



# Rapid Review of Project Quality at Entry

August 2002

Quality Assurance Group  
Program Evaluation Section  
Office of Review and Evaluation



Australian Agency for  
International Development

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## Abbreviations

ADG	Assistant Director General	MOU	memorandum of understanding
AMB	Activity Management Brief	MSAA	Mekong, South Asia and Africa Branch
AMC	Australian managing contractor	NGO	non-government organisation
APB	Activity Preparation Brief	ORE	Office of Review and Evaluation
APS	Australian Public Service	PDD	project design document
BOP	basis of payment	PFS	prefeasibility study
CASP	Commodity Assistance Support Program	PG	partner government
CPL	Corporate Policy Branch	QAG	Quality Assurance Group
CSG	Contract Services Group	QUAL	Quality Improvement Section
EAST	East Asia Branch	R&R	roles and responsibilities
EL	Executive Level	SOS	scope of services
ESG	Executive Services Group	SPB	South Pacific Branch
EVAL	Program Evaluation Section of the Office of Evaluation and Review	SWAP	sectorwide approach
FMA Reg 9	<i>Financial Management and Accountability Act 1997, Regulation 9</i>	SPA	South Pacific and Africa Branch
FS	feasibility study	TAG	Technical Advisory Group
HMC	Humanitarian, Multilateral and Community Branch	TAF	Technical Assistance Facility
KRA	Key Result Area	TOR	terms of reference
		WHO/UNICEF	World Health Organisation/United Nations Children's Fund

# Summary

## Objectives

The rapid review of project quality at entry involved a sample of 20 activities (projects) and had four objectives:

- to update the assessment of the overall quality at entry of bilateral and regional program activities, using the 1999 review findings as the baseline
- to identify strengths and weaknesses in the sample and compare these with the strengths and weaknesses identified in the 1999 review in order to determine where improvements in quality have taken place and areas where further improvements are required
- to recommend changes in systems, procedures or approaches to further strengthen the quality of AusAID projects at entry, and
- to assess the extent to which the recommendations of the 1999 review of quality at entry have been adopted and their contribution to quality improvement.

## Methodology

Four staff panels conducted the review, with each panel assessing five activities. The panels completed a standard assessment form for each activity by reviewing documents and holding discussions with project staff and the project's Australian managing contractor. This form enumerates four quality attributes, 12 attribute indicators and 47 specific quality standards linked to the indicators.

A score was assigned to each attribute, indicator and standard using a scale of 1–5 to rate the inherent quality of each activity: 5 for best practice, 4 fully satisfactory, 3 satisfactory overall, 2 marginally satisfactory and 1 weak. Then an overall score was applied to the activity as a whole. A marginally satisfactory or weak overall score indicates that the activity is unlikely to have successful outcomes in its present form. The panels also wrote short reports on each activity.

Limitations of the review's data and methodology, as well as its comparability with the 1999 review, should be kept in mind. Results may reflect some bias that is inevitable in this type of peer assessment within a culture with a limited tradition of internal analytical evaluation. Although almost a third of eligible activities were included in the sample, the dataset is relatively small. The panels worked independently, but with the co-authors of this overall report moderating two panels each. The 2002 assessment form measured 47 quality standards rather than the 66 in the 1999 review. The standards removed focused on activity outputs considered not relevant to conditions at entry or those that duplicated others. The results of the two studies are largely comparable from a methodological perspective.

The review has three outputs in addition to the activity-specific assessments and summary reports: recommended adjustments to AusGUIDE, good practices to be included in a new lessons-learned database, and improvements in the review process.

## Key findings

The review found that 80 per cent of the 20 activities assessed had a quality-at-entry rating of satisfactory overall or better; 20 per cent had an overall rating of marginally satisfactory.

Key findings of the review follow.

- There was considerable variation in elements of quality within almost all activities. Nearly all activities had elements that could be improved.
- The standard of final design, appropriateness of objectives and AusAID's management and use of preparation resources scored well.
- All elements of preparation related to the likely sustainability of an activity's outcomes scored poorly.
- The activities that had higher quality at entry had stronger partner government

participation in design and support in general, as well as better final design, objectives and use of resources by AusAID staff.

- The activities that scored less well on overall quality at entry did poorly on the adequacy of the design process and on sustainability elements.
- The most common shortcomings in preparation were the failure to have adequate peer review and to take account of relevant lessons learned.

Overall, the findings are similar to those of the 1999 quality-at-entry review, including some of the main strengths and weaknesses of the preparation and design process. The average rating achieved for all reviewed activities was 3.2, identical to the rating in the earlier review.

Even though a number of recommendations have been adopted from the 1999 review, the implementation of project-related recommendations has been uneven. Some that have an important impact on quality at entry have not been implemented. About half the activities reviewed were not subject to peer review, did not define how poverty reduction would be addressed, and did not plan or document the resources required for project preparation. Most of the more general recommendations arising from the 1999 review have been acted on, although evidence of changed behaviour or outcomes as a result of these changes is difficult to identify.

While the 2002 review of quality at entry shows that the overall good performance measured in 1999 continues and, in some respects, has improved, a number of important concerns raised in the 1999 review are still evident. Two issues in particular stand out. One is the poor handling of sustainability. The other is demonstrable shortcomings in the design process, which means important steps (such as peer review, consideration of alternative approaches and development of preparation plans and poverty reduction strategies) are not undertaken or are performed poorly, notwithstanding numerous guidelines advising on standards for these steps.

## Recommendations

Most of the recommendations of the 1999 quality-at-entry review remain valid, and management should continue to emphasise the importance of adhering to quality assurance processes and procedures. However, there are some new recommendations from this review that would also have a positive impact on project quality at entry. These recommendations are:

1. to establish and target a few priority actions to improve project quality at entry
2. to improve project preparation planning and budgeting
3. to select the form of intervention that best meets the identified development challenge
4. to develop practical guidelines on different forms of aid intervention
5. to undertake more evaluations and use the findings to improve choices and project design, and
6. to promote on-demand QAG reviews as a tool for quality assurance.

# 1. Introduction

In February and March 2002 AusAID's Quality Assurance Group conducted a rapid review of project quality at entry. The review, which covered a sample of 20 bilateral and regional activities, was a follow-up to the first quality-at-entry survey conducted in 1999 (see *Rapid Review of Project Quality at Entry, March–April 1999*).

The QAG Advisory Group oversaw the review. This group has accepted a concept of quality as it applies to aid in general and to project preparation (see box 1), as well as the importance of at-entry quality, a key indicator of likely implementation success. The Advisory Group also agreed to the review methodology, the rating system and the assessment form.

## Objectives

This review had four objectives:

- to update the assessment of the overall quality at entry of bilateral and regional program activities, using the 1999 review findings as the baseline
- to identify strengths and weaknesses in the sample and compare these with the strengths and weaknesses identified in the 1999 review in order to determine where improvements in quality have taken place and areas where further improvements are required
- to recommend changes in systems, procedures or approaches to further strengthen the quality of AusAID projects at entry, and

- to assess the extent to which the recommendations of the 1999 review of quality at entry have been adopted and their contribution to quality improvement.

In addition to the analysis and reporting required to meet these objectives, the review aimed to give feedback on its quality-at-entry findings to the managers and staff involved with each of the activities assessed.

This review of project quality at entry was not a review of project implementation or impact, which is the ultimate measure of project quality. Project quality at entry is a useful indicator of whether a project in its present form is likely to have a successful outcome. The review measured the quality of a range of steps that are, on the whole, included in the variety of project preparation guidelines in AusAID.

## Methodology

The rapid review of quality at entry was of 20 randomly selected bilateral and regional activities for which implementation contracts had been signed between January and November 2001. The activities sampled had an Australian financial contribution of at least \$600 000. Panels of AusAID staff, including program managers and one section director, examined project documents and interviewed staff and contractors currently involved with each activity.

The sample activities accounted for 29 per cent of the 70 eligible activities. The assessment process directly involved about 13 per cent of all AusAID staff, but almost 22 per cent of all APS 6 and EL 1 staff – the AusAID staff most involved in project preparation. Through the focus on quality, the number of activities and staff involved, the scrutiny given to each activity (at least eight work days during the two days allocated for reviewing each activity) and the array of information obtained, the review provides rich insights into many aspects of the Agency's operation that affect the quality of its projects.

## Box 1

### What is good-quality aid and quality at entry?

Aid quality is a measure of excellence in aid delivery and outcomes. Good-quality aid, as identified in the AusAID quality-at-entry review, has four **attributes**, each of which has a number of **indicators**. These attributes and indicators in terms of project preparation follow.

*Project has appropriate objectives and design*

- Appropriateness of objectives
- Partner country participation in design process
- Adequacy of design process
- Standard of final design

*Project preparation is managed in a professional manner*

- Timeliness of preparation
- Standard of contract
- Strength of partner government support
- AusAID's management and use of resources

*Project is likely to achieve its objectives*

- Likely progress in achieving objectives

*Project is likely to have sustainable outcomes*

- Sustainability of benefits
- Sustainability of improved institutional capacity
- Maintenance of future recurrent budget

A project has good quality at entry if its preparation fulfils the four quality attributes and their 12 indicators, which are in turn based on 47 specific quality standards (which are detailed in the QAG quality-at-entry assessment form – attachment I).

A project that is well prepared has a good chance of being successfully implemented. The rationale for it is logical, and its objectives and activities are appropriate to the social and economic environment. It has a comprehensive, freestanding project design document and contract, which have been prepared within a reasonable time frame and, in the case of the project design document, with beneficiaries and the partner government fully involved. Careful consideration has been given to the human and financial resources and the time required for the project, and adequate resources have been devoted to preparation. The project's design is based on analyses of options and relevant lessons, including participatory logframe and risk management analyses. It allows for project activities to be adjusted in the light of changing circumstances to ensure that its objectives (which should not be changed) can be achieved. And the project's preparation is sufficiently detailed and complete when it is contracted so that the project can quickly begin in earnest.

**References:** Quality Assurance Group, *Rapid Review of Project Quality at Entry, March–April 1999*, AusAID, July 1999; Quality Assurance Group, *Quality at Entry Assessment Form*, AusAID, February 2002.

Four panels of AusAID staff conducted the review, with the co-authors of this overall report moderating two panels each. Each panel had at least four members and reviewed five activities in one or more of five sectors represented in the sample – education (two activities), health (four), governance (six), infrastructure (four) and environment and rural development (four) (table 1).

### The process

Initially panel members read and analysed detailed activity documentation. They then gave the activity a preliminary score against the 47 quality standards on the assessment form (attachment I). This form is based on 'Guidelines for Assessment of Projects against Quality Standards' in AusGUIDE. It enumerates four quality attributes, 12 attribute indicators and 47 specific quality standards linked to the indicators.

The panel then met and over two days discussed the activity and their individual scores, and agreed on a preliminary panel score. Subsequently the panel interviewed desk, post and contractor personnel involved in the activity, and ultimately agreed on a final assessment and summary report for each activity.

A score was assigned to each attribute, indicator and standard using a scale of 1–5 to rate the inherent quality of each activity: 5 for best practice, 4 fully satisfactory, 3 satisfactory overall, 2 marginally satisfactory and 1 weak. Then an overall score was assigned to the activity as a whole. A marginally satisfactory or weak overall score indicates that the activity is unlikely to have successful outcomes in its present form (see attachment I for scoring principles).

The summary report for each activity was a qualitative complement to the quantitative orientation of the assessment form. In it the panel noted the strengths and weaknesses in the activity's preparation at the contract signing stage, which was taken as the completion of preparation. The panel also suggested, where relevant, what might be done to improve the likelihood of the activity being successfully implemented, and noted broader issues relevant to project quality at entry that were suggested by the review assessment.

