

## Performance Assessment Framework – Core Questions on the Performance of Australian Aid Programs

### **Background**

The White Paper commits the Australian aid program to strengthening its performance orientation. In order to deliver on this commitment, the Office of Development Effectiveness (ODE) is developing an enhanced performance assessment framework for the aid program. This enhanced framework defines a minimum set of questions against which achievement will be monitored across the Australian aid program. It will provide program managers with better data about performance, and supplies external stakeholders with information on the results achieved with Australian funds.

The enhanced performance assessment framework will be trialled in 2006-07 across seven major countries: PNG, Indonesia, Solomon Islands, Vietnam, Philippines, Vanuatu and Fiji – countries that represent some two thirds of Australia's aid that is allocable by country. Lessons from the early adopters will then be fed into the enhanced framework that will be rolled out across the program in 2007-08. The challenge of generating robust performance information on the impact and effectiveness of aid should not be underestimated – hence the framework will be subject to continuous review and enhancement.

Information generated by the performance framework will provide the raw data for the flagship report on the effectiveness of the Australian aid program, the White Paper-mandated **Annual Review of Development Effectiveness** to be produced by ODE.

### **Key features**

Collecting and analysing information on the performance of the Australian aid program is not new. The enhanced framework builds on aspects of the existing system, for example at the individual project or activity level, and develops new performance information particularly at the strategy level.

This framework provides a simple set of broad questions (see attachment):

- what are the **results** of our aid program?
- what is the **quality** of our aid interventions? and
- are **White Paper commitments** being met?

Two new outputs reporting on performance will be produced to operationalise the framework. The first, *Annual Program Performance Updates*, will be prepared for each country program. Their purpose is to report on performance and encourage reflection on whether strategies remain appropriate. The *Updates* would be peer reviewed by ODE to ensure consistency and rigour and will be submitted by June each year, although some of the steps in their preparation, such as discussion with counterparts in partner governments, could be timed to tie in with reporting timetables in partner countries or with high-level consultations.

The second major output is a series of annual *State of the Sector reports*. These will be prepared by principal advisers in the main sectoral/thematic areas. For 2006-07 this will involve reports on health and education assistance, gender, environment and economic governance. The purpose

of these reports is to record progress against sector policy objectives (including regional progress on the MDGs) and to identify cross-regional lessons and issues.

### **Country and non-country programs**

New country strategies will develop and operationalise their own performance frameworks capable of capturing information to aid the production of *Annual Program Performance Updates* and *State of the Sector* reports. In total, country strategies will capture around two thirds of total Australian aid spending.

Non-country programs, such as humanitarian and emergency or core grants to the multilateral banks, represent the remaining third. The quality of existing performance reporting systems for these areas will be considered by ODE with the relevant areas over the next twelve months.

### **Quality Reporting System**

A new system for reporting on the *quality* of aid initiatives is being piloted and will be in place before the end of 2006-07. This will provide the data to answer the second set of questions in the performance framework on the quality of Australia's aid interventions. The tool will also be used to generate statutory annual corporate performance information required by the Department of Finance. Lessons from the past quality reporting system (known as the *Simplified Monitoring Toolkit*) are being taken into account in the new system

### **How different parts of the performance agenda fit together**

Box 1 summarises the different reporting stages and objectives of the Australian aid program. The Performance Assessment Framework is the overarching document. It summarises the main dimensions of performance required by managers and against which they will be asked to report. Each country strategy also prepares a Country Strategy Performance Framework. This describes how each program will measure progress against objectives, quality, capabilities and compliance with White Paper commitments. The *Annual Program Performance Update*, as already noted, reports on performance and reflects on country strategy objectives.

#### **Box 1. How Performance Tools Fit Together**

<b>Product</b>	<b>Role</b>
Performance Assessment Framework	Lists the questions that summarise (1) how the performance of Australian aid will be judged, and (2) performance information needed by managers.
Country Strategy Performance Framework	Defines, for each country strategy, how the questions will be answered, including which stakeholders will be consulted and which sources of information will be used.
Annual Program Performance Update	Describes the performance of the program over the year, using information and approaches defined in the Country Strategy Performance Framework.
Annual Performance Report for non-program strategies	Reports against the objectives set in the relevant strategy or policy document.
State of the Sector Report	Summarises main performance issues for each sector. Information drawn from country strategy performance frameworks but report addresses cross-country issues.
Quality Reporting System	Scores each aid activity according to a set of common quality criteria at three different stages – entry, implementation and completion.
Evaluation reports	Includes Independent Completion Reports, program-commissioned evaluations and ODE-managed major evaluations.
Annual Review of Development Effectiveness	Reports to Parliament and the public on the effectiveness of Australia's aid program. Information is drawn from Annual Program Performance Updates, independent evaluations and other sources.

