



## Terms of Reference

### Paris Declaration Evaluation Phase 2: Australia Update

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1. Paris Declaration Evaluation Phase 2 Briefing Note
2. Australia's Phase 1 Donor Headquarter Study Report
3. Question and Evidence Matrix
4. Stakeholder Engagement Matrix (Internal Document)

## 1. Terms of Reference Purpose

This Terms of Reference (TOR) outlines the proposed approach to assessing Australia's progress towards implementing the Paris Declaration on Aid Effectiveness (Paris Declaration) and the Accra Agenda for Action (AAA) under Phase 2 of the Paris Declaration Evaluation. The Paris Declaration Evaluation is commissioned by the OECD Development Assistance Committee (DAC)'s Working Party on Aid Effectiveness and will make a key contribution to the Fourth High Level Forum on Aid Effectiveness (HLF4) in 2011.

The TOR is built on the guidance and generic terms of reference for donor headquarter studies provided by the Paris Declaration Evaluation's Core Evaluation Team. The TOR will be refined with input from the review team and AusAID stakeholders, subject to requirements for consistency with the Core Evaluation Team's guidance. The review dates are approximate, and may be adjusted in consultation with stakeholders.

## 2. Purpose of the Review

This review is part of Phase 2 of the Paris Declaration Evaluation. The purpose of the review is to:

- update the findings of Australia's headquarters study conducted under Phase 1 of the evaluation of the Paris Declaration.
- contribute to our understanding of AusAID's progress, challenges and lessons in implementing the Paris Declaration with a view to improving performance.

## 3. Background

### *The Aid Effectiveness Agenda*

Australia has committed to improving the effectiveness of Australian aid in line with the principles enshrined in the Paris Declaration and the AAA.

Both the Paris Declaration and the AAA call specifically for systematic, international monitoring and independent evaluation of the implementation of the aid effectiveness commitments. The Paris Declaration Monitoring Surveys (2006, 2008, and 2011) track progress against selected quantitative indicators to provide snapshots of 'how much' or 'how far' Paris Declaration commitments have been implemented over time. The evaluation of the Paris Declaration provides an important complement to the monitoring survey by seeking to understand how and why the Paris Declaration is (or is not) being implemented and what impact it is having.

### *Paris Declaration Evaluation*

The Paris Declaration Evaluation aims to provide a deeper understanding of the challenges and enabling factors behind implementation progress, and ultimately what impact implementation has on development outcomes and poverty reduction. It is being undertaken in two phases at both country and donor headquarters levels. Phase 1 of the evaluation involved an assessment at the input and output level to determine the impact of the Paris Declaration on donor actions to implement the aid effectiveness agenda. Phase 1 focused at the donor headquarters level and was designed to capture the incremental behaviour change associated with the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance to inform the Third High Level Forum on Aid Effectiveness in Accra.

Phase 2 of the Paris Declaration Evaluation is being undertaken during 2010 and will play a crucial role in informing discussions on aid and development effectiveness at HLF4 in late 2011.

The objective of Phase 2 is to document, analyse and assess the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness, and ultimately to development results, including poverty reduction. This phase will focus on *outcomes* and will be conducted primarily through country level studies. The following countries, including Australian partner countries, are participating in country level evaluations: Afghanistan, Bangladesh, Benin, Bolivia, Cambodia, Cameroun, Columbia, Cook Islands, Ghana, Indonesia, Kyrgyz Republic\*, Malawi, Mali, Mozambique, Nepal, Philippines, Samoa, South Africa, Sri Lanka\*, Uganda, Vietnam, and Zambia (\*may not complete evaluations due to political circumstances).

Country level studies will be complemented by seven new donor headquarter studies and several Phase 1 donor headquarter updates which, consistent with the approach under Phase 1, focus on the input and output level.

The Phase 2 **donor headquarter studies** will focus on learning by asking the twin questions ‘are we doing the right things?’ and ‘are we doing things right’ (that is, on the relevance of donor choices and the effectiveness of donor actions, respectively). Headquarter studies will be ‘lighter touch’ than the country-level studies and will assess what constitutes better practice in implementing Paris Declaration commitments in order to contribute to increased aid effectiveness. As for Phase 1, the headquarter studies will focus on enabling conditions: commitment to and leadership on the Paris Declaration, capacity to implement it, and the incentives to do so.

The **donor headquarter updates** will enable donors that undertook headquarter studies under Phase 1 to update these findings under Phase 2. The purpose of donor headquarter updates is to further strengthen the robustness of the evaluation by addressing weaknesses in the evidence base following Phase 1, increase the potential for cross-validation between country and headquarter studies, and show what impact the AAA has had at headquarters level.