**Table 1 Panels and activities reviewed**

Program	Activity	Approval (\$'000)	Sector
<b>Panel 1</b> Michael Smitheram (panel leader), David Barber (sector adviser), Michael Hunt (ORE), Michael Baxter (adviser), Gillian Dadswell (SPA), plus part-time informal members Lorelle Bakker and Suzanne Bent (CSG)			
Viet Nam	Capital Aid Fund for Employment of the Poor (CEP) Microfinance Expansion	6 270	Governance
East Timor	Electoral Administration Capacity Building	2 032	Governance
Regional – Asia	Social Protection Facility	4 645	Governance
Tonga	Legal Sector Institutional Strengthening	1 717	Governance
Papua New Guinea	Bougainville Microfinance, Phase II	4 000	Governance
<b>Panel 2</b> Graham Rady (panel leader), Michael O'Shaughnessy, Heather MacDonald (sector advisers), Peter Davies (ORE), John Lea (QAG adviser), plus part-time informal members Terese Morey (CPL), Angus Barnes (ESG) and Anne Colquhoun (MSAA)			
China	Bazhong Rural Health Improvement	15 400	Health
Viet Nam	Water Resources Management Assistance	9 501	Infrastructure
Viet Nam	Three Delta Towns Water Supply and Sanitation	50 623	Infrastructure
Kiribati	Strengthening Public Utilities Board (PUB): Electricity, Phase II	3 930	Infrastructure
Papua New Guinea	Lae City Water Supply	22 412	Infrastructure
<b>Panel 3</b> Donelle Wheeler (panel leader), Carmel Krogh (sector adviser), Matthew Fehre (CSG), Sue Copland (PNG), Michael Baxter (advier), and part-time informal members Son Nguyen-Thuong (EAST) and Lynette Matthews (MSAA)			
Cambodia	Agricultural Extension, Phase II	17 871	Environment & rural development
China	Alxa League Environment Rehabilitation and Management	14 167	Environment & rural development
Regional – South Pacific	Sea Level and Climate Monitoring, Phase III	10 200	Environment & rural development
Regional – South Pacific	South Pacific Regional Initiative on Forest Genetic Resources (SPRIG), Phase II	4 500	Environment & rural development
Solomon Islands	Red Cross Capacity Building, Phase II	1 000	Governance
<b>Panel 4</b> Nigel Nutt (panel leader), David Chantrill and Heather MacDonald (sector advisers), Romaine Kwesius (CPL), Marilou Drilon (ORE), John Lea (QAG adviser), and part-time informal members Renae Astone (CSG), Amber Davidson (PNG) and Kylie Munro (HMC)			
Philippines	Mindanao Basic Education	5 295	Education
Papua New Guinea	Curriculum Reform Implementation (CRIP)	33 105	Education
Papua New Guinea	Women and Child Health	53 000	Health
Regional – South Pacific	Strengthening Expanded Program of Immunisation (EPI )	1 563	Health
Samoa	Samoa Health	8 624	Health

The panel's assessment and report were shown as drafts to the staff and contractors interviewed by the panel during the assessment process, including staff at overseas posts. Staff had an opportunity to review the assessment form and the report before they were finalised. Their comments were taken into account as appropriate, but the final version of the activity report is the panel's view of the activity rather than a consensus report. The final assessment and report were sent to the heads of the relevant divisions and branches, and the branch staff concerned. Overall, program staff reacted positively to the review process and to individual activity findings.

In addition to the information used to complete the assessment forms and prepare the activity reports, two other types of information were used to analyse project quality at entry and the review methodology. One was the cost of activity preparation. This information was collected from the Activity Management System and desk staff. The other was the feedback questionnaire completed, as in 1999, by panel members and interviewees. This feedback will be taken into account in future reviews of QAG methodology.

### Cautionary points

As with any (regular) survey, it is important to keep in mind the scope of the review's data and methodology and its comparability with the 1999 quality-at-entry review.<sup>1</sup>

- The 15 attribute indicators listed in 1999 were reduced to 12 in 2002. The opportunity was also taken in the 2002 review to remove repetition and to reduce the number of quality standards measured in 1999 from 66 to 47. These changes did not affect the structure of the quality frame (of four attributes) and removed only indicators focused on project outputs that were considered not relevant to conditions at entry or that duplicated other indicators.

- The results may reflect some bias that is inevitable in this type of peer assessment within a culture with a limited tradition of internal analytical evaluation.
- Although almost a third of eligible activities were included in the sample, the dataset is relatively small, which precludes most forms of statistical analysis.
- The assessment form included some quality standards seen by some panel members and interviewees as not fully relevant to a particular activity.
- The assessment form did not ask for a weighting of the contributions that individual quality standards, indicators or attributes made to overall quality at entry.
- While formal and informal discussions about at-entry quality were held with many staff in interviews and when preparing the draft findings on activities, the information derived from these interactions was not systematically incorporated into the report findings.

### Outputs

In line with the review objectives, several outputs were generated. One is this overview report. It describes the overall level of quality at entry of AusAID bilateral and regional activities, identifies major strengths and weaknesses in project preparation, outlines the extent to which the 1999 review recommendations have been adopted, and suggests reasons for the variation in the entry quality of activities. It also makes recommendations on how project quality at entry might be further improved. Within the scope of the data and methodology, some statistical analysis was undertaken of assessments and activity preparation costs. Additionally, the detailed assessment reports of each of the 20 reviewed activities were sent to the relevant branches where it is anticipated they will be useful as case studies in discussions on project preparation and design.

1. There are some differences between the 2002 review and the 1999 review. However, the differences between the quality assessment forms are limited and the review methodology is sufficiently similar to enable valid comparisons of the results of the two reviews. A key contextual difference between the two reviews is in the level of AusAID staff awareness of 'quality' and the QAG process. It is considerably deeper in 2002 than it was in 1999. This appears to have led to overall higher standards and expectations concerning project quality.

The review had further ancillary outputs. These include:

- ways to strengthen AusGUIDE in the light of the review
- good practice examples highlighted in the individual activity reports, which can be made available for entry in the new database being developed by QUAL, and
- ways to improve the assessment form, the review process and quality evaluation methodology in general.

In the first instance, these ancillary outputs have most relevance to the Office of Review and Evaluation.

## Follow-up

Seminars will be held on review findings and specific assistance on general or particular findings of the review will be given, on request, to branches, sections, posts or individual officers. The experience of this review has also highlighted a number of issues relevant to future QAG work, some of which will be investigated and acted on as appropriate, including selected field visits by QAG and other staff.

## 2. Results of the review

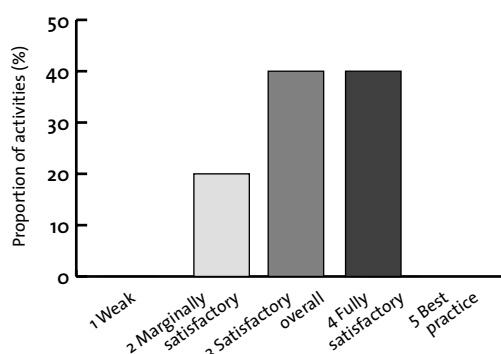
### Key findings

- Overall quality at entry was good.
- There was considerable variation in elements of quality within almost all activities. Nearly all activities had elements of quality that could be improved.
- The standard of final design, appropriateness of objectives and AusAID's management and use of preparation resources scored well.
- All elements of design related to the likely sustainability of an activity's outcomes scored poorly.
- The activities that had higher quality at entry had stronger partner government participation in design and support in general, as well as better final design, objectives and use of resources by AusAID staff.
- The activities that scored less well on overall quality at entry did poorly on the adequacy of the design process and on sustainability elements.
- The most common shortcomings in preparation were the failure to have adequate peer review and to take account of relevant lessons learned.
- Overall, the findings are similar to those of the 1999 quality-at-entry review, including some of the main strengths and weaknesses of the design process.

### Overall quality at entry

Eighty per cent of the 20 activities reviewed had a quality-at-entry rating of satisfactory overall or better (figure 1). The value of these 16 activities in relation to the total value of the reviewed activities was a similar proportion (82 per cent).

Figure 1 Distribution of reviewed activities by their overall quality at entry



Twenty per cent (four activities) had an overall assessment of quality at entry of marginally satisfactory. These activities had a value of \$46.9 million in AusAID contribution to project costs – 18 per cent of the total value of activities assessed.

These findings indicate relatively strong quality at entry. However, it should be kept in mind that, as currently designed and managed, only the 40 per cent of activities rated fully satisfactory (eight activities) are likely to achieve all their objectives. The 20 per cent rated marginally satisfactory require some adjustment if they are to achieve their objectives.

Other points to note with respect to overall quality at entry follow.

- There was considerable variation in at-entry quality within and among activities. Most activities had both high and low ratings against some quality indicators and standards.
- Satisfactory quality at entry is one predictor, but not the only one, of success during implementation. All projects would benefit not only from careful analysis of quality at entry but also from proactive assessment of quality during implementation.

- This review was a rapid, desk-based, assessment of the process and output of activity preparation. A more in-depth review or field-based assessment might result in more detailed conclusions about an activity's quality at entry.

## Detailed results

### Quality attributes

Of the four attributes of quality at entry, 'project preparation is managed in a professional manner' received the highest score. This attribute covers timeliness of preparation, standard of contract, strength of partner government support and AusAID's management and use of resources in preparation. The attribute with the second highest score is 'project has appropriate objectives and design'.

The attribute 'project is likely to have sustainable outcomes' received the lowest score. It covers the foreseen sustainability of benefits, improved institutional capacity and recurrent budget needs.

### Attribute indicators

There is considerable variation in performance among the 20 activities when reviewed against the 12 attribute indicators (figures 2–6).

As indicated in table 2, the highest scoring indicators are:

- AusAID's management and use of resources
- appropriateness of objectives
- standard of final design.

The lowest scoring indicators are the three covering the attribute 'project is likely to have sustainable outcomes', ie:

- sustainability of benefits
- sustainability of improved institutional capacity
- maintenance of future recurrent budget.

### Quality standards

The activities were reviewed against 47 quality standards.<sup>2</sup> As indicated in table 3, the highest scoring of the 46 analysed are:

- objectives consistent with AusAID's Key Result Areas and country strategy
- objectives consistent with national development priorities and endorsed by the partner government aid coordination agency
- objectives consistent with AusAID's sectoral development policies and policies on poverty, gender and the environment, and
- clear, logical and current project design document that addresses contracting and implementation needs.

The lowest scoring quality standards (table 3) relate to sustainability and to peer review. They are:

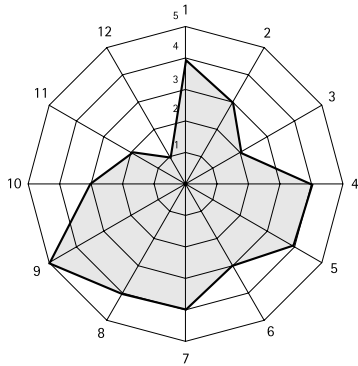
- partner government financial inputs post-project assessed and clearly presented and accepted by the partner government
- partner government staff requirements post-project assessed and clearly presented and agreed to by the partner government
- increases in recurrent budget post-project likely to be manageable, and
- appropriate peer review undertaken.

With one exception, the highest and lowest scoring quality standards are related to different quality indicators (table 2). The one indicator that has both highest and lowest scoring standards is the standard of final design. Within final design, the project design document, logframe matrix and design flexibility were done well, in contrast with the handling of the monitoring framework, poverty reduction strategy, sustainability analysis and responsibility table.

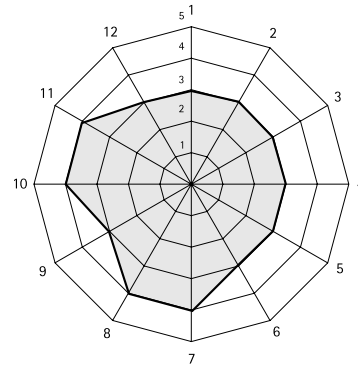
2. One was not included in the analysis. Quality standard 3.7 (Australian-funded components of co-financed and multilateral activities meet AusAID quality criteria) was rarely rated and so was not included in the analysis.

