and resulting documentation
- the logical progression and adequacy of the components identified to achieve their identified outputs and consequent outcomes of the component objectives and expected goal of the Activity
- the adequacy of the Australian inputs (detailed in the activity design document) to deliver the contractible outputs
- how well the log frame outputs can be logically linked to contract milestones
- how well the log frame outputs can be logically linked to the clauses in the memorandum of understanding (or subsidiary arrangement) relating to partner government inputs and responsibilities
- the clarity, appropriateness, and sustainability of the intended outcomes and outputs
- the feasibility and viability of the design in terms of technical, social, cultural, institutional, financial, environmental, governance and managerial perspectives
- the adequacy of the analysis and strategies to address poverty reduction, gender, environmental and other developmental concerns

Involvement of the partner government:

- the indications of partner government commitment to, and overall ownership of, the proposed activity, giving particular attention to the adequacy of the partner government inputs (in-kind and/or financial) to support their ownership of the activity. The activity design documentation should indicate an understanding of the budgetary cycle of the partner government and of the mechanisms for delivery of counterpart funding. The activity schedules (activity and costs) should take account of the partner government's capacity to deliver counterpart costs and the phasing of the delivery of those inputs

Other design issues

- the sufficiency of the institutional arrangements agreed in the memorandum of understanding (or subsidiary agreement) to support the activity in country
- the degree of realism and comprehensiveness of the risk identification and assessment process and the consequent risk management strategy, linked to the risks/assumptions of the logical framework analysis. This includes how well the risk management/response plan takes account of the risk assessed, how adequately it documents the monitoring and reporting of the most significant risks; and the degree of consistency between the risk analysis and the portfolio management plan (PMP) (formerly the country portfolio risk assessment and monitoring plan (CPRAMP)). See AusGuideline 6.3 *Managing risk*.
- monitoring and evaluation framework and links to logical framework analysis, including the degree of consistency between the proposed monitoring framework and logframe outcomes and outputs, and whether the strategy identifies appropriate data requirements for verification and reporting
- whether the costs, implementation strategy, phasing and schedules are comprehensive, realistic, and achievable
- whether draft monitoring guidelines (including key formats and links to the Simplified Monitoring Tool (formerly Activity Monitoring Briefs)) have been prepared

- for large scale activities in the economic sector, whether a quantitative cost benefit analysis and associated sensitivity analysis have been undertaken and the activity is assessed as economically viable or otherwise justifiable. For other activities, whether the overall benefits are likely to justify the cost involved, including cost effectiveness analysis
  - use of the *Environmental Management Guide for Australia's Aid Program 2003* to address environmental issues and potential impacts, including whether environmental management plans have been developed (or specifications for environmental management plans included), the EPBC Act Form completed and whether referral to the Minister for Environment and Heritage is required
  - for gender issues, use of AusAID's *Guide to Gender and Development*
  - for family planning issues, use of *Family Planning and the Aid Program: A Comprehensive Guide*, where the activity includes a family planning component.
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## **5. Timeliness of preparation and design**

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In this section, the appraiser must assess whether the critical path from activity identification to contract signing was realistic and consistent with the intended preparation path.

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## **6. Standards of contract and contractor's activity implementation**

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In this section the appraiser must assess whether:

- the most suitable contracting strategy has been adopted for the proposed activity
  - roles and responsibilities of parties involved are clear
  - there is an appropriate sharing of risk, including funding obligations, between AusAID, the contractor and the partner government to be confident of the successful implementation of the total activity
  - the payment milestones in the draft contract are appropriate to facilitate smooth and efficient management and implementation.
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## **7. Strength of partner government support and value of dialogue in country**

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The appraiser must provide an assessment of whether the proposed activity has strong in country support from partner government officials in positions to influence the implementation process and to support the continuation of benefits post-activity. In making this assessment, the appraiser will draw on information about the working relationship between the post and relevant PG agencies.

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## **8. Adequacy of AusAID management arrangements and provision of resources**

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In this section, the appraiser must comment on the adequacy of resources (both human and material) AusAID is preparing to allocate to managing the proposed activity. The appraiser should take into account the background, training and experience of AusAID staff who will manage the activity in Australia and in country. In making this assessment, the appraiser should take into account whether the AusAID personnel who will manage the activity have had first-hand experience of the proposed activity.

## **9. Progress in achieving objectives**

In this section, the appraiser must provide an opinion as to whether the proposed activity may be successfully implemented and achieve its objectives.

## **10. Standard of outputs produced**

N/A at appraisal stage.

## **11. Extent of benefits to target population**

N/A at appraisal stage.

## **12. Sustainability strategy**

In this section, the appraiser must assess the sustainability strategy in the activity design documentation. They must provide a judgement on whether that strategy has:

- proposed practical steps to ensure sustainability
- adequately identified the constraints to the longer term maintenance of benefits
- made use of *Asset Maintenance: The impact of the under-financing of recurrent costs* and of AusGuideline 6.4 *Promoting practical sustainability*.

## **13. Sustainability of grassroots benefits**

In this section, the appraiser must comment on the extent of involvement of the local implementing agency in designing the proposed activity, including the extent of involvement of intended beneficiaries and the allocation of resources to them (both training and material resources). This information is likely to assist the appraiser in determining the degree of sustainability of the activity following cessation of Australian interventions.

## **14. Sustainability of improved institutional capacity**

In this section, the appraiser must answer the following questions:

- do the activity design document and the memorandum of understanding (or subsidiary arrangement) clearly identify the human resources the partner government will have to allocate to sustain activity benefits following cessation of Australian interventions?
- are partner government personnel involved in the design of the proposed activity likely to participate actively in ensuring its long term success?

In answering this question, the appraiser should take into account the resources required to provide partner government personnel with the skills and resources essential to maintaining activity benefits. The resources should be identified in the activity design documentation and relate to training, institution strengthening, improved management and technology transfer. It should be kept in mind that partner government resources may be limited during and following activity completion so the issue of ongoing funding from parties involved and sustainability of revenue streams need to be addressed.

## **15. Maintaining future recurrent budget**

In this section, the appraiser must assess whether the partner government's economic and policy context will facilitate successful implementation and sustainability of the activity's benefits.

In making this assessment, the appraiser must seek evidence that:

- the partner government accepts its role in ensuring that the activity remains targeted to its needs. This evidence should be available in the activity design documentation and/or memorandum of understanding (or subsidiary agreement)
- the partner government has accepted its role in promoting the sustainability of activity benefits. The activity design documentation or memorandum of understanding (subsidiary agreement) should record the partner government's understanding that activity funds are finite and the appraiser should note this understanding in the appraisal note
- AusGUIDELines 6.4 *Promoting Practical Sustainability* has been used appropriately
- the AusAID study *Asset Maintenance: The impact of the under-financing of recurrent costs* has been used appropriately.

Main source document for this Annex: AusGuideline 6.5: *Activity quality standards*