In particular, the updates provide an opportunity to gain a deeper understanding of donor operating contexts and programs, results relating to managing for results and mutual accountability (which were under-represented in Phase 1), and obstacles to implementation, including how they have been overcome and with what results. In addition, Phase 1 donors are invited to answer as many aspects of the Phase 2 headquarter study evaluation questions as they are able.

More information on Phase 2 of the Paris Declaration Evaluation is available in **Annex 1**.

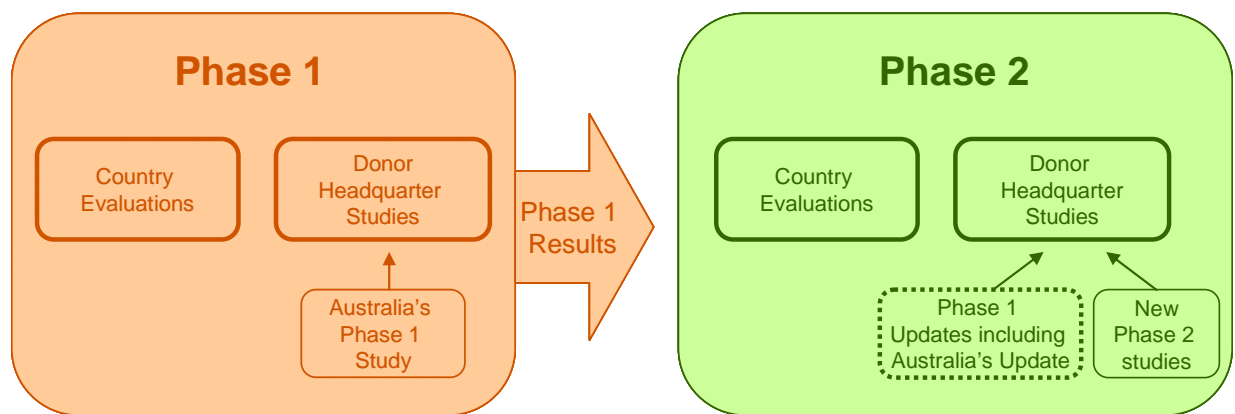
#### *Australia’s Participation*

Under Phase 1 of the evaluation in 2007-2008, Australia undertook an input-level assessment of progress at headquarters level. Australia’s Phase 1 findings are attached at **Annex 2**. In Phase 2, a number of AusAID posts are participating in country-level evaluations in partner countries. This participation ranges from involvement in National Reference Groups for the evaluation, to participation in stakeholder surveys or focus groups.

Australia will further participate in Phase 2 by updating Phase 1 findings through this review. The review provides Australia with the opportunity to develop its thinking on important, overarching themes raised in Phase 1 and subsequently in other ODE reviews and evaluations and through external assessments of the Australian aid program. Key themes include: the challenges of **delivering aid in fragile states**, **scaling up** the aid program, and **measuring Australia’s performance** on effectiveness.

Finally, the evidence obtained through this review will make an important contribution to informing AusAID’s preparations for HLF4.

Figure 1 below represents Australia’s Update in the wider Paris Declaration Evaluation context.



**Figure 1.** The Paris Declaration Evaluation

#### 4. Review Objectives

The specific objectives for the updates, as defined by the Core Evaluation Team, are to strengthen the robustness of the overall evaluation by:

- addressing weaknesses in the knowledge and evidence base identified in Phase 1
- increasing the potential for cross-validation between country and headquarter level studies, and
- throwing light on what changes the AAA commitments have lead to at headquarter level.

In addition to contributing Australia’s lessons and experience in support of the above objectives, specific ODE objectives for conducting this review are to:

- assess progress and challenges in implementing the Paris Declaration principles in the Australian aid program, with specific reference to three overarching themes:
  - i. delivering aid in fragile states
  - ii. scaling up, and
  - iii. measuring performance on effectiveness
- identify good practice examples in implementing the Paris Declaration principles
- highlight important lessons to inform future programming and policy development

In delivering on these ODE-specific objectives, the review will include specific findings in relation to the effectiveness of the 2010 *Annual Program Performance Reports* for reporting progress in implementing the Paris agenda, building on a similar review conducted by Oxford Policy Management in 2009.<sup>1</sup> These findings will be included in a separate report.

#### 5. Scope of the Review

The review will study the Australian aid program for the period since the Phase 1 evaluation was conducted in 2008. It will focus on inputs at headquarter level, with reference to impacts at country level (where possible on the available evidence) and to progress since Phase 1 and the AAA.