Figure 2 Quality at entry, at indicator level, of activities in the governance sector

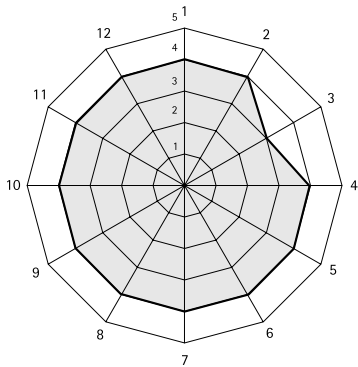
East Timor: Electoral Administration  
Capacity Building



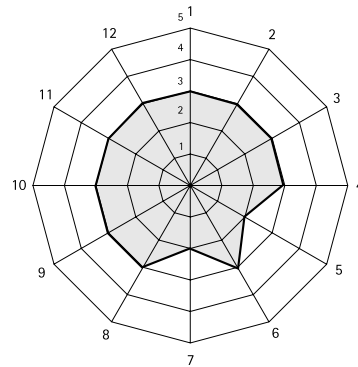
Viet Nam: Capital Aid Fund for Employment of the Poor  
(CEP) Microfinance Expansion



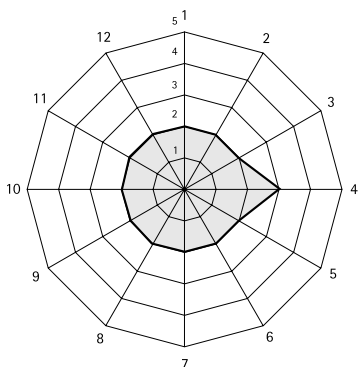
Solomon Islands: Red Cross Capacity Building,  
Phase II



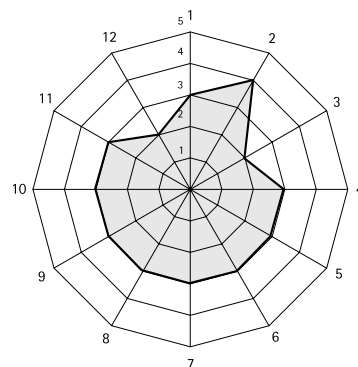
Tonga: Legal Sector  
Institutional Strengthening



Regional Asia:  
Social Protection Facility



PNG: Bougainville Microfinance,  
Phase II



**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

1. Appropriateness of objectives
2. Partner country participation in design process
3. Adequacy of design process
4. Standard of final design

**Preparation managed in a professional manner**

5. Timeliness of preparation
6. Standard of contract
7. Strength of partner government support
8. AusAID's management and use of resources

**Likely to achieve objectives**

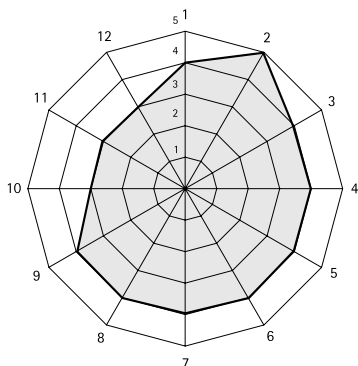
9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

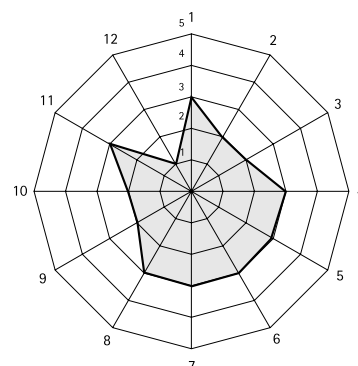
10. Sustainability of benefits
11. Sustainability of improved institutional capacity
12. Maintenance of future recurrent budget

Figure 3 Quality at entry, at indicator level, of activities in the environment and rural development sector

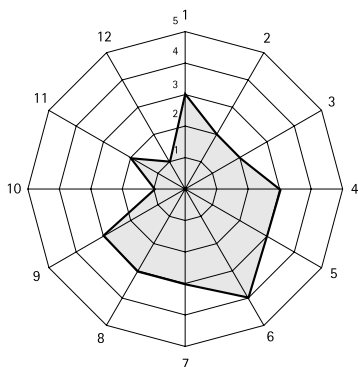
**China: Alxa Leauge Environment Rehabilitation and Management**



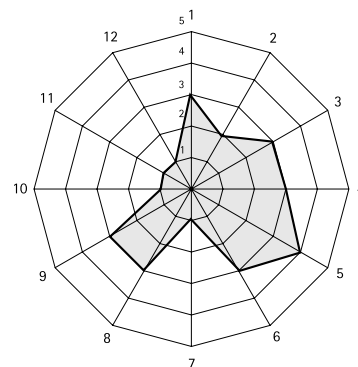
**Cambodia: Agricultural Extension, Phase II**



**South Pacific Regional Initiative on Forest Genetic Resources (SPRIG), Phase II**



**Regional South Pacific: Sea Level and Climate Monitoring, Phase III**



**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

- 1. Appropriateness of objectives
- 2. Partner country participation in design process
- 3. Adequacy of design process
- 4. Standard of final design

**Preparation managed in a professional manner**

- 5. Timeliness of preparation
- 6. Standard of contract
- 7. Strength of partner government support
- 8. AusAID's management and use of resources

**Likely to achieve objectives**

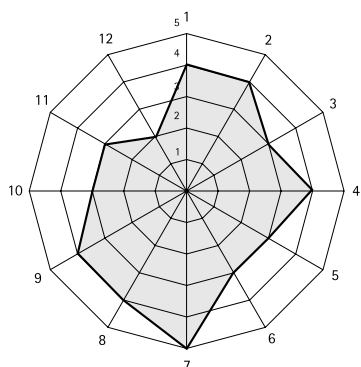
- 9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

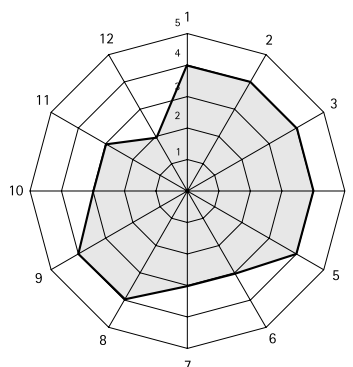
- 10. Sustainability of benefits
- 11. Sustainability of improved institutional capacity
- 12. Maintenance of future recurrent budget

Figure 4 Quality at entry, at indicator level, of activities in the infrastructure sector

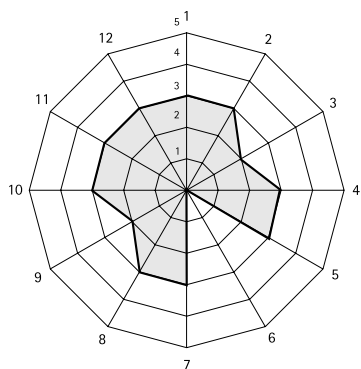
Viet Nam: Water Resources Management Assistance



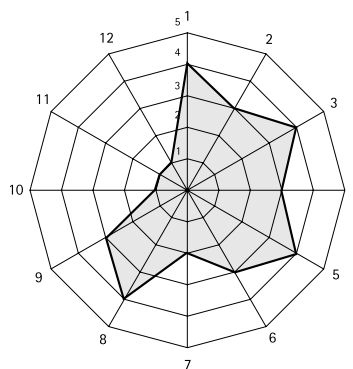
Viet Nam: Three Delta Towns Water Supply and Sanitation



PNG: Lae City Water Supply<sup>a</sup>



Kiribati: Strengthening Public Utilities Board (PUB): Electricity, Phase II



<sup>a</sup> Indicator 6 was not rated.

**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

- 1. Appropriateness of objectives
- 2. Partner country participation in design process
- 3. Adequacy of design process
- 4. Standard of final design

**Preparation managed in a professional manner**

- 5. Timeliness of preparation
- 6. Standard of contract
- 7. Strength of partner government support
- 8. AusAID's management and use of resources

**Likely to achieve objectives**

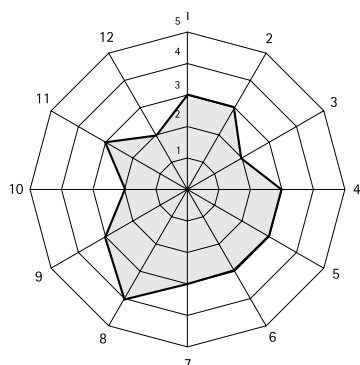
- 9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

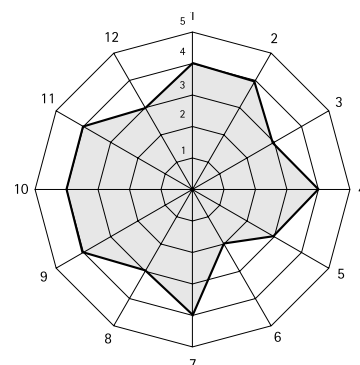
- 10. Sustainability of benefits
- 11. Sustainability of improved institutional capacity
- 12. Maintenance of future recurrent budget

Figure 5 Quality at entry, at indicator level, of activities in the health sector

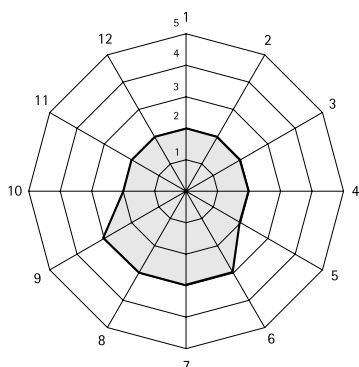
China: Bazhong Rural Health Improvement



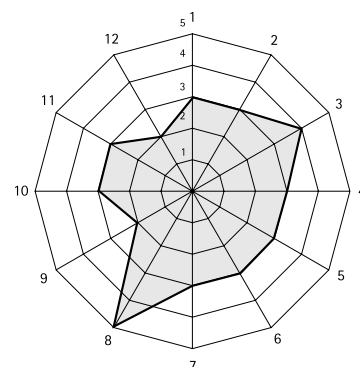
Samoa: Samoa Health



Regional South Pacific: Strengthening Expanded Program of Immunisation (EPI)



PNG: Women and Child Health



**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

- 1. Appropriateness of objectives
- 2. Partner country participation in design process
- 3. Adequacy of design process
- 4. Standard of final design

**Preparation managed in a professional manner**

- 5. Timeliness of preparation
- 6. Standard of contract
- 7. Strength of partner government support
- 8. AusAID's management and use of resources

**Likely to achieve objectives**

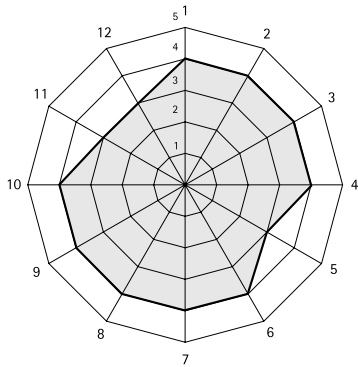
- 9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

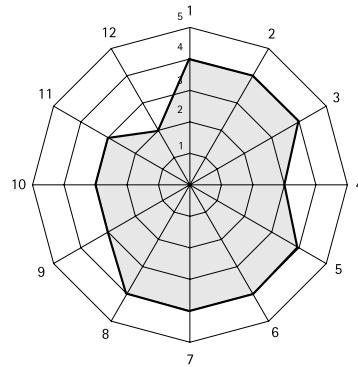
- 10. Sustainability of benefits
- 11. Sustainability of improved institutional capacity
- 12. Maintenance of future recurrent budget

Figure 6 Quality at entry, at indicator level, of activities in the education sector

**Phillippines: Mindanao Basic Education**



**PNG: Curriculum Reform Implementation (CRIP)**



**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

- 1. Appropriateness of objectives
- 2. Partner country participation in design process
- 3. Adequacy of design process
- 4. Standard of final design

**Preparation managed in a professional manner**

- 5. Timeliness of preparation
- 6. Standard of contract
- 7. Strength of partner government support
- 8. AusAID's management and use of resources

**Likely to achieve objectives**

- 9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

- 10. Sustainability of benefits
- 11. Sustainability of improved institutional capacity
- 12. Maintenance of future recurrent budget

**Table 2 Highest and lowest scoring quality standards, by indicator**

Indicator	10 highest scoring quality standards	10 lowest scoring quality standards
Appropriateness of objectives	<ul style="list-style-type: none"> <li>• Objectives consistent with AusAID's KRAs and country strategy</li> <li>• Objectives consistent with AusAID's sector development policies and policies on poverty, gender and environment</li> <li>• Objectives consistent with national development priorities and endorsed by PG aid coordination authority</li> </ul>	
Partner country participation in design process	<ul style="list-style-type: none"> <li>• Implementing institution's staff and other PG stakeholders clearly identified and have actively participated and contributed at all stages of design process</li> </ul>	
Adequacy of design process		<ul style="list-style-type: none"> <li>• Alternative approaches and designs have been considered</li> <li>• Appropriate peer review undertaken</li> </ul>
Standard of final design	<ul style="list-style-type: none"> <li>• Clear, logical and current PDD that addresses contracting and implementation needs</li> <li>• Logframe matrix presents realistic and measurable objectives and outputs and clear indicators</li> <li>• Design is sufficiently flexible to allow for adjustments during implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring framework describes monitoring activities in terms of logframe outcomes and outputs and details the data, analysis and reporting requirements</li> <li>• Specific strategy incorporated to address poverty reduction</li> <li>• Sustainability analysis identifies main risks, is detailed and realistic, and includes phase-out strategy</li> <li>• A 'responsibility table' clearly links logframe outputs to contract milestones and PG responsibilities</li> </ul>
Standard of contract	<ul style="list-style-type: none"> <li>• Contract likely to provide implementers with adequate flexibility</li> </ul>	
AusAID's management and use of resources	<ul style="list-style-type: none"> <li>• Desk and post staff have appropriate knowledge and skills for managing the project</li> <li>• AusAID resources have provided strong contributions to project preparation</li> </ul>	
Sustainability of benefits		<ul style="list-style-type: none"> <li>• System of benefits, or facility providing benefits, likely to be financially supported by the PG, or the community, or the beneficiaries post-project</li> </ul>
Sustainability of improved institutional capacity		<ul style="list-style-type: none"> <li>• PG staff requirements post-project assessed and clearly presented and agreed to by PG</li> </ul>
Maintenance of future recurrent budget		<ul style="list-style-type: none"> <li>• Increases in recurrent budget post-project likely to be manageable</li> <li>• PG's financial inputs post-project (both ongoing and incremental) assessed and clearly presented and accepted by the PG</li> </ul>