***Responsibilities***

The Office of Development Effectiveness produces the *Annual Review of Development Effectiveness*, a report for Parliament and the taxpayers assessing the effectiveness of Australian aid over the previous year. The Development Effectiveness Steering Committee will provide high level oversight and advice on the ARDE. Country Programs are responsible for undertaking the range of monitoring and evaluation exercises necessary to manage their investments, and for preparing reviews of country strategies prior to their replacement. Major country strategy reviews and high level strategic/sector/thematic reviews and evaluations will be undertaken by ODE.

A newly established Operational Policy and Management Unit within AusAID has responsibility for the development and maintenance of systems to monitor and report on performance.

***See over for Performance Assessment Framework***

# Performance Assessment Framework for the Australian Aid Program

February 2007

Question		Description
<b>RESULTS</b>		
1.	How is the country performing in terms of its development objectives?	At the end of the day, the Australian aid program is interested in results such as reduced poverty and better health outcomes. This question focuses on progress in each country against these types of indicator. The question helps to provide some context against which managers can judge the success of their programs.
2.	Is the country strategy on track to achieve its objectives?	In each country, the partner government and Australia agree on a set of clear objectives and a strategy to meet those objectives. Such objectives might include, for example, improved child and maternal health care systems. This question considers the progress made during the year towards achieving each of these program objectives.
3.	For each of these major program objectives, what have been the main achievements over the year?	This question asks what achievements can be attributed, at least in part, to the Australian country program. For example, an education program may have contributed to an increase in the number of children attending primary school in a particular region, or a policing program might have helped to improve community attitudes towards the police.
4.	What are the main outputs that have been delivered by the program over the year?	The Australian aid program achieves its objectives by delivering products and services ("outputs"). This can include anything from the construction of a new highway to training judges. It is important to understand what outputs have been delivered because it can tell managers about value-for-money.
5.	What evaluations have been conducted and what results did they report?	The Australian Government regularly assesses the effectiveness of its aid programs. This question asks what evaluations have been conducted by the country program and what they found.
6.	Should the objectives of the country strategy be changed?	As managers collect information on the performance of their programs, they will identify areas which are performing well and could absorb more funding, and areas which are less effective, and might warrant a reduction in effort. Similarly, as conditions in a country change, perhaps through a change in political leadership, Australia needs to reassess whether its programs remain appropriate. This question asks managers to verify that existing strategies remain appropriate, and to specify necessary changes, either to overall objectives or to the way that the program delivers its assistance.
<b>QUALITY</b>		
7.	How did initiatives score against quality ratings at entry, implementation and completion?	"Quality" is a measure of whether the delivery of Australian aid is in line with international good practice. The quality of Australian aid initiatives is rated at entry (i.e. after design), annually during implementation, and on completion.
8.	List up to five main issues which prevent initiatives recording higher quality scores.	This question identifies the major obstacles to raising the quality of the aid program.
<b>WHITE PAPER IMPLEMENTATION</b>		
9.	What progress has been made against the White Paper's gender equality principle?	A core commitment under the White Paper has been to promote gender equality. This question focuses on how each country program is identifying and addressing those barriers to gender equality.
10.	What progress has been made against the strategy's <i>Anti-Corruption Plan</i> ?	Another core commitment under the White Paper is the need to tackle corruption. Each country program will develop its own anti-corruption plan to achieve this aim. This question asks about progress to date.
11.	How much is spent by sector, sub-sector, and form-of-aid?	This question generates information on how much aid is spent in the different sectors such as health, education, governance and infrastructure. Aid is delivered in different ways, ranging from discrete projects to broad support to partner governments. Expenditure against these different delivery methods (or 'forms of aid') is also reported.
12.	How many joint donor missions and analyses are undertaken?	The international donor community is committed to improving coordination through joint missions and analyses. This question looks at how many missions AusAID conducted with other interested donors.
13.	What is the proportion of spending on technical assistance?	Technical assistance is spending on consultants, training and research. This question asks what proportion of the total aid program is spent on these tasks.
14.	How does the program make use of national systems?	This question asks whether the aid program uses national systems, such as local monitoring systems. For instance, AusAID's health program in PNG might use national health statistics rather than collect its own health data.