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Australian Government
Department of Foreign Affairs and Trade

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Secretary's Office

Minute

To: Frances Adamson, Secretary

File no: 20/12986

Date: 7 August 2020

cc: Christopher Langman, Deputy Secretary, TBG
Tony Sheehan, Deputy Secretary, ISG
Penny Williams, Deputy Secretary, SDG

Decision by: 12 August 2020

From: Kathy Klugman, A/Deputy Secretary
Global Cooperation, Development and Partnerships Group (GPG)

Reason: To inform staff ASAP

Contact Officer: Robert Christie, 0401 013 054

Secretary's comments:

- 1) I am very keen that we retain and continue to develop the skills necessary for effective M: E at all levels of assessment
- 2) communication products to meet the Dept's needs

Discontinuing the Office of Development Effectiveness (ODE)

Recommendations

- i. Agree that the Office of Development Effectiveness be discontinued as a stand-alone entity and that core functions connected to aid performance be integrated into the Office of the Chief Economist.
- ii. Agree that we recommend to the Foreign Minister that the Independent Evaluation Committee (IEC) be discontinued.
- iii. Note the Risk Assessment regarding your PGPA Act obligations should you agree to these changes.

AGREE / DISAGREE / DISCUSS

AGREE / DISAGREE / DISCUSS

NOTED / DISCUSS

Reasoning

1. The new aid performance system introduces significant change, streamlining planning and reporting, elevating analysis and requiring brevity in the products that underpin it. I have looked closely at all GPG functions in line with these objectives, bearing in mind the need to find departmental budget savings.



- As a result, I recommend that you discontinue the Office of Development Effectiveness (ODE) as a stand-alone entity and, subject to the Foreign Minister's agreement, discontinue the Independent Evaluation Committee (IEC). We would retain select ODE functions to support core elements of the new performance framework under the Government's Partnerships for Recovery strategy. ACD would review the impact of these changes in 12-18 months. *

Maintaining ODE functions relevant to the Aid Performance Framework

- The new Aid Performance Framework will continue to support an effective development program and robust performance reporting through program-level plans based on analysis of needs and brief annual and/or periodic reports of progress (see Attachment A). The framework includes an assessment of individual aid investment and implementing partner performance through streamlined annual and Final Investment Monitoring Reports and a program of investment-level evaluations.
- ODE undertook three primary functions: quality assuring Final Investment Monitoring Reports; supporting programs on investment-level evaluations; and carrying out strategic evaluations. I propose keeping the first two functions that support the new performance framework under the Partnerships for Recovery strategy, folding them into the Office of the Chief Economist (OCE). The OCE would also continue to publish the Annual Aid Evaluation Plan approved by you, to maintain an online site for the department's evaluations and to assist delivery of the DAC's 'Monitoring and Evaluation' course, with ACD.

Strategic evaluations

- ODE's evaluations sought to capture longer-term lessons and played a strategic communications role on aid achievements. ODE's strategic evaluations were a valuable contribution but do not form part of the aid program's performance assessment. The pace of change and pressure on posts mean that ODE's program of large evaluations is no longer sustainable. Lessons continue to be important to improve program quality but the pace at which lessons are emerging, the required speed of response, and resource constraints mean large strategic evaluations are no longer the best approach. As such, I propose to discontinue these large evaluations.
- A small number of ODE evaluations were paused in March. I propose to distribute the 'multilateral engagement evaluation' internally but not publish it, given the risk of confusion with the recent 'multilateral audit'. Completing two other evaluations paused in March—Pacific infrastructure and conflict prevention—would involve significant OCE, post and desk resources. I propose publishing a summary of lessons and findings but not the full reports.

still an important function, but can we do differently?

I agree

Agree.

Agree.

or enhanced common function?



Taking forward this work

7. The structural changes proposed in this Minute are represented in an amended organisational chart for the Group, attached at B. I propose folding the two continuing functions of ODE into a new 'Aid Evaluation Section' in OCE. Discontinuing strategic evaluations—which took the majority of ODE staff time—would enable a reduction of staff from ODE's current profile of 13.5 FTE to a smaller section (5 FTE). ✓
- ✓ 8. Consistent with the department's commitment to building stronger data literacy to underpin good policy, I propose to establish a new Data Analytics section (5 FTE) in the Trade and Investment Economics Branch of OCE to help the department build better systems to collate and disseminate statistical and knowledge products, including aid performance indicators, and to support evidence-based policy and programming across DFAT. I am keen to make this capability relevant to priority policy work across the Department. I will talk to my colleagues about how to make this capability relevant to their needs. good
9. The discontinuation of strategic evaluations would remove the primary role of the Independent Evaluation Committee. The IEC also maintained an oversight function on validation of Final Investment Monitoring Reports. In future, we propose that the Chief Economist and the Aid Governance Board assure these results, as is the case with other independent advice provided by OCE to the AGB. If you agree, we will put a Submission to the Foreign Minister recommending the IEC be discontinued. ✓