**Table 3 Strongest and weakest of 46 quality standards<sup>a</sup>**

Rank	Quality standard	
<b>Strongest</b>		
1	1.2	Objectives consistent with AusAID's KRAs and country strategy
2	1.5	Objectives consistent with national development priorities and endorsed by PG aid coordination authority
3	1.3	Objectives consistent with AusAID's sector development policies and policies on poverty, gender and environment
= 3	4.1	Clear, logical and current PDD that addresses contracting and implementation needs
5	6.3	Contract likely to provide implementers with adequate flexibility
6	8.1	Desk and post staff have appropriate knowledge and skills for managing the project
= 6	8.2	AusAID resources have provided strong contributions to project preparation
8	4.2	Logframe matrix presents realistic and measurable objectives and outputs and clear indicators
= 8	4.9	Design is sufficiently flexible to allow for adjustments during implementation
10	2.1	Implementing institution's staff and other PG stakeholders clearly identified and have actively participated and contributed at all stages of design process
<b>Weakest</b>		
46	12.1	PG financial inputs post-project (both ongoing and incremental) assessed and clearly presented and accepted by the PG
45	11.1	PG staff requirements post-project assessed and clearly presented and agreed to by PG
44	12.2	Increases in recurrent budget post-project likely to be manageable
43	3.8	Appropriate peer review undertaken
42	10.2	System of benefits, or facility providing benefits, likely to be financially supported by PG, or the community, or the beneficiaries post-project
41	4.10	A 'responsibility table' clearly links logframe outputs to contract milestones and PG responsibilities
40	3.5	Alternative approaches and designs have been considered
39	4.4	Specific strategy incorporated to address poverty reduction
38	4.8	Sustainability analysis: main risks to sustainability identified, sustainability strategy sufficiently detailed and realistic, and phase-out strategy prepared

<sup>a</sup> Excludes quality standard 3.7 (Australian-funded components of co-financed and multilateral activities meet AusAID quality criteria), which was rarely rated.

## Analysis

Beyond calculating simple means and proportions, two types of statistical analysis were undertaken with the review data. Correlations were determined between overall quality ratings, attributes and indicators. And an attempt was made to relate quality ratings to different attributes of activities (eg implementation contract value, program country, sector, bilateral or regional activity, follow-up or second/third-phase activity and activities originating from ministerial initiatives).

Among the four quality attributes, two are strongly correlated – ‘appropriate objectives and design’ and ‘likely to achieve its objectives’ – but both correlate even more strongly with the overall quality rating. The attribute ‘likely to have sustainable outcomes’ stands out as being only weakly correlated with the other three attributes. With respect to indicators, appropriateness of objectives is more strongly correlated with all other indicators than are the other indicators with each other. This could be because this indicator captures some essential element of quality for which all others report variations. It could also be due to a panel’s approach of referring back to that indicator when deciding the ratings for the others.

There are a number of differences in ratings for the types of activity in the sample (table 4). These differences, however, are not statistically significant, in part because of the small sample size. Even so, some findings are of interest.

- Bilateral activities rate considerably better (3.4) than regional activities (2.5). An identical proportion of each category was drawn from the 70 eligible activities. The relationship is close to being statistically significant.
- There is considerable variation in the rating results for countries with three or more activities reviewed in the sample. The activities in Viet Nam averaged 4.0 while those in Papua New Guinea averaged 2.8.
- Follow-on or second-phase activities performed noticeably worse (2.9) than first-time activities (3.4).
- There is no difference in the ratings of reviewed activities that resulted from a ministerial initiative and those that did not.

**Table 4 Quality rating by type of activity reviewed**

Type of activity in sample	Number	Quality rating (average)
<b>Country program</b>		
Viet Nam	3	4.0
Papua New Guinea	4	2.8
Pacific, excl. regional	4	3.5
<b>Bilateral or regional program</b>		
Regional	4	2.5
Bilateral	16	3.4
<b>Sector</b>		
Health	4	3.0
Education	2	3.5
Environment & rural development	4	3.0
Governance	6	3.3
Infrastructure	4	3.3
<b>Size of implementation contract</b>		
<\$5 million	8	2.9
\$5–10 million	4	4.0
\$10–20 million	4	3.0
>\$20 million	4	3.3
<b>Follow-on (subsequent) phase</b>		
Follow-on	8	2.9
No follow-on	12	3.4
<b>Ministerial initiative in selection</b>		
Ministerial initiative	5	3.2
No initiative	15	3.2

## Common features of activities with high and low quality at entry

Six of the eight activities rated fully satisfactory scored four or better on half the indicators – appropriateness of objectives, partner country participation in the design process, standard of final design, strength of partner government support, AusAID’s management and use of resources, and likely progress in achieving objectives. The poorest scoring indicator for these high-quality activities was maintenance of future recurrent budget. The two other indicators relating to sustainability also scored poorly.

Other findings follow.

- Strong performance was not uniform. Even among the activities with the highest quality-at-entry scores, none scored a four or five for all of the 12 indicators (one scored four for 11 indicators), and four of the eight activities rated fully satisfactory scored marginally satisfactory or weak on at least one indicator.
- The four activities that received an overall marginally satisfactory rating did poorest on adequacy of design process, maintenance of future recurrent budget and sustainability of benefits. They scored better on standard of final design, AusAID’s management and use of resources, and standard of contract.
- The four marginally satisfactory activities were not consistently weak. They accounted for only one of the 10 weak indicator scores given in the review.

Common features of activities with high and low quality at entry are presented in boxes 2 and 3.

### Box 2

#### Activities with high quality at entry

Eight activities were rated fully satisfactory:

- China – Alxa League Environment Rehabilitation and Management
- East Timor – Electoral Administration Capacity Building
- Philippines – Mindanao Basic Education
- Samoa – Samoa Health
- Solomon Islands – Red Cross Capacity Building, Phase II
- Viet Nam – Capital Aid Fund for Employment of the Poor (CEP) Microfinance Expansion
- Viet Nam – Three Delta Towns Water Supply and Sanitation
- Viet Nam – Water Resources Management Assistance

These activities share several strong indicators of quality in terms of appropriateness of objectives, partner country participation in design process, standard of final design, AusAID’s management and use of resources, and likely progress in achieving their objectives. They are not as strong, however, in terms of maintenance of future recurrent budgets and other indicators of sustainability. Overall they attained fully satisfactory scores for seven of the 12 indicators of quality and satisfactory overall scores for the remaining indicators.

Common strengths include:

- clear and measurable objectives and outcomes
- strong partner government support including the active participation of other stakeholders
- final project design of a high standard
- demonstrably strong staff contributions in project preparation and appropriate use of AusAID resources, and
- strong likelihood that the activity will be successfully implemented and achieve its objectives.

The eight activities represent all sectors targeted in the aid program. The average Australian contribution to these activities is \$12.2 million. If the largest activity contribution is excluded, the average is \$6.7 million.

### Box 3

#### Activities with low quality at entry

Four activities were rated marginally satisfactory:

- Regional Asia – Social Protection Facility
- Cambodia – Agricultural Extension, Phase II
- Regional South Pacific – Strengthening Expanded Program for Immunisation (EPI)
- Papua New Guinea – Lae City Water Supply

These activities were less than satisfactory overall in three of the four quality attributes (after averaging their results): appropriate objectives and design, likely to achieve its objectives and likely to have sustainable outcomes. Their average scores in five of the 12 indicators were less than satisfactory overall, though none of the scores were weak, the lowest possible rating.

Common weaknesses include:

- adequacy of the design process, such as following appropriate pathways in preparation and consideration of alternative approaches, and
- concerns about sustainability, particularly of future recurrent budget and benefits.

Despite a low rating overall, each of these activities averaged a rating of satisfactory overall in five indicators, implying each had considerable strengths. Their best performing indicators were standard of final design, AusAID's management and use of resources, and standard of contract.

The four activities cover governance, environment and rural development, health and infrastructure. The average Australian contribution to these activities is \$11.6 million. If the largest activity contribution is excluded, the average is \$8 million.

## Reported strengths and weaknesses

For each activity the panels reported a number of significant strengths and weaknesses in preparation and design (table 5), which corroborate the assessment results.

- About half the reported **strengths** relate to objectives and design; about half of these strengths are 'inherent design features' such as situational analysis, flexibility, consistency with AusAID priorities, and sustainability analysis. Other main strengths are the definition of objectives, the preparation process and the timeliness and effectiveness of the AusAID response.
- Two-thirds of reported **weaknesses** relate to objectives and design. The most common weaknesses relate to situational analysis and lessons learned, sustainability analysis, and peer review and appraisal. These are followed by monitoring and evaluation plans, definition of objectives, and gender and poverty policy.

These qualitatively reported strengths and weaknesses are broadly consistent with the quality assessments, as one might expect. They indicate the importance given by panel members to the components of the final design, which include clearly defined objectives.

**Table 5 Reported strengths and weaknesses in preparation and design**

Percentage of reported cases

Strengths (79 cases)	%	Weaknesses (80 cases)	%
<b>Preparation process</b>	<b>34.2</b>	<b>Preparation process</b>	<b>25.0</b>
Process, response	10.1	Peer review, appraisal	10.0
Documentation	8.9	Process, effort, staff	6.3
Contracting strategy	7.6	Design team	3.7
Peer review, appraisal	6.3	Documentation	2.5
Skills utilised	1.3	Beneficiary participation	2.5
<b>Partner government</b>	<b>12.6</b>	<b>Partner government</b>	<b>8.8</b>
Demand, support, participation	7.5	Policy, dialogue	3.8
Strategic alignment	5.1	Demand, support, participation	3.8
		Counterpart requirement definition	1.2
<b>Objectives and design</b>	<b>53.2</b>	<b>Objectives and design</b>	<b>66.2</b>
Inherent design features <sup>a</sup>	29.1	Situational analysis, lessons	12.5
Clear, realistic and measurable objectives	12.6	Sustainability analysis	12.5
Links to other activities, donors	7.6	Monitoring and evaluation	8.8
Attention to implementation needs	3.9	Definition of objectives	7.5
		Gender and poverty strategy	7.5
		Financial, economic and cost analysis	6.2
		Reporting and milestones	6.2
		Management structure	3.7
		Environmental strategy	1.3

<sup>a</sup> 'Inherent design features' include situational analysis, flexibility, consistency with AusAID priorities, sustainability strategy, monitoring and evaluation, links to earlier activities, logframe, use of local skills, and high level of resource transfer.

## 3. Selected issues

### 2002 results compared with 1999 results

There are some differences between the 1999 and 2002 findings but overall these are not marked. The average rating achieved for all sampled activities was 3.2, the same for both reviews.

- **Quality attributes.** Activities were still rated strongest against the quality attribute 'project preparation is managed in a professional manner' (figure 7). Activities continue to show weakness in terms of the attribute 'project is likely to have sustainable outcomes'.
- **Attribute indicators.** The highest scoring indicator in 2002 is not the same as in 1999 (AusAID's management and use of resources rather than standard of contract) (figure 8). In 1999 there were two indicators that rated less than satisfactory overall (likely progress in achieving objectives and maintenance of future recurrent budget). In 2002 all three sustainability indicators were rated less than satisfactory overall as was adequacy of the design process.
- **Quality standards.** There is little difference between the 1999 and 2002 reviews in the best and worst performing quality standards. The highest ranked quality standards in each year include those concerned with consistency between the activity and the policies of partner governments and AusAID. Three of the four worst scoring standards in 1999 relate to sustainability. (The fourth involves inadequate logframe formulation, an issue that was not noted as a problem in 2002.) All of the four poorest scoring standards in 2002 concern sustainability.

