



Performance Management and Evaluation

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Business Process Owner	Quality, Performance and Results (QPR) Branch		
For help, contact	See specific instructions and guidance		
Principal audience	All staff involved in program delivery (including Senior Executive and advisers)		

Overview

The Australian Government is committed to improving aid effectiveness as the cornerstone of the aid program. This policy sets out the minimum expectations for performance management to support this commitment across the aid program.

Policy context

The Performance Management and Evaluation Policy (PMEP) establishes expectations for performance management of Official Development Assistance (ODA) delivered by AusAID ('the Agency'). It is implemented under the Government's aid policy, [An Effective Aid Program for Australia: Making a Real Difference – Delivering real results \(Effective Aid\)](#), including the introduction of a Comprehensive Aid Policy Framework (CAPF), an annual review of the aid program's performance, and a Transparency Charter.

Implementation of *Effective Aid* began through endorsement of the CAPF, which includes a rolling four-year budget and three-tiered results framework, against which annual progress will be tracked:

Tier 1: Progress against development goals: measures high-level progress against development goals in countries where the Australian aid program operates

Tier 2: Contribution of Australian aid: measures the contribution of Australian aid towards Australia's five strategic development goals¹

Tier 3: Operational and organisational effectiveness: measures the aid program's efficiency and effectiveness²

The Australian aid program also supports the aid effectiveness principles in the [Paris Declaration on Aid Effectiveness](#) (2005), the [Accra Agenda for Action](#) (2008) and the [Busan Partnership for Effective Development Cooperation](#) (November 2011).

These changes strengthen AusAID's evolution into a results-based agency that is focussed on the monitoring and reporting of real, measurable results. In this context, the PMEP will continue to evolve in response to the implementation of *Effective Aid*.

¹ Five goals are: Saving Lives; Promoting Opportunities for All; Sustainable Economic Development; Effective Governance; Humanitarian and Disaster Response.

² Areas are: A Clear Strategy; Value for Money and Consolidation; Risk Management and Performance Oversight; Transparency and Results; and Involving the Australian Community

Purposes

Performance management serves three purposes - management, learning and accountability.

Management

Reliable performance information is an important basis for sound decision making. It assists program managers and senior management to identify and manage risks and provides sound evidence for program and budget decisions.

Learning

Performance management provides knowledge about aid effectiveness that is relevant beyond individual program improvement. This includes understanding what works, what doesn't, for whom and under what circumstances. The PMEP seeks out information about both successes and challenges in order to inform the ongoing improvement of program delivery.

Accountability

AusAID has multiple accountabilities towards: the Minister/Parliament, Australian public, beneficiary communities, implementing partners, other Australian government agencies, and partner governments. AusAID is held accountable by these stakeholders for the delivery of an effective aid program.

Policy Overview

This policy sets out the minimum expectations for performance management and evaluation for the purpose of improving aid effectiveness. AusAID defines these as:

Performance management: "the systematic and cyclical process of planning, monitoring, review and evaluation (self-assessment and independent) of projects, programs and policies with a view to continually improving aid effectiveness."