<sup>1</sup> Oxford Policy Management (2010) Assessing Australia’s implementation of the Paris Declaration: Analysis of AusAID’s 2009 Annual Program Performance Reports

The review will draw on evidence from country programs that were considered in Australia’s Phase 1 study, as well as countries that are Australian partners and participating at the country level for the first time in Phase 2: Vietnam, Laos, Cambodia, Greater Mekong, China, Indonesia, Philippines, Papua New Guinea, East Timor, Cook Islands, Samoa, Pacific regional, South Asia, Afghanistan, Africa (where countries correspond to those under the Australian Africa program).

## i) Review Questions

Main review question:

*“Are we doing things right” and “are we doing the right things” in relation to Australia’s implementation of the Paris Declaration?*

This question should be answered with reference to the following sub-questions:

1. What changes have been proposed and implemented following the Phase 1 Evaluation?
2. Did the AAA provide further impetus to the Paris Declaration process and result in any specific changes?
3. What reporting has been made to domestic or international accountability structures on the implementation of the Paris Declaration (with copies of the reports)?
4. What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?
5. To what extent does Australia demonstrate commitment and leadership to implement the Paris Declaration?
6. To what extent does Australia demonstrate the capacity to implement the Paris Declaration?
7. To what extent are there incentives and disincentives to implement the Paris Declaration within the Australian aid program?
8. What is the impact of Australia’s efforts to implement the Paris Declaration on Australian partner countries’ development outcomes?<sup>2</sup>
9. What is the main problem facing Australia in fulfilling the Paris Declaration commitment to managing for results?
10. What arrangements or mechanisms for mutual accountability have been in place and how well are they working?
11. What explains the lack of use of country systems even where these are considered relatively strong?
12. How can Australia ‘do things the best way’ in relation to:
  - i. delivering aid in fragile states
  - ii. scaling up, and
  - iii. measuring performance on effectiveness

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<sup>2</sup> While comprehensively addressing this question is beyond the scope of this update, comment should be made where evidence already exists and is relevant to the sub-questions listed in Annex 3.

## ii) Approach

The questions above will be answered with reference to the Question and Evidence matrix in **Annex 3**. For questions 4-11, reference should also be made to the Core Evaluation Team's guidance on donor headquarter updates contained in the Donor HQ Study Matrix. The analysis will seek to focus on the three overarching themes selected by AusAID.

The study will refer to, but not be constrained by, the Phase 1 study structure and findings; filling in gaps and identifying emerging issues while aiming for continuity in the evidence base where possible.

The prioritisation of issues for further analysis, findings and recommendations in the report will be based on the ability to make practical recommendations for action, and the ability to influence agency behaviour on the issue.

## iii) Methodology

The review will involve:

- AusAID literature and document review (e.g. AusAID operational policies, guidance and plans, annual report, country strategies and program reporting information etc, as listed in **Annex 3**)
- analysis and synthesis of existing evidence relating to Australia's progress in implementing the Paris Declaration and the AAA
- structured and semi-structured interviews with relevant AusAID staff and Australian aid program stakeholders, if deemed necessary given existing evidence, and
- a survey of AusAID staff, if deemed necessary given existing evidence.<sup>3</sup>

The update will not involve the collection of new data except through staff interviews and the staff survey where these are conducted. The review will not include field visits.

## iv) Timeframe

The timeframe for country and donor headquarter evaluations under Phase 2 of the Paris Declaration Evaluation is April to December 2010, with draft reports due in October 2010.

Accordingly, the following timeline is proposed for producing Australia's review.

April – June 2010	Finalise Terms of Reference, including stakeholder consultation
	Identify and engage suitable consultants
June – July 2010	Undertake review
August 2010	Complete draft report
August-September 2010	Stakeholder consultation on draft report
October 2010	Finalise and submit report to Core Evaluation Team
October-December 2010	Dissemination activities

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<sup>3</sup> A survey of AusAID staff perceptions of AusAID's implementation of the Paris Declaration was carried out as part of the recent ANAO audit of the Australian aid program. The survey findings will be assessed to determine whether they can be used to inform Australia's Update.

## 6. Organisation of the Review

### i) Personnel

The review team will comprise:

- a development and evaluation specialist
- an aid effectiveness adviser
- an aid effectiveness peer reviewer
- the ODE review manager

The review will be led by the development and evaluation specialist, with strategic high-level input from the aid effectiveness adviser, peer review of the draft report by the aid effectiveness peer reviewer, and close support from the ODE review manager.

An informal ODE working group (ODE Director, Assistant Director General, and Principal Adviser) will provide input throughout the review and will be responsible for ensuring the overall **quality** of the review. The draft report will be reviewed by relevant ODE and AusAID stakeholders, in addition to review by the aid effectiveness peer reviewer.