- **Sectoral performance.** At the indicator level there is some variation in sectoral performance between 1999 and 2002 (figure 9). Education remains the strongest performing sector, though there were only two education activities in 2002 sample. The quality rating for health activities declined from 3.3 in 1999 to 3.0 in 2002. The rating of activities in governance rose from 3.2 in 1999 to 3.3 in 2002, while the ratings of activities in the environment and rural development remained at 3.0.
- **Bilateral and regional activities.** The difference in quality rating between bilateral and regional activities has become more marked. While the average rating for bilateral activities rose from 3.1 in 1999 to 3.4 in 2002, the rating for regional activities fell from 3.0 to 2.5.

The 1999 and 2002 panels reported on the perceived strengths and weaknesses of project preparation and design (table 6). In 2002 the partner government was seen as being considerably less involved in strengths and weaknesses than in 1999, but the preparation process overall was seen as having both more strengths and weaknesses. The limited comment in 2002 concerning the partner government suggests panel members saw this as an area either without particular strengths or weaknesses or with not much relevance to quality at entry.

Figure 7 Quality attribute ratings, 1999 and 2002

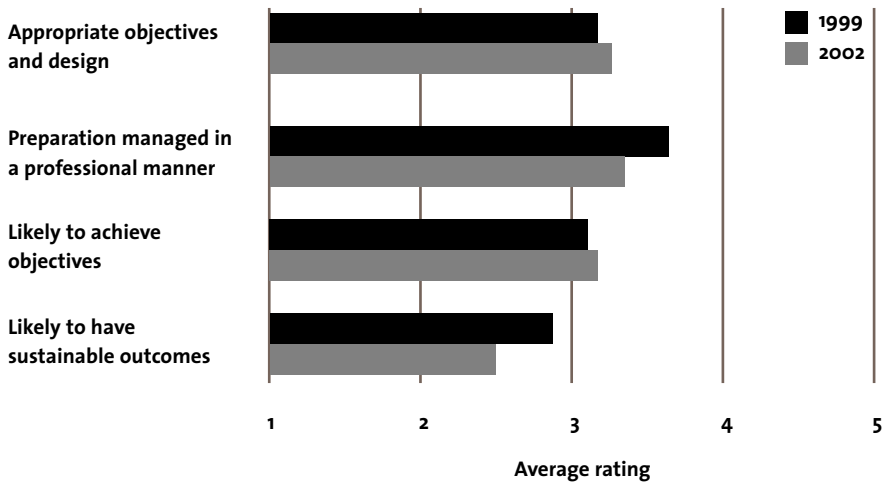
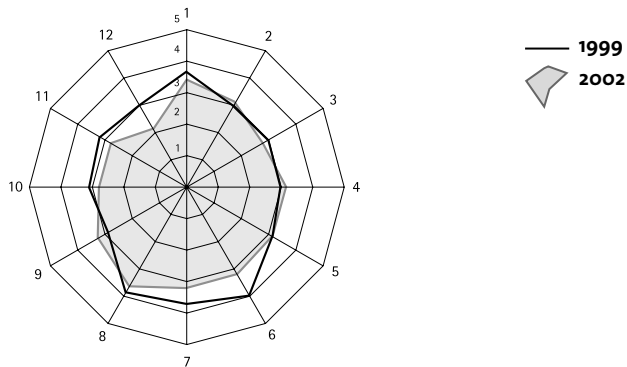


Figure 8 Average scores overall for attribute indicators, 1999 and 2002



**Note:** The 1999 and 2002 results at indicator level are largely comparable. Three indicators used in 1999 were subsumed in other indicators and so deleted in the 2002 review. The labelling of indicators for 2002 was adjusted so that the 12 remaining indicators used in 1999 coincide with the 2002 quality indicators.

**QUALITY ATTRIBUTES AND INDICATORS**

**Appropriate objectives and design**

- 1. Appropriateness of objectives
- 2. Partner country participation in design process
- 3. Adequacy of design process
- 4. Standard of final design

**Preparation managed in a professional manner**

- 5. Timeliness of preparation
- 6. Standard of contract
- 7. Strength of partner government support
- 8. AusAID's management and use of resources

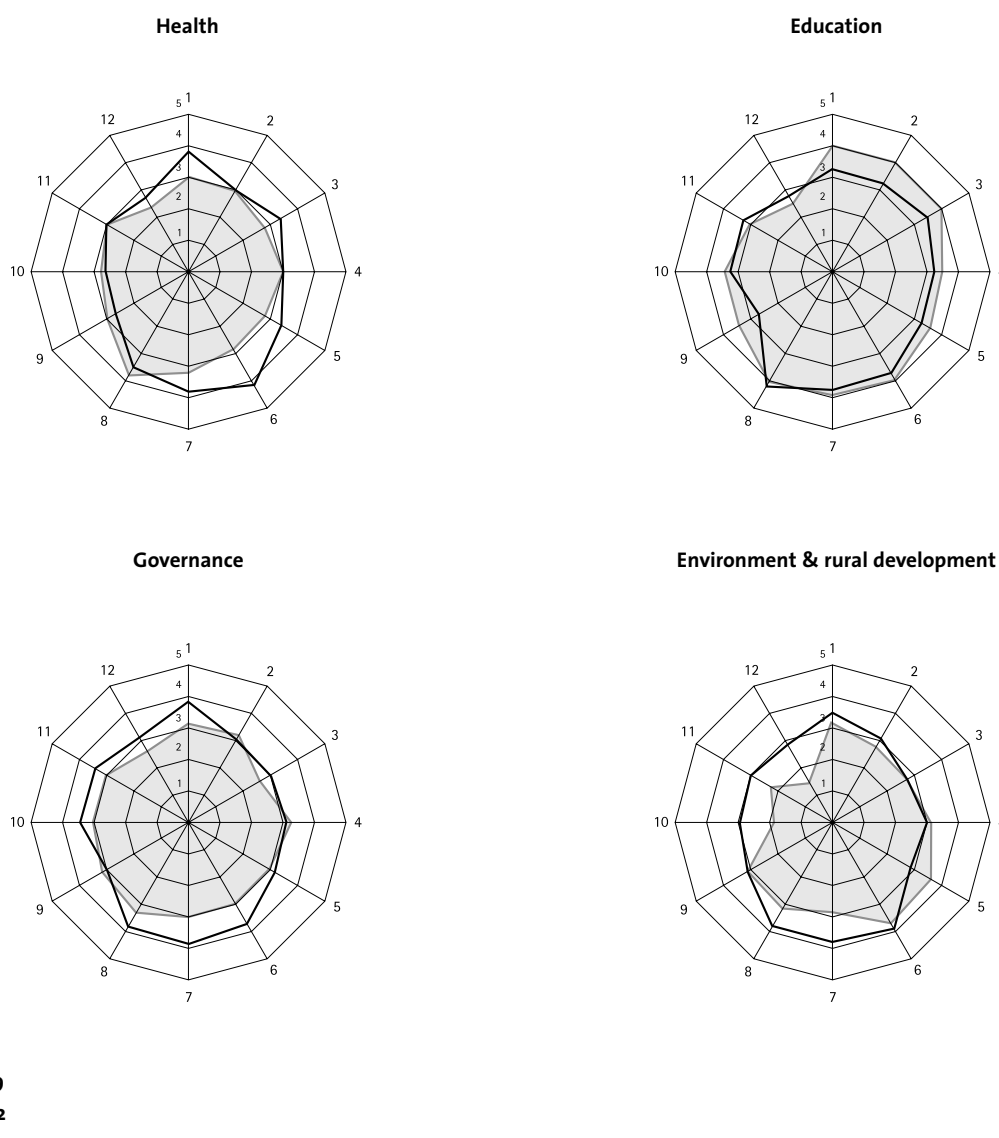
**Likely to achieve objectives**

- 9. Likely progress in achieving objectives

**Likely to have sustainable outcomes**

- 10. Sustainability of benefits
- 11. Sustainability of improved institutional capacity
- 12. Maintenance of future recurrent budget

Figure 9 Average scores for attribute indicators by sector, 1999 and 2002



**Note:** The 1999 review did not include infrastructure projects. The 1999 and 2002 results at indicator level are largely comparable. Three indicators used in 1999 were subsumed in other indicators and so deleted in the 2002 review. The labelling of indicators for 2002 was adjusted so that the 12 remaining indicators used in 1999 coincide with the 2002 quality indicators.

#### QUALITY ATTRIBUTES AND INDICATORS

##### Appropriate objectives and design

1. Appropriateness of objectives
2. Partner country participation in design process
3. Adequacy of design process
4. Standard of final design

##### Preparation managed in a professional manner

5. Timeliness of preparation
6. Standard of contract
7. Strength of partner government support
8. AusAID's management and use of resources

##### Likely to achieve objectives

9. Likely progress in achieving objectives

##### Likely to have sustainable outcomes

10. Sustainability of benefits
11. Sustainability of improved institutional capacity
12. Maintenance of future recurrent budget

**Table 6 Strengths and weaknesses of preparation and design, 1999 and 2002**

Area of interest	Reported strengths <sup>a</sup>		Reported weaknesses <sup>a</sup>	
	1999	2002	1999	2002
Preparation process	21.5	34.2	16.1	25.0
Partner government	24.7	12.6	16.1	8.8
Objectives and design	53.8	53.2	67.8	66.2

<sup>a</sup> Percentage of reported strengths and weaknesses in 1999 and 2002 respectively.

## Implementation of the 1999 review recommendations

The 1999 quality-at-entry review made two types of recommendation. One related to individual projects – such as ensuring that the project design defines how the project will contribute to poverty reduction. The other applied to AusAID more generally, such as ensuring that staff are trained in project preparation and have their roles in quality assurance defined more specifically.

In this review the QAG panels monitored how the activities conformed to the 15 project-specific recommendations made in 1999. They found that these recommendations have been unevenly implemented (see table 7).

Some have been implemented. For example, AusGUIDE contains detailed guidelines to activity preparation, to the steps to be completed before activities go to tender, and to logframe analyses, sustainability strategies and risk matrices. In most cases, activities are now prepared with some beneficiary and partner government participation.

However, other recommendations that have an important impact on quality at entry have not been implemented. About half the activities reviewed were not subject to peer review, did not define how poverty reduction would be addressed and did not plan or document the resources required for preparation. Some 30 per cent of activities did not adequately define the partner government's contribution, did not provide a comprehensive review of country and sector lessons or did not have adequate independent appraisal.

Most of the more general recommendations arising from the 1999 review have been acted on through additions to AusGUIDE and training (see table 8), though evidence of changed behaviour or outcomes as a result is difficult to identify. The changes made accord with the refocus on program quality in *AusAID Strategic Plan*, December 2001. Staff throughout the Agency are attending training programs on the use of AusGUIDE, acquiring knowledge on quality requirements in design, and increasing their understanding of the new format of the Activity Management Brief. In addition, contractors and NGO stakeholders have been targeted at QAG seminars on quality at entry held in Australian capital cities and at a number of overseas posts. Notwithstanding these initiatives, AusAID has yet to address the nexus between activity selection and its comparative advantage as a development agency (*Rapid Review of Project Quality at Entry, March–April 1999*, p. 25).

**Table 7 Implementation of project-related recommendations of the 1999 quality-at-entry review in the 2002 review sample**

Recommendation <sup>a</sup>	Implemented (%)	Cases (no.)
Ensure project proposals are for activities in which AusAID has demonstrated <i>comparative advantage</i>	85	20
Define how a project will contribute to <i>poverty reduction</i>	50	20
Undertake a comprehensive review of <i>sector and country lessons</i> , from AusAID experience and beyond, and use these lessons in design	72	18
Agree with major stakeholders on clear, realistic and measurable <i>objectives</i>	78	18
Prepare comprehensive design team <i>TORs</i> , and <i>staff</i> the team with the skill mix to fulfil them	85	20
Ensure design teams have sufficient <i>time in country</i>	85	20
Prepare <i>logframe, sustainability strategy and risk analysis</i> with implementing agency and beneficiary <i>participation</i>	89 <sup>b</sup>	19
Define <i>partner government contributions</i> to the project, during and after the project period	70	17
<i>Complete all preparation</i> steps before finalising the PDD	90	20
Have PDD <i>appraised independently</i>	75	20
Ensure statements summarising ' <i>quality</i> ' and ' <i>quality at entry</i> ' are used as a reference for project preparation	79	19
Use <i>AusGUIDE</i> as the basic guide for project preparation	95	20
Give greater attention to the detailed <i>elaboration of budget</i> and other resources required for quality project preparation	58	19
Give priority to ensuring strong <i>staffing of design teams</i>	85	20
Establish an open review environment to contribute to preparation quality (taken as effective <i>peer review</i> )	47	19

<sup>a</sup> Based on the 1999 review's recommendations that are applicable to individual projects rather than to AusAID more broadly (eg 'training programs on project preparation should be developed for staff and managers ...'). <sup>b</sup> Prepared but Agency and beneficiary participation limited.