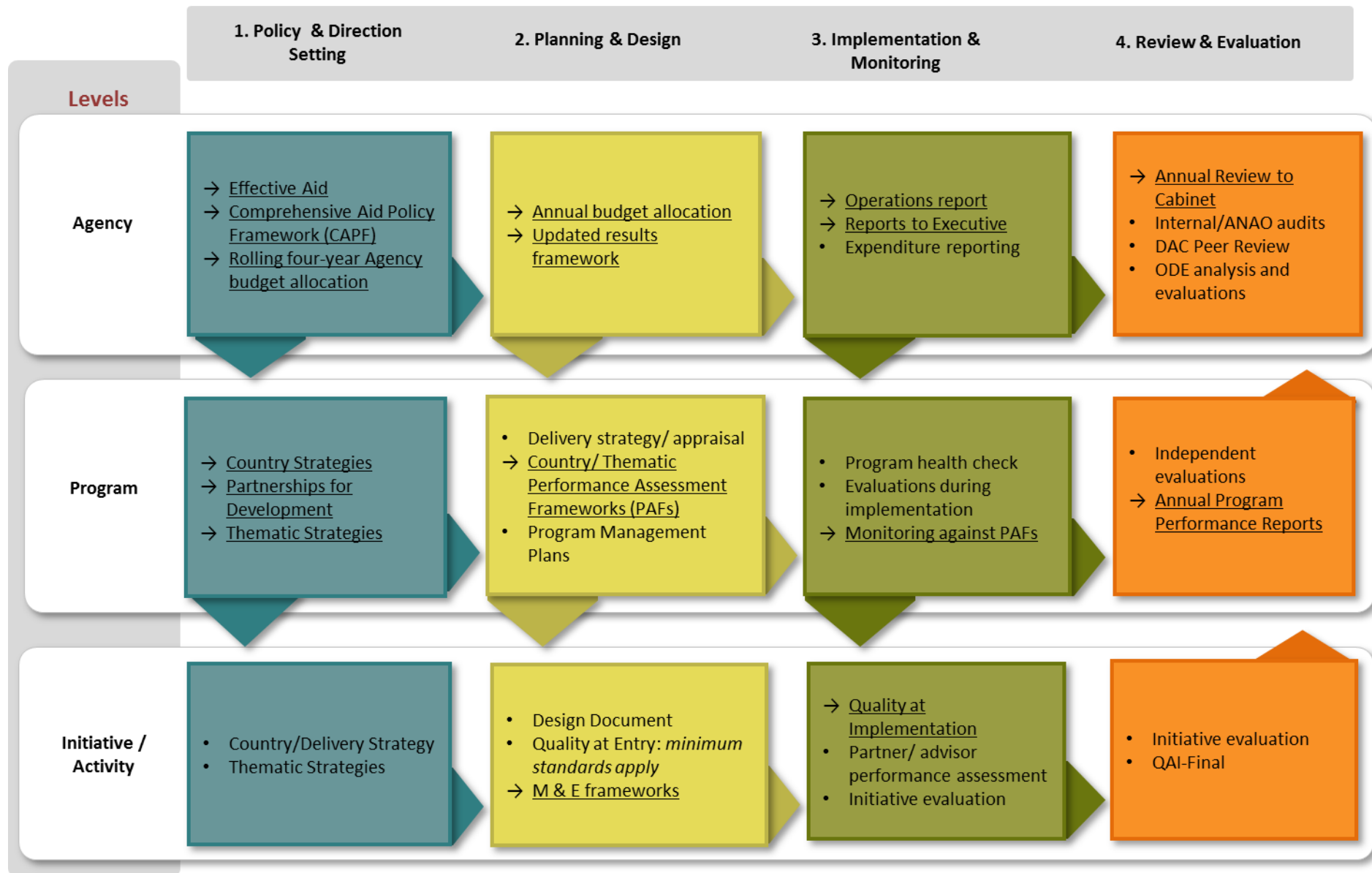
Evaluation: "the systematic and objective assessment of an on-going or completed project, program or policy, its design, implementation, and results... An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program."³

The PMEP is applied at the levels of:

- 'Agency' which includes the overall policy setting, planning, implementation and review related to AusAID's work;
- 'Program', which defines strategies for thematic areas, countries, regions and/ or global programs; and
- 'Initiative', which describes the initiatives or activities that contribute to the outcomes described at the program level.

³ OECD-DAC, 2002.

Performance Management across the aid management cycle



NB → The Underlined steps have a direct link to results reporting

Guiding Principles for Performance Management and Evaluation

Effective Aid focusses on the efficient and effective delivery of aid through: a clear strategy; based on 'value for money'; consolidation of ODA; risk and performance management; transparency and results; and involving the Australian community. The following principles provide a practical basis for implementing performance management in the context of *Effective Aid*.

1. Focus on usefulness

This overarching principle recognises that while each performance management purpose has an important role, historically learning and management have been underemphasised. When applying this principle, processes should be applied in a 'fit for purpose manner' to meet the underlying purpose.