Meeting your accountability obligations

10. We have considered the impact of the proposed changes on your responsibilities under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). We have worked with ACD, AUB, CFO, CLB, EXB to conduct a Risk Assessment, including proposed controls (Attachment C). These include DFAT's Audit Branch and the Australian National Audit Office (ANAO) undertaking regular assessments of the aid program. You will continue to meet your obligations through the annual performance statement and the financial statements published in Annual Report. ✓
11. The Audit and Risk Committee should be briefed on these changes. Subject to your view, I propose to work with Deputy Secretary Sheehan to arrange for this briefing. agree

Budget savings

12. In addition to FTE savings, ceasing ODE strategic evaluations would generate savings of approximately \$0.8 million per annum from ODE's administered budget (currently \$1.3 million). Modest annual funding for Final Investment Monitoring Report quality assurance (\$0.3 million) and for travel and consultant fees to assist investment-level evaluations (\$0.2 million) would follow those retained functions. Closing the IEC would also generate departmental savings of \$0.1 million, spent on advice and travel. ✓
- agree

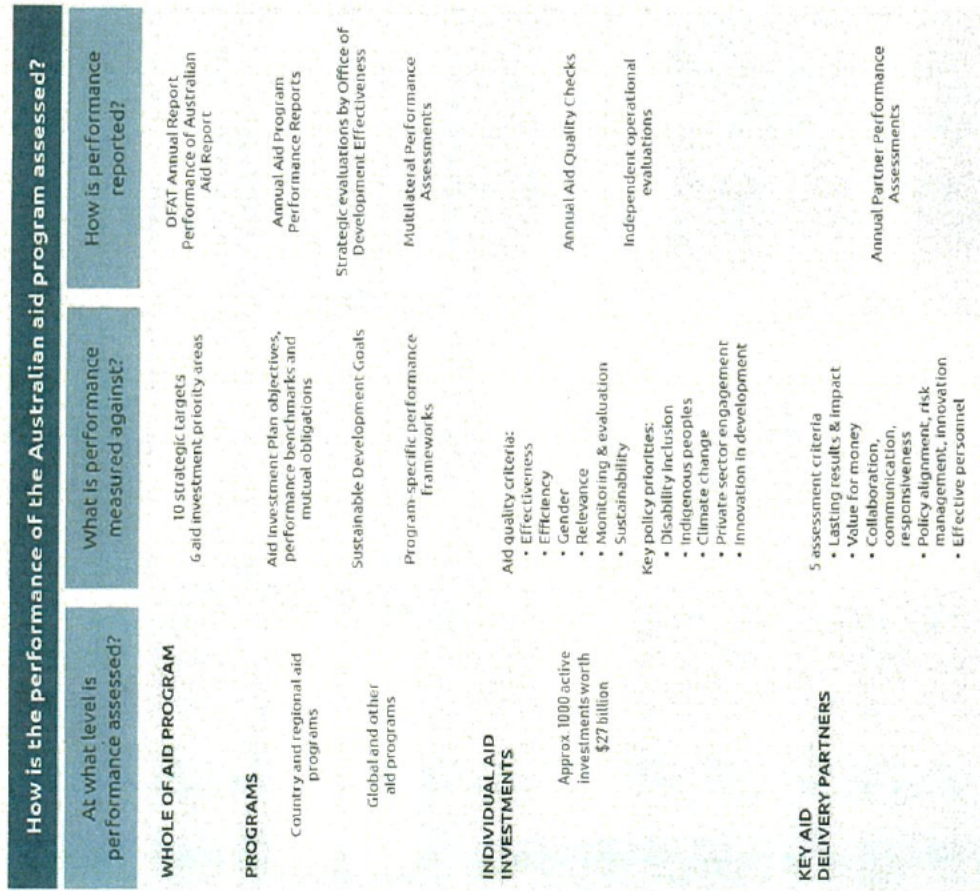


Communications