**Table 8 Implementation of general recommendations of the 1999 quality-at-entry review**

Recommendations directed to AusAID practices and processes rather than to projects

Recommendation	Action taken since 1999 review	Current status
<p><b>Define quality roles and responsibilities, and create a quality environment</b></p> <p>Define clear roles and responsibilities for managers and staff contributing to project quality, and create an environment in which quality is expected and rewarded.</p>	<ul style="list-style-type: none"> <li>• Roles and responsibilities study was conducted in August 2000, focusing on quality assurance.</li> <li>• R&amp;R guidelines were derived from the study and incorporated in AusGUIDELines.</li> <li>• The revision of R&amp;R guidelines is under way, to incorporate changes outlined to the Strategic Plan.</li> </ul>	<p>Roles and responsibilities are evolving but implementation needs to be pursued, including in context of the Strategic Plan; an environment 'in which quality is expected and rewarded' has yet to be created.</p>
<p><b>Provide training in project preparation and quality roles</b></p> <p>Develop training programs on project preparation for staff and managers and include a focus on their roles in quality assurance.</p>	<ul style="list-style-type: none"> <li>• Two main training programs on preparation have been conducted since 1999: 'Acquiring quality design', which had 64 participants in 2000-02, and the 'AusGUIDE training' series with 591 participants since 2000.</li> </ul>	<p>Training programs are ongoing; they should be updated in the light of this review's findings.</p>
<p><b>Address staff-related issues</b></p> <p>Encourage management and staff to jointly examine staff-related issues (ie weak supervision and mentoring, conflicting priorities, high staff mobility, heavy workload, fear of blame) and determine how to address them.</p>	<ul style="list-style-type: none"> <li>• Initiatives are incorporated in <i>People Management Strategy</i> (1999 and 2002), <i>Work Practices Review</i> (2000), <i>Review of Recruitment, Selection and Placement</i> (2000), <i>AusAID Strategic Plan</i> (2001) and <i>Workplace Planning</i> (2002).</li> </ul>	<p>Some improvements have been made but cases of weak supervision and mentoring, conflicting priorities, high staff mobility and heavy workload were noted in this review.</p>
<p><b>Develop open team-based reviews</b></p> <p>Have broad, open team-based reviews of project proposals (around draft APB) and design (around appraised PDD).</p>	<ul style="list-style-type: none"> <li>• This was proposed in AusAID Circular 12 (March 2002) on strengthening peer review arrangements for bilateral and regional activities.</li> </ul>	<p>Some limited improvement has occurred since 1999; there is a need to promote reviews within the context of new peer review guidelines.</p>
<p><b>Increase familiarity with quality at entry</b></p> <p>Ensure AusAID staff, contractors and stakeholders are familiar with what is meant by project quality at entry.</p>	<ul style="list-style-type: none"> <li>• Covered in the training noted above.</li> <li>• Seminars were conducted by QAG with contractors in capital cities and overseas, and with posts, in 2000-01.</li> <li>• QAG has provided briefings to design mission teams and TAGs on quality at entry and sustainability strategy.</li> <li>• QAG review of NGO activities and seminars with NGOs have focused on quality.</li> </ul>	<p>Level of awareness (among staff, contractors, NGOs and others) of quality issues is generally higher now than in 1999.</p>
<p><b>Clarify the program approach</b></p>	<ul style="list-style-type: none"> <li>• Defined in <i>Forms of Aid</i> (November 2001).</li> <li>• AusGUIDELines prepared on Technical Assistance Facilities and flexible mechanisms; AusGUIDELine on SWAPs not yet promulgated.</li> </ul>	<p>Generally a better understanding now than in 1999.</p>

Recommendation	Action taken since 1999 review	Current status
<b>Strengthen peer review</b>	<ul style="list-style-type: none"> <li>Incorporated in <i>AusAID Strategic Plan</i> (2001) and AusAID Circular 12 (March 2002) on strengthening peer review arrangements for bilateral and regional activities.</li> </ul>	No marked improvement yet in peer review.
<b>Promote participatory planning</b> Strengthen staff understanding and application of participatory planning.		Not yet done systematically; included in 2002 QAG work program.
<b>Increase monitoring and evaluations</b> Give greater priority to collecting baseline data, monitoring project activities, and undertaking ongoing and ex-post evaluations of projects and contracts.		Not yet done systematically.
<b>Clarify preparation standards for different types of aid</b> Clarify the preparation standards and documentation required for different types of aid.	<ul style="list-style-type: none"> <li>Some types covered in <i>Forms of Aid</i> (November 2001), but emphasis is needed on non-project forms of aid such as policy dialogue, co-financing and SWAPs.</li> </ul>	Not done systematically although some seminars have been held on particular types of activity (eg SWAPs).
<b>Discuss AusAID's comparative advantage</b> Facilitate broader discussion of AusAID's comparative advantage (including as a donor agency) and its application to selecting interventions.		Not yet done systematically.

## Continuing issues

The 2002 review of quality at entry shows that the overall good performance measured in 1999 continues to be achieved. However, it is noteworthy that a number of important issues raised in the 1999 review continue to be a concern. Two issues stand out: the treatment of sustainability and shortcomings in the design process.

### Treatment of sustainability

The three indicators of a project likely to have sustainable outcomes received the lowest scores of all 12 indicators. Moreover, three of the six quality standards for these indicators are the lowest scoring of the 46 standards analysed and a fourth ranks 11th lowest. Though projects performed slightly better against the sustainability indicators in the 1999 study, there was sufficient concern raised then at the poor performance to warrant QAG undertaking the study *Promoting Practical Sustainability* (September 2000). The 2002 review shows continued weakness in the quality of

activities in terms of likely sustainability. The average score on the sustainability attribute was 2.9 in 1999 and 2.6 in 2002 (figure 7). In 2002 eight of the 20 reviewed activities rated less than satisfactory overall (ie rated 1 or 2) for likely sustainability.

In the light of *Promoting Practical Sustainability*, the guidelines on sustainability in design focus on three issues – sustainability of benefits, sustainability of improved institutional capacity and maintenance of future recurrent budget. While all designs examined in the 2002 review addressed sustainability in some fashion, very few addressed these three points explicitly. Post-project recurrent budget needs were rarely appropriately calculated. This is not surprising as counterpart needs generally are handled poorly during activity preparation. The continuing poor assessment of how sustainability is handled during design suggests AusAID staff and design teams are still experiencing difficulty in addressing aspects of the post-project environment. Further views on sustainability are in box 4.

## Box 4

### Sustainability at entry

Sustainability is the quality attribute rated lowest in the 2002 quality-at-entry review, as it was in 1999. Because sustainability is embedded in the objective of the Australian overseas aid program – ‘advancing Australia’s national interest by assisting developing countries to reduce poverty and achieve sustainable development’ – poor performance in that area cannot be ignored.

The poor rating of sustainability in 1999 led to the QAG report *Promoting Practical Sustainability* (2000). This defined sustainability relevant to the aid program (‘the continuation of benefits after major assistance from a donor has been completed’) and offered advice on promoting sustainability throughout the activity cycle. The report was the basis for the AusGUIDEline on sustainability. *Promoting Practical Sustainability* also led to adjustments in the quality-at-entry assessment form. Sustainability is now assessed in terms of benefits, improved institutional capacity, and future recurrent budget needs.

The importance of sustainability to quality at entry is emphasised by the fact that one of four quality attributes and three of 12 attribute indicators relate to it. Few Agency staff are unaware of the aid program objective of achieving sustainable development or of the importance given to sustainable outcomes in the program. It is accepted that projects need to have sustainable outcomes or a good case made to the contrary. So why does it continue to be poorly handled in project design?

One reason is that designing a project that will have sustainable outcomes is difficult. It is hard to adjust AusAID or partner government aspirations and optimism to the reality of local institutional capacity and budgets, especially as most development challenges are huge. To counter unrealistic aspirations and optimism, and to maintain benefits once donor support ends, goals must be realistic. For outcomes to be sustainable, systems must be designed within local capacity and resources, which is often at odds with the importance most donor aid programs give to technical assistance, both as an activity and as a resource transfer mechanism. Most donors tend to provide technical assistance because local systems are weak, skills limited and resources constrained, even though such assistance can inhibit sustainability.

The lack of involvement of the partner government in project design is another reason why sustainability is poorly addressed. The design team may have limited incentive to involve the partner government if the team is pressed for time, there is not a commitment to meaningful participatory planning, a gulf exists in expectations, or the design does not foresee substantial partner government involvement or responsibility in implementing the project. Limited involvement of the partner government in design and low expectations of the partner government’s contribution to counterpart resource requirements often result in memorandums of understanding that minimise the role of the partner government during and after the project.

The poor record for building sustainability principles into design is reflected in project contracts. If the partner government has little involvement in the design and contracting processes, AusAID typically moves from a comprehensive project design document, with implicit or explicit managerial and funding roles for the partner government, local communities, other implementers (such as NGOs), donor and contractor, to a contract for which AusAID and the contractor are fully accountable. Accountability and the need to control associated risk may reinforce the importance of a scope of services aimed at securing key outcomes by the Australian managing contractor. But, by its nature, the scope of services may lead to a much reduced reliance on the partner government, communities or other stakeholders which AusAID, through the contractor, cannot control. This is particularly likely if there has been minimal involvement of the partner government in project design. The greater the perceived need for capacity building the less likely local institutions will be relied on for critical inputs, especially funds. A project design and a subsequent contract that minimise dependence on local institutions and resources are unlikely to deliver sustainable outcomes even though the project may deliver some agreed outputs in a difficult environment.

Steps can be taken to strengthen the outcomes of programs and projects within the design and subsequent contract environment. AusAID should focus on the initial design:

- how it allocates tasks, risks and delivers the outcomes
- the link between the project and contract, and
- how AusAID handles risks within the contract and the consequences of this.

It may be possible to identify forms of aid (other than technical assistance) that promote sustainable outcomes by relying more on local institutions for decisions and funds. AusAID should also consider whether there is a place for projects that deliver unsustainable outcomes within the aid program, given its longer term goal of sustainable development. Whatever steps are taken to improve sustainability, it is clear that the concept of sustainability will continue to pose challenges to the design and delivery of Australia’s aid program.

## Shortcomings in the design process

A number of important steps in the design process and its products continue to be handled inadequately. The weakest performing quality standards relate to:

- adequate peer review
- consideration of alternative approaches and designs, and
- preparation of adequate responsibility tables, sustainability strategies, poverty reduction strategies and monitoring frameworks.

## The role of AusGUIDE

AusGUIDE provides guidance on how to address sustainability and design issues, which suggests that the design process should not have shortcomings if it is being managed effectively.

Relevant here is the analysis done on the correlation between the cost of preparing and designing an activity and its quality rating (see table 9 and box 5). Preparation cost as a proportion of the total contract cost of an AusAID activity was found to be close to statistically significant when tested using a generalised linear model (the higher the preparation costs, the greater the chance of achieving a high quality rating). This suggests that further investigation is needed to understand the critical factors in the management of the preparation process that are more likely to lead to high-quality design.

Examples of weak quality assurance management can be found in completed FMA Reg 9 submissions for the reviewed activities. An examination of these submissions shows that documentation requirements were not fully followed in most cases despite these requirements being set out in Office Procedure Circulars and AusGUIDE (see box 6). Project preparation pathways were not properly prepared for at least half of the activities reviewed and none of them appear to have used the quality assurance checklist as recommended in AusGUIDE. If the various documentation procedures were followed, officers approving FMA Reg 9 submissions would have sufficient material to allow them to be confident of the robustness of the proposed preparation path and quality assurance measures of the activity for which funding was being sought.

In addition to the existing guidelines in AusGUIDE, AusAID is taking steps to strengthen and update

decision-making and peer review arrangements for bilateral and regional activities (see box 7). Strategic peer reviews that are done well and consistently supported are more likely to strengthen the design process than any other option. They would also help to ensure that appropriate interventions are identified at an early stage and, where the intervention is an activity, that an effective project design is developed.

## The quality-at-entry review process

Using staff to assess a random sample of activities as introduced in the 1999 quality-at-entry review is now an established feature of QAG methodology. There have been refinements in sample selection procedures, the assessment form and panel methodology but these changes have served to strengthen rather than to change the fundamental QAG review approach.

AusAID's staff, major contractors and primary counterparts in partner governments are generally aware of the objectives and process of the quality-at-entry reviews. There is increasing acceptance that the process is important not only for quality assurance but also for learning opportunities. Compared with the environment in 1999, this review was conducted in a more informed and supportive context, leading to increased familiarisation with and acceptance of the review process. This has flowed on to the panel members, who have a heightened expectation of and more robust standards for quality.

Further refinements to the review process will be considered in the light of this and later reviews. Among the challenges to be addressed are:

- the appropriate balance between creating ownership for the review process by encouraging wide staff participation and the need for objectivity and expertise
- the need to foster clearer recognition of the corporate value of participating in QAG reviews for staff learning, but more importantly to strengthen the capacity of managers to contribute effectively to peer reviews, and
- how to mainstream the QAG review process as a quality assurance mechanism through 'on demand' QAG reviews of projects and other program activities (including sectorwide approaches, the Commodity Assistance Support Program and co-financing).

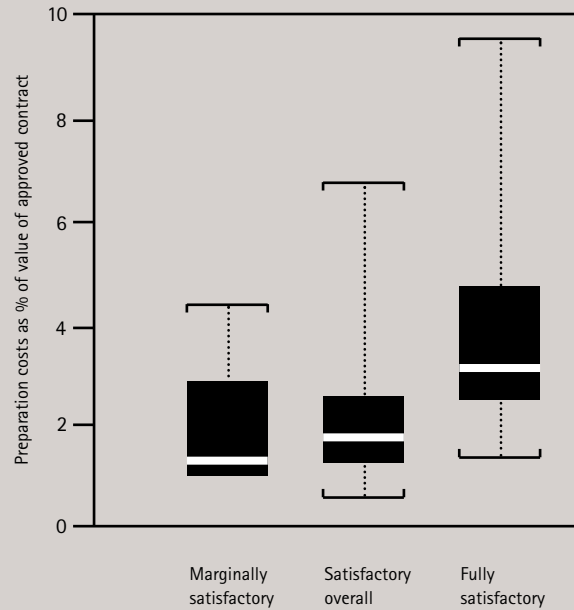
**Box 5**

**Project ratings and preparation cost**

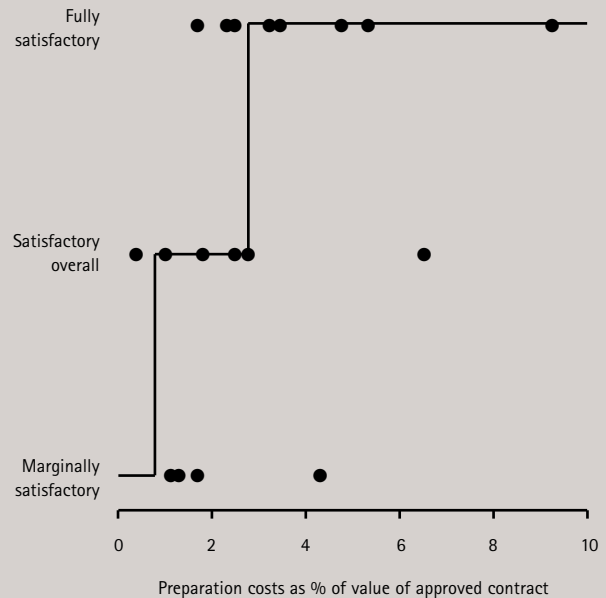
Figure A shows preparation cost as a percentage of the total approved contract cost for activities receiving three different quality ratings. The white horizontal line in each column shows the median for projects receiving that particular rating; the column itself shows the middle 50 per cent of the data; and the extreme points show the range of the data.

A statistical model can test whether the quality rating can be explained partly by the cost of preparation relative to the value of the approved contract. The results of such a model are illustrated in figure B. Preparation cost as a percentage of total approved contract cost is plotted on the horizontal axis; the vertical axis shows the overall quality rating; and each point represents an activity in the QAG review. The stepped line shows the predicted overall quality rating, given the cost of preparation. For example, for a preparation cost higher than 2.6 per cent of the total contract cost, a rating of fully satisfactory is predicted. The evidence is on the margin of being statistically significant; more data would be needed to confidently say that the apparent relationship is not a statistical artefact due to the random sampling process.

**Figure A: Ratios of preparation cost to contract cost for activities with different quality ratings**



**Figure B: Activity rating (including predicted rating) compared with the preparation cost as a percentage of total contract cost**



**Table 9 Activity preparation cost<sup>a</sup>**

Activity	Preparation cost (\$)	Value of contract (\$)	Preparation cost as % of contract value	Overall quality rating	Comment
Cambodia: Agricultural Extension, Phase II	210 593	17 870 500	1.2	2	No feasibility study; appraisal conducted in-house.
China: Alxa League Environment Rehabilitation and Management	1 328 762	14 166 567	9.4	4	
China: Bazhong Rural Health Improvement	400 000	15 400 000	2.6	3	Contract for PDD valued at \$400 000; design stage is ongoing.
East Timor: Electoral Administration Capacity Building	69 105	2 200 000	3.1	4	
Kiribati: Strengthening Public Utilities Board (PUB): Electricity	71 354	3 930 000	1.8	3	Design contract \$71 354.
Papua New Guinea: Bougainville Microfinance, Phase II	40 000	2 200 000	1.8	3	
Papua New Guinea: Curriculum Reform Implementation	305 000	33 105 000	0.9	3	
Papua New Guinea: Lae City Water Supply	274 696	22 411 824	1.2	2	Includes two feasibility studies, appraisal, field visit, design and redesign.
Papua New Guinea: Women and Child Health	1 325 514	53 000 000	2.5	3	
Philippines: Mindanao Basic Education	297 312	5 745 000	5.2	4	
Regional Asia: Social Protection Facility	83 258	5 045 000	1.7	2	
Regional South Pacific: Sea Level and Climate Monitoring, Phase III	184 674	10 200 000	1.8	3	Design contract \$167 296.
Regional South Pacific: South Pacific Regional Initiative on Forest Genetic Resources (SPRIG), Phase II	26 820	4 500 000	0.6	3	
Regional South Pacific: Strengthening Expanded Program of Immunisation (EPI)	66 000	1 563 000	4.2	2	AusAID contracted a project designer to fit WHO/UNICEF proposal to AusAID framework.
Samoa: Samoa Health	280 000	8 624 000	3.3	4	Lengthy design and redesign; three in-country missions.
Solomon Islands: Red Cross Capacity Building, Phase II	25 000	1 000 000	2.5	4	No feasibility study. In-house desk appraisal. Preparation cost is for the redesign of Red Cross project proposal.
Tonga: Legal Sector Institutional Strengthening	117 676	1 806 993	6.5	3	
Viet Nam: Capital Aid Fund for Employment of the Poor (CEP) Microfinance Expansion	277 000	6 270 000	4.4	4	
Viet Nam: Three Delta Towns Water Supply and Sanitation	618 000	45 622 500	1.4	4	
Viet Nam: Water Resources Management Assistance	221 136	9 101 252	2.4	4	Identification mission cost shared between three projects.

<sup>a</sup> Cost of preparation to AusAID, excluding staff and adviser costs.

## Box 6

### Some documentation requirements of preparation

Guidelines on procedures and documentation for project preparation are detailed in AusGUIDE. Generally activity managers follow these in an inconsistent manner, particularly prior to preparing the project design document, with negative consequences for the selection and prefeasibility study of aid interventions.

The review examined the documentation of FMA Reg 9 approvals. These approvals are required in at least two stages – for identification and initial assessment and then for implementation. Depending on the size, complexity and sensitivity of an activity, FMA Reg 9 submissions are approved by either a delegate within AusAID or the Minister or Parliamentary Secretary.

AusGUIDE details the general content of the FMA Reg 9 minute (which is complemented by other instructions, such as 'Ministerial submission guidelines', AusAID Circular 2, 23 January 2002), as well as the materials that are to be attached. For identification and initial assessment, these attachments are an initial logframe, a proposed project preparation pathway, the Activity Preparation Brief and a quality assurance checklist. No attachments are noted as required for the implementation stage FMA Reg 9 submission (see AusGUIDE, Stage 1, section 5 and attachments 6 and 7, and Stage 3).

All 20 activities in this quality-at-entry review have FMA Reg 9 approval at the preparation and design stage. Of the four attachments required for the FMA Reg 9 approvals for these 20 activities the following were provided:

1. Initial logframe – none
2. Proposed project preparation pathway – partly addressed in 10
3. Activity Preparation Brief – 20
4. Quality assurance checklist – none.

More complete documentation at this early stage of activity preparation may have enabled more informed decision-making. AusAID could take three steps to help ensure this happens in the future.

- Review the documentation requirements in AusGUIDE to see that they represent an acceptable minimum (eg are not duplicative and actually add quality to preparation).
- Make the requirements in AusGUIDE internally consistent, and cross-reference them with other guidelines or instructions (eg AusAID circulars).
- Require that FMA Reg 9 minutes be submitted for approval only when all required preparation steps and accompanying documentation for that particular stage are complete.

## Box 7

### Strengthening peer review

It is generally accepted in overseas aid and development agencies that a robust peer review process can improve the quality of program and project design and implementation. Done well, peer reviews help in the selection of development intervention, improve the quality and increase the transparency of decision-making, lead to more realistic preparation planning and design processes, promote the transfer of lessons and knowledge, strengthen teamwork and staff learning, and produce better aid outcomes.

Notwithstanding these benefits, and despite having a considerable history in AusAID, peer review has not been widely adopted in the Agency. Its limited use was a main concern reported in the 1999 quality-at-entry review and remains so in this review.

One reason why peer review has not been more widely undertaken can be attributed to confusion over its role in decision-making. It should contribute to informed decision-making rather than be relied on for decisions. Another reason is probably the lack of an open review environment that encourages the airing of a range of technical and specialist views. The limited involvement of senior management in the types of decision for which peer review input is warranted or most useful (eg options for type/form of intervention or the design of appropriate interventions) has minimised the importance given to peer review. A diffuse, delegated decision-making process gives little priority to the type of informed, consistent decision-making that peer review facilitates.

Significant changes have been proposed for the peer review process (Circular 12, 20 March 2002). These changes call for ADGs and directors to be actively involved in a peer review process that requires, as a minimum, meetings to be held at both the concept and appraisal stages of all activities for which the Australian aid allocation is likely to be more than \$3 million or which have political or sensitive implications. The changes are aimed at improving aid quality through greater use of staff expertise and experience and more focused involvement of managers early in the activity cycle.

Critical elements of the proposed changes are:

- ensuring participants in review meetings cover a broad spectrum of staff, both horizontally and vertically
- seeing the peer review meetings as contributing to the decision-making process not replacing it, and
- using peer review meetings as a learning process for staff and as a way of encouraging transparency and quality in decision-making more broadly.

The implementation of new guidelines on peer review should improve the quality of the aid program, particularly if care is taken to select credible specialists (including from outside the Agency) as peer reviewers. Of course, peer review of activities that do not fall under the proposed framework should continue and follow similar principles of openness, transparency, learning and quality outcomes.

# 4. Recommendations

Most of the recommendations of the 1999 quality-at-entry review remain valid (tables 7 and 8), and managers should continue to emphasise the importance of adhering to quality assurance processes and procedures. There are some new recommendations that derive from this review that would also have a positive impact on project quality at entry. These recommendations follow.

## 1. Establish and target a few priority actions to improve project quality at entry

Review findings suggests four such priority actions:

- giving renewed attention to achieving sustainable outcomes
- implementing the proposed peer review process
- systematically using relevant lessons learned, and
- delineating – during design – project monitoring and evaluation systems.

These actions are largely well addressed in guidelines and processes (eg AusGUIDE and circulars on FMA Reg 9, peer review and appraisal procedures), but they are poorly applied and so weaken project quality at entry.

Project quality would also benefit from priority being given to two areas that have been treated poorly in recent years – the financial and economic viability of activities.

## 2. Improve project preparation planning and budgeting

Comprehensive planning and budgeting for project preparation should be undertaken at the start of the activity cycle. At the first desk/post consultation on the proposal or at the concept peer review meeting, planning and budget estimates will be broad, but they will be refined over time.

Systematic planning and budgeting contributes to quality at entry by helping to provide the information needed for good decision-making and appropriately rigorous preparation, even where short-term programming issues are significant. Use of the 'project preparation pathway' format described in AusGUIDE will strengthen planning and budgeting. An outcome of concept peer review should be an agreed project preparation pathway and budget.

## 3. Select the form of intervention that best meets the identified development challenge

While project quality at entry is relatively strong overall, priority should be given now to ensuring that AusAID chooses the appropriate form of intervention and, if it happens to be a project, to ensuring the *right* project is designed well.

When selecting the form of intervention, decisions will be required on, for example, whether the identified development challenge is best met through project support or policy dialogue, through multilateral, bilateral or regional intervention, through the transfer of resources other than technical assistance, or through a mix of mechanisms (eg policy dialogue, CASP and traditional project funding, which together could make up the Agency's response to a development challenge). The program strategy should provide the framework for considering the appropriate form of aid to meet the strategic objective and poverty focus. But concept peer reviews should be used to discuss the options more carefully and in relation to a specific intervention. The prefeasibility study should review, among other things, any continuing concerns about the most effective form of intervention.

#### **4. Develop practical guidelines on different forms of aid intervention**

Quality at entry would be enhanced if guidelines were available on the preparation and design requirements of different forms of intervention. While some work has been undertaken to delineate the preparation steps for a number of forms of aid, appropriate ways to handle policy-based dialogue and support are still needed (especially in the light of the priority given to these activities in *AusAID Strategic Plan*). For example, while an activity with a goal of policy dialogue or resource transfer has different design parameters from one that aims to provide technical assistance, guidelines on preparation of these forms of intervention are not available.

#### **5. Undertake more evaluations and use the findings to improve choices and project design**

Because analysing and incorporating lessons learned in design is weak, more ongoing and ex-post evaluations of projects and contracts are required, including mid-term reviews by Sector Monitoring Groups and Technical Assistance Groups. The findings of a range of evaluations should be discussed widely in the Agency and be used to improve activity identification and design, and hence quality at entry generally.

#### **6. Promote on-demand QAG reviews as a tool for quality assurance**

On-demand reviews of activities, adjusted for the form of aid and the stage of the activity cycle during which the review takes place, should be adopted as an important step in peer review and quality assurance.

Such focused, specialist reviews would strengthen the quality of the design process and provide a supportive context for key technical and strategic approaches under development. On-demand reviews, which have already been done for a few projects and reflect the general satisfaction of staff with the QAG process, could involve two or three specialists and the project desk officers for not much more than one day. They would complement (not replace) the annual random sample at-entry reviews, the proposed strengthened peer review process and the project appraisal.

# Attachment I

## Quality at Entry Assessment Form

<b>Project:</b> <b>Date:</b> /    / 2002 <b>Panel Leader:</b>							
<b>Indicators and Attributes</b>							
<b>Attribute A</b>	<b>Rating</b>	<b>Attribute B</b>	<b>Rating</b>	<b>Attribute C</b>	<b>Rating</b>	<b>Attribute D</b>	<b>Rating</b>
Project has appropriate objectives and design		Project preparation is managed in a professional manner		Project is likely to achieve its objectives		Project is likely to have sustainable outcomes	
<b>Indicators</b>		<b>Indicators</b>		<b>Indicators</b>		<b>Indicators</b>	
1. Appropriateness of objectives		5. Timeliness of preparation		9. Likely progress in achieving objectives		10. Sustainability of benefits	
2. Partner country participation in design process		6. Standard of contract				11. Sustainability of improved institutional capacity	
3. Adequacy of design process		7. Strength of PG support				12. Maintenance of future recurrent budget	
4. Standard of final design		8. AusAID's management and use of resources					
<b>Attribute A:</b>		<b>Attribute B:</b>		<b>Attribute C:</b>		<b>Attribute D:</b>	
<b>Overall project quality rating:</b>							

## Scoring aid quality – explanations

**(5) Best practice:** This is a rare score that should not be given lightly. It represents a situation where something over and above normal good aid practice has occurred, particularly something innovative. The key feature is that this item (or project) is suitable for presenting to AusAID staff as a model to follow.

**(4) Fully satisfactory:** This is normally as good as it gets. The item fully satisfies all AusAID requirements and there are only a few minor weaknesses in the project as a whole.

**(3) Satisfactory overall:** This is the lowest score that satisfies AusAID requirements. For accrual reporting purposes a score of 3 represents satisfactory aid. However, this score usually means there can be weaknesses as well as strengths but that the weaknesses are not severe enough to threaten the project.

**(2) Marginally satisfactory:** A score of 2 indicates that the item (or project) has serious weaknesses although other aspects may be satisfactory. The main difference between a 2 and a 3 is that a 2 indicates that the weaknesses require early action if the project is to continue to progress.

**(1) Weak:** This is a rare score which indicates that the item (or project) is seriously deficient with respect to quality requirements. It also usually indicates that problems are widespread throughout the project and that immediate and decisive action is needed to address them.

## Some scoring principles

- When awarding scores, panels should only use whole numbers.
- Panels may adopt provisional scores for some of the quality standards, pending the receipt of further information or the conclusion of interview processes.
- Panels should score the quality standards within an indicator before they score the actual indicator. Similarly, only when the indicators within an attribute are finalised should panels score the attribute. When the attributes are finalised the panels can then score the project.
- Panels should not average scores when converting to a higher level, eg from quality standards to indicator. Where the appropriate indicator level score is not readily apparent, panels will need to reflect on the relative importance, for this particular project, of each of the standards making up the indicator so as to arrive at the most appropriate rating. Panels should not go back and amend the quality standard scores in order to ensure a better 'fit' for an indicator level rating.
- Panels should be alert to a tendency of adopting a central position by awarding a '3' when sometimes it may not be merited.
- Strengths, weaknesses are briefly recorded in the comments column. Comments would normally appear next to scores of 5, 4, 2 and 1, but not usually against 3.
- Only when the key concept embedded in a particular standard is not expected to come into play during the life of the project, is a 'not applicable' appropriate.

## Attribute A: Project has appropriate objectives and design

#	Indicators & associated quality standards	Score	Comments
<b>Indicator 1: Appropriateness of objectives</b>			
1.1	Objectives measurable, clear and realistic		
1.2	Objectives consistent with AusAID's KRAs and country strategy		
1.3	Objectives consistent with AusAID's sector development policies and policies on poverty, gender and environment		
1.4	Beneficiaries' needs are reflected in objectives		
1.5	Objectives consistent with national development priorities and endorsed by PG aid coordinating authority		
1.6	Objectives take account of other activities		
<b>Overall score for indicator 1</b>			
<b>Indicator 2: Partner country participation in design process</b>			
2.1	Implementing institution's staff and other PG stakeholders clearly identified and have actively participated and contributed at all stages of design process		
2.2	Other stakeholders, especially beneficiaries, clearly identified and have actively participated and contributed at all stages of design process		
<b>Overall score for indicator 2</b>			
<b>Indicator 3: Adequacy of design process</b>			
3.1	Appropriate pathways followed for identification, PFS, FS, and appraisal		
3.2	Preparation studies of high standard: <ul style="list-style-type: none"> <li>a) TOR provide clear and appropriate guidance to the study team</li> <li>b) Sufficient field time and resources allowed</li> <li>c) Necessary design and technical skills included on study teams</li> </ul>		
3.3	Development analysis identifies the factors likely to affect project success, and informs the design		
3.4	Design process takes account of other projects and evidence provided of how lessons and possible complementarity have been incorporated		
3.5	Alternative approaches and designs have been considered		
3.6	Clear and logical application of logframe approach		
3.7	Australian-funded components of co-financed and multilateral activities meet AusAID quality criteria		
3.8	Appropriate peer review undertaken		
3.9	Adequate appraisal undertaken. Appraisal recommendations have been incorporated into the final design		
<b>Overall score for indicator 3</b>			

#	Indicators & associated quality standards	Score	Comments
<b>Indicator 4: Standard of final design</b>			
4.1	Clear, logical and current PDD that addresses contracting and implementation needs		
4.2	Logframe matrix presents realistic and measurable objectives and outputs and clear indicators		
4.3	Monitoring framework describes monitoring activities in terms of logframe outcomes and outputs and details the data, analysis and reporting requirements		
4.4	Specific strategy incorporated to address poverty reduction		
4.5	Specific strategy incorporated to address gender in development		
4.6	Specific strategy with right level of detail incorporated to address any environmental concerns		
4.7	Risk analysis <ul style="list-style-type: none"> <li>• Main risks identified</li> <li>• Risk management plan sufficiently detailed and realistic</li> </ul>		
4.8	Sustainability analysis <ul style="list-style-type: none"> <li>• Main risks to sustainability identified</li> <li>• Sustainability strategy sufficiently detailed and realistic</li> <li>• Phase-out strategy prepared</li> </ul>		
4.9	Design is sufficiently flexible to allow for adjustments during implementation		
4.10	A 'responsibility table' clearly links logframe outputs to contract milestones and PG responsibilities		
4.11	Clear and workable institutional and organisational arrangements endorsed by the PG		
4.12	Cost schedules provide adequate detail of estimated PG and Australian inputs		
4.13	Clear and achievable implementation strategy and schedules		
4.14	Contract scope of services and basis of payment clear, concise and consistent with PDD		
<b>Overall score for indicator 4</b>			

## Attribute B: Project preparation is managed in a professional manner

#	Indicators & associated quality standards	Score	Comments
<b>Indicator 5: Timeliness of preparation</b>			
5.1	Response and action times acceptable to AusAID stakeholders		
<b>Overall score for indicator 5</b>			
<b>Indicator 6: Standard of contract</b>			
6.1	Contracting strategy appropriate		
6.2	Contract SOS and BOP likely to facilitate successful implementation: a) Sensible risk allocation between parties b) Appropriate identification of milestones		
6.3	Contract likely to provide implementers with adequate flexibility		
6.4	Reporting requirements are appropriate		
<b>Overall score for indicator 6</b>			
<b>Indicator 7: Strength of PG support</b>			
7.1	Project has strong support from key senior officials of the PG		
7.2	MOU sets out clearly and in appropriate detail the responsibilities and contributions of both the PG and AusAID		
<b>Overall score for indicator 7</b>			
<b>Indicator 8: AusAID management and use of resources</b>			
8.1	Desk and post staff have appropriate knowledge and skills for managing the project		
8.2	AusAID resources have provided strong contributions to project preparation		
<b>Overall score for indicator 8</b>			

## Attribute C: Project is likely to achieve its objectives

#	Indicators & associated quality standards	Score	Comments
<b>Indicator 9: Likely progress in achieving objectives</b>			
9.1	Current assessment indicates that the project is likely to be successfully implemented and to achieve its objectives		
<b>Overall score for indicator 9</b>			

## Attribute D: Project is likely to have sustainable outcomes

<b>Indicator 10: Sustainability of benefits</b>			
10.1	Beneficiaries likely to have sufficient improved knowledge, skills and resources to maintain benefits post-project		
10.2	System of benefits, or facility providing benefits, likely to be financially supported by PG, or the community, or the beneficiaries, post-project		
<b>Overall score for indicator 10</b>			
<b>Indicator 11: Sustainability of improved institutional capacity</b>			
11.1	PG staff requirements post-project assessed and clearly presented and agreed to by PG		
11.2	Project likely to give implementing institution sufficient knowledge and skills to maintain organisation, systems, and equipment necessary for increased institutional capacity post-project		
<b>Overall score for indicator 11</b>			
<b>Indicator 12: Maintenance of future recurrent budget</b>			
12.1	PG's financial inputs post-project (both ongoing and incremental) assessed and clearly presented and accepted by the PG		
12.2	Increases in recurrent budget post-project likely to be manageable		
<b>Overall score for indicator 12</b>			

## **Rapid Review of Project Quality at Entry August 2002**

The 2002 review of project quality at entry shows that the overall good performance measured in 1999 continues and, in some respects, has improved. However, important issues documented in the 1999 review, which affected the quality of the program then, have persisted and will require renewed attention.

The sustainability of project benefits continues to be a challenging aspect of aid quality. Further work will be undertaken to promote sustainable activity outcomes. Shortcomings in the preparation and design process are affecting the implementation and longer term effectiveness of activities.

The report recommends a series of measures to address these and other aspects of project quality at entry.

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