#### *Team Leader – development and evaluation specialist*

The development and evaluation specialist will have demonstrated experience in development and evaluation, as well as a strong understanding of the Australian aid program and the region in which it operates.

The development and evaluation specialist will be responsible for:

- using the Terms of Reference to develop a review approach (including formulating interview questions and developing a staff survey if required)
- undertaking the review process
- seeking high-level strategic input from the aid effectiveness adviser
- delivering high quality written products and incorporating peer review comments, and
- providing advice and representation on findings.

#### *Aid Effectiveness Adviser*

The aid effectiveness adviser will have demonstrated experience in analysing, reviewing, and applying the aid effectiveness principles in the Paris Declaration, including a strong understanding of implementation challenges, as well as sound knowledge of the Australian aid program and the region in which it operates.

The adviser will be responsible for:

- providing advice and input on higher-level aid effectiveness issues that need to be addressed in the review, within the parameters of the guidance set by the Core Evaluation Team
- support to the review manager in refining the framework and approach for the review
- providing comment on the draft review report and recommendations, and
- providing comment on the implications of findings for AusAID within the context of the influencing and dissemination strategy for this review.

### *Aid effectiveness peer reviewer*

The aid effectiveness peer reviewer will be responsible for reviewing and commenting on the draft report. This role will be performed by Homi Kharas, who leads the Aid Effectiveness Initiative within the Global Economy and Development Program at The Brookings Institution. The peer review function will be provided under ODE's partnership with the Brookings Institution and covered by existing funding arrangements.

### *ODE review manager*

The ODE review manager will be responsible for managing stakeholder relationships, contributing understanding of aid effectiveness in the context of AusAID's priorities and operations, and ensuring the review contributes to ongoing efforts to promote aid effectiveness across the agency. The ODE manager will establish, coordinate and manage consultation mechanisms for the review in close consultation with the team leader.

## ii) Inputs

The inputs will be (approximately):

<b>Personnel</b>	<b>Time</b>	<b>Location</b>
Team Leader – Development and evaluation specialist	Up to 35 days plus domestic travel	Brisbane & Canberra
Aid Effectiveness Advisor	Up to 7 days	UK
Aid Effectiveness Peer Reviewer	Up to 2 days	US
Review manager	0.25 FTE May – November 2010	Canberra
ODE Management	As needed	Canberra

### iii) Deliverables

The review deliverables are as outlined in the table below.

<b>Deliverables</b>	<b>Indicative timing</b>	<b>Person responsible / contributors</b>
Draft Report (up to 20 pages, plus annexes)	August 2010	<b>Team leader</b> / Aid Effectiveness Advisor
APPR analysis (up to 5 pages)	August 2010	<b>Team leader</b> / ODE Performance Analysis Section
Final Report (20 pages plus annexes)	October 2010	<b>Team leader</b> / ODE Review Manager
Review Summary (Up to 5 pages)	October 2010	<b>Team leader</b> / ODE Review Manager
2-3 Issues Notes (Up to 2 pages each)	October 2010	<b>Team leader</b> / ODE Review Manager
Dissemination activities	October – November 2010	<b>ODE ADG</b> / Team leader / ODE Review Manager

## 7. Stakeholder influencing and dissemination

Effectively engaging all stakeholders throughout the review is crucial to ensuring the relevance and uptake of review findings. A stakeholder influencing and dissemination strategy is attached at **Annex 4**. To effectively deliver on this strategy, the review team will:

- *cooperate with the Core Evaluation Team* to ensure Australia’s review provides useful input to the Phase 2 Evaluation of the Paris Declaration, consistent with the Core Evaluation Team’s guidance
- *consult key stakeholders on the TOR* to build awareness of the purpose and benefits of the review and to ensure AusAID interests are reflected to the extent possible within the parameters set by the Core Evaluation Team
- *consult stakeholders on existing practices* relating to aid effectiveness in the Australian aid program, while avoiding contributing to consultation / evaluation fatigue
- *inform stakeholders of the review findings and recommendations* through dissemination activities, and
- *influence stakeholders to use the review recommendations* to inform policy and programming decisions in the future, including positioning in the lead up to HLF-4 and related events.

High level stakeholders for the review include:

- The Minister for Foreign Affairs and Trade
- The Parliamentary Secretary for International Development
- The Development Effectiveness Steering Committee / Whole of Government partners
- AusAID’s Director General and the AusAID Executive

AusAID stakeholders include:

- AusAID operational policy and program areas (desk and post), including the Operations Policy and Support Branch, Executive Branch, Policy Section, Cairns Compact Taskforce, and the Conflict Prevention, Recovery and Stabilisation Group.

International/ other stakeholders include:

- The International Reference Group for the evaluation
- Other donors, NGOs, and the wider development community