2. Invest resources proportionately

The amount of effort and resources invested in performance management should be proportional to the value and risk profile of the program, and the context in which it is being delivered. Consideration should be given to the evidence base that exists when applying the processes under this policy.

3. Support partnerships

Effective performance management relies to a large extent on the quality of partner knowledge and information systems. Programs should build and support good performance management systems and use of information by aid partners, including strengthening capabilities and supplementing with additional information if necessary. Aid program performance should be routinely considered in ongoing conversations with aid partners and through undertaking joint evaluations and annual review consultations. Open dialogue with partners about performance is a minimum expectation.

4. Be transparent

Performance of the aid program should be open and transparent to partners, beneficiaries and the public, both in Australia and in partner countries. The PMEP supports the [Transparency Charter](#) which mandates the publication of key documents.⁴ The default position is making performance and evaluation reports publicly available, while protecting the confidentiality of individual informants.

5. Seek out contestability and sound evidence

All aspects of performance reporting should be subject to contest, and stand up to scrutiny and challenge by management, peers and external individuals. Conclusions drawn from performance reporting and evaluation should be based on sound evidence, both quantitative and qualitative.

6. Clarity of Intent

AusAID's experience is that where programs have unclear or overly ambitious goals, program success is difficult to identify and the link between program activities and longer term outcomes is not well communicated. All programs must be guided by clear intent (often referred to as a theory of change) which connects activities with longer term outcomes. At the same time, performance assessment frameworks need to be flexible where responsiveness to changing circumstances is needed.

7. Reinforce accountabilities for performance

Good performance management is a key responsibility for all those involved in aid management and sits at all levels. Responsibility for performance management and evaluation should be explicitly allocated within business units as part of business planning.

Criteria for assessing performance

AusAID assesses performance against the following criteria at different stages of the aid management cycle. These criteria⁵ guide AusAID staff in implementing the PMEP purposes and principles:

⁴ Australia is part of the [International Aid Transparency Initiative](#) which aims to make information about aid spending easier to access, use and understand

⁵ The first five are based on the OECD-DAC criteria for evaluating development assistance.

- **Relevance:** The strategy/ program/ initiative is the most appropriate way to meet high priority goals that Australia shares with its development partners within the given context.
- **Effectiveness:** The strategy/ program/ initiative is meeting or will meet its objectives, and is continually managing risk.
- **Efficiency:** The resources allocated by Australia and its partners are appropriate to the objectives and context, and are achieving the intended outputs.
- **Sustainability:** Significant benefits will endure after Australia's contribution has ceased, with due account given to partner systems, stakeholder ownership and plans for phase out.
- **Impact:** An assessment of the positive and/or negative changes (directly or indirectly, intended or unintended) produced by the strategy/ program/ initiative. The degree to which impact can be assessed will vary according to the nature and duration of the strategy/ program/ initiative.
- **Monitoring and evaluation:** An appropriate system provides sufficient information and is being used to assess progress towards meeting objectives.
- **Analysis and learning:** The strategy/ program/ initiative is based on sound technical analysis and continuous learning
- **Gender equality:** The strategy/ program/ initiative incorporates appropriate and effective strategies to advance gender equality and promote women and girls empowerment.

Accountabilities for performance management

Given the importance of reliable performance information for sound decision making and tracking results, accountability for performance management across the aid management cycle (see table on page 3 above) is a part of each person's role at AusAID:

Who:	Accountable for:	Through the use of:
Executive (Director General, Deputy Director General)	The policy setting. Monitoring overall progress. Decisions based on performance information and evolving policy priorities/ settings. Agency results.	Comprehensive Aid Policy Framework. Annual Review to Cabinet. Senate Estimates.
First Assistant Director General (FADG)	Delivery on program results. Use of performance information to monitor program effectiveness.	High level planning for results (results framework) High level monitoring of progress for example through: Operations Report, Health checks
Senior Managers (Chief Operating Officer/ ADG/ Minister Counsellor/ Counsellor)	Program strategies focused on delivering realistic aid outcomes. Demand for reliable performance information for decision making. Monitoring progress and results.	Current program strategies founded on a clear theory of change. Annual Program Performance Reports (APPR), Quality at Implementation (QAI), and Quality at Entry (QAE), reports supported by evidence. Supporting Performance & Quality (P&Q) units. Health checks
Performance and Quality (P&Q) Managers	Advice and support to program areas to deliver quality products and effective aid.	Dialogue with programs. Development of specialised skills in strategic programming, and performance and quality management.
Program/ sector/ initiative managers	Application of performance processes (such as QAE and QAI) with a focus on their usefulness. Use of reliable performance information to make program improvements.	Ensuring reliable performance management systems (such as M&E frameworks) are in place; Planning ahead to include technical advice in performance processes.
Policy and Sectoral Division (including advisors)	Technical advice. Quality analysis. Dissemination of learning between programs.	Engagement in strategy and design development, QAI moderation, APPR peer review. Commissioning thematic evaluations. Synthesising lessons and feeding these back to program areas.

Who:	Accountable for:	Through the use of:
Program Effectiveness and Performance Division	Effective performance management and evaluation system that supports continuous improvement.	Policy framework (PMEP) and underlying guidance. Quality assurance of policy implementation. Training and support to P&Q managers and to the Agency more broadly as required.
Office of Development Effectiveness	Informing agency-wide evaluation practice and learning. Assessing the quality of the performance system. Collaboration with international think tanks and research organisations.	ODE evaluation work program, including undertaking independent evaluations. Annual spot checks of QAIs and APPRs. Annual synthesis of evaluations. Dissemination of information. Engagement with think tanks.

Performance Management – Central Activities

As described above, performance management and evaluation occur across the aid management cycle and at different operational levels, as described in more detail below.

Agency level

At the Agency level, performance management includes:

Policy and direction setting The Australian aid program is guided by *Effective Aid* and a Comprehensive Aid Policy Framework (CAPF) which sets out program fund allocations and the results framework targets.

Planning and design Budget allocations and the results framework are updated annually based on performance information.

Implementation and monitoring The Agency's expenditure and adherence to business processes is tracked through regular reporting to the Executive.

Review and evaluation An Annual Review to Cabinet is compiled each year assessing the effectiveness of Australia's aid program. The Annual Review includes: a strategic update; a description of performance against the 3-tiered results framework and narrative analysis; recommendations on changes to the budget strategy and Headline Results. The performance against the results framework will be informed by: APPRs and the Operations report⁶.

AusAID's internal audit unit conducts regular performance audits. The Australian National Audit Office conducts regular audits of public service agencies, including AusAID. The OECD DAC conducts peer reviews of the Australian aid program on a four-yearly basis. ODE conducts agency-wide evaluations as set out in the [ODE evaluation work program](#), and compiles an annual synthesis of evaluations.

Program level

At the program level, performance management includes:

Policy and direction setting

[Regional/ Country strategies](#) guide the delivery of Australian ODA and must align with *Effective Aid* and the CAPF. The strategies describe shared development outcomes to which Australia will contribute over the longer-term (4-5 years)⁷. The Development Effectiveness Steering Committee (DESC) approves high priority program strategies and all others are approved at AusAID agency level.

[Thematic](#) and global program strategies play a similar role and represent Agency consensus on the key priorities, strategic directions and preferred ways of working by sector/ theme.

Planning and design

It is good practice for each priority outcome identified by a regional/country program strategy to have an associated [Delivery Strategy](#). A [Delivery Strategy Appraisal](#) assesses the quality of its: theory of change; appropriateness of approach; and effectiveness/ efficiency of management arrangements, including risk management. Each program strategy and underlying Delivery Strategy should have a Performance

⁶ The Operations report identifies strategic and operational trends under: *Programming Choices and Portfolio Planning, Program Manageability, Program Quality and Data Quality*, and analyses the potential impact of these on program quality and effectiveness.

⁷ In the Pacific, these are framed as Partnerships for Development

Assessment Framework (PAF) outlining how program performance is to be captured, assessed and used for management and decision-making on an ongoing basis.

[Program Management Plans \(PMPs\)](#) are a cross-program tool that summarise information from all program initiatives and the events associated with program management (such as pipeline planning), quality events and corporate requirements. They are prepared annually and updated on a quarterly basis. Program Fund Plans provide an overview of a program's commitments in AidWorks. They assist programs in planning current and pipeline initiatives for the current financial year and up to three years out. The Program Fund Manager should review the plan in July and update it each quarter.

[Business Unit Plans \(BUPs\)](#) are conducted at a divisional level and should draw on performance information to inform resource bids and/or programmatic changes. While branches, posts and sections are not formally required to develop plans, it is recommended that planning also be undertaken at these levels to identify priorities, workforce needs and resource requirements.

Implementation and monitoring

Program health checks use AidWorks data to understand operational trends within a bilateral or regional program. They identify key strategic and operational trends and issues and analyse the potential impact of these on program quality and effectiveness.

Review and evaluation

[Annual Program Performance Reports \(APPRs\)](#) assess the ongoing relevance of a Country/Regional Program Strategy, its results, quality of activities and management consequences. APPRs also assess progress and performance of related Delivery Strategies. The level of senior management involvement in peer reviews should be proportionate to the program risk and value profile. APPRs also comment on multilateral agency performance to inform the annual Multilateral Performance Scorecards which assess the performance of major multilateral partners against criteria in the [Australian Multilateral Assessment](#).

Program and thematic areas will develop a rolling and coordinated work plan of evaluations to assess performance at the program, thematic and delivery strategy levels. These evaluations may cluster initiatives together to assess aid themes, modalities or particular evaluation questions and may include evaluations undertaken by other donors, partner governments, or other parts of AusAID (such as ODE). Programs should consider the appropriate mix, timing and coverage of evaluations.

Program and thematic areas should consult with their P&Q managers, Performance Policy and Systems (PPS) section and ODE for support as appropriate.

Initiative/ activity level

At the initiative/ activity level, performance management includes:

Policy and direction setting

Initiatives/activities contribute to the overall outcomes established in the country/delivery or thematic strategy.

Planning and design

Initiative/activity (or investment) concepts provide a brief analysis of a proposed focus for development assistance, to inform a decision on whether to support it. Initiative/ activity designs (or investment proposals) document strategic context, outcomes, implementation arrangements, risks and performance frameworks. The quality assurance processes applied to concepts and designs will be proportional to their risk/value profile⁸ and may include peer review, independent appraisal and/ or Quality at Entry reports. All initiatives/ activities must adhere to a set of minimum quality standards. Details of the quality pathways and standards are currently under development.

Implementation and monitoring

Monitoring processes should be established in the underlying M&E system. This may include discussion with partners, field visits, partner reporting and the annual [Quality at Implementation](#) (QAI). QAIs are required for all monitored initiatives⁹ and can be drafted around other program processes such as partnership talks.

⁸ For example, those with high risk and value profiles require more detailed quality assessment, which includes review by the [Strategic Program Committee](#) at concept stage.

⁹ A 'monitored' initiative is where: the expected Australian Government funding over the life of the initiative is greater than \$3 million; or the value is less than \$3 million, but the initiative is significant to country or corporate strategies or key relationships with other development partners including other government agencies.

QAIs should be finalized in line with corporate timelines (see further below) to provide the most up to date information for the Agency. Activities that are less than one year in duration are not required to prepare a QAI report. QAIs are the first level at which information on results are gathered. These inform results reporting at the program level, via APPRs and then the Annual Review to Cabinet.

Other annual reviews include: [contractor and advisor performance assessments](#). For contractors, these are mandatory for all aid-related contracts valued at AUD10000; for advisers, these are mandatory for all commercially contracted advisers.

Review and evaluation

Each monitored initiative is required to undertake an [independent evaluation](#) or review at least once over its life, at the best time for program purposes and at a scale proportional to its risk/value profile¹⁰. This requirement may be covered by the program level evaluations (see further above), including cluster evaluations or those conducted by others such as ODE. Program areas should refer further to the detailed evaluation guidance and can seek advice from their P&Q manager and/ or PPS on what is appropriate.

Each monitored initiative is required to complete a [QAI-Final](#) as the last QAI. This QAI summarises the key results and learning from the initiative. It draws from existing sources of information and available evidence (for example independent evaluations, Activity Completion Report, and multilateral reports).

Implementation of the Policy

Guidance and Support

Guidance on business processes that support this policy is available on the [Rules and Tools](#) intranet and AusAID's internet site. Support on the application of performance management is available from P&Q Managers, the Program Effectiveness and Performance Division, and relevant thematic areas. Programs can source pre-qualified expert advice from the [Monitoring and Evaluation Panel](#). This panel expires in June 2012 and will be replaced by an Aid Advisory Services Panel.

Timing and Exemptions

The table below sets out the indicative timeframes for corporate reporting based on financial year reporting.

Month	Process
Feb - March	QAI preparation/ moderation/ updating.
March - Apr	Preparation of APPRs.
30 April	Completion of QAIs ¹¹ . Submission to PPS.
May	Budget released (informed by Annual Review to Cabinet). Operations report is drafted.
30 June	Business Unit Plans prepared and submitted to Executive.
31 July	APPRs ¹² completed for the previous Financial Year including results reporting.
August	Notification of Financial Year budget allocations by the Director General. Program Fund Plans and Program Management Plans prepared for the Financial Year.
September	Preparation of Annual Review to Cabinet.
October	Annual Review to Cabinet submitted with annual budget and results update.
November	Business Unit Plans and Individual Performance Plans completed.

Some limited exceptions exist to quality requirements and are described in [All Aid Modalities: Quality Requirements & Exemptions](#). An exemption from a quality process can be sought where there is a clear and valid justification, and approval is granted by an ADG or Minister Counsellor.

¹⁰ This removes the previous requirement for both an Independent Progress and Independent Completion Report.

¹¹ For 2012, these will relate to the calendar year 2011. This date may change for 2013 as we move to FY reporting.

¹² Note, for 2012, the APPR will be on calendar year 2011.

Policy review and Quality Assurance

The quality of the PMEP's implementation is assessed through a range of methods which include;

- **Observance and utilisation:** The Quality, Performance and Results (QPR) branch monitors compliance and reports this to the Executive. Low or falling levels of compliance are investigated and revisions to the policy and guidance considered. The key measure of the policy's effectiveness is the degree to which it influences practice;
- **Moderation of self-assessment:** A significant feature of the PMEP is self-assessment particularly in relation to QAI and APPR reporting. In order to balance this, QAI and APPR moderation is undertaken on an annual basis by QPR branch, thematic areas and/or P&Q managers working with selected programs to help identify areas for improvement;
- **Spot Checking:** Spot checks are undertaken by both the Office of Development Effectiveness (ODE) and the QPR Branch. ODE performs an annual quality check of QAI and APPR processes. QPR branch undertakes spot checks on a rolling basis covering all areas within the PMEP. The checks provide insight into how the policy is being applied and ways in which it can be improved;
- **Peer feedback:** The QPR Branch regularly engages with users of the policy and the AusAID P&Q network in order to gather feedback on how well the policy purposes and principles are being applied, and uses this insight to update policy and guidance as appropriate;
- **Piloting:** Where possible, changes to the policy and associated guidance will be trialed with selected program areas in order to test for simplicity and ease of use;
- **Health checks:** These are undertaken by QPR to highlight areas where performance can be improved such as in programming choices, portfolio planning, program manageability, program and data quality.

Please send any comments or feedback on policy to qualityreports@ausaid.gov.au.

Other Relevant Policy, Guidance and Tools

[Acronyms](#)

[All Aid Modalities: Quality Requirements & Exemptions](#)

[Quality at Implementation](#)

[Independent Evaluation](#)

[Adviser/ contractor performance reviews](#)

[Annual Program Performance Reports \(APPRs\)](#)

[Program Management Plans](#)

[Regional/ country strategies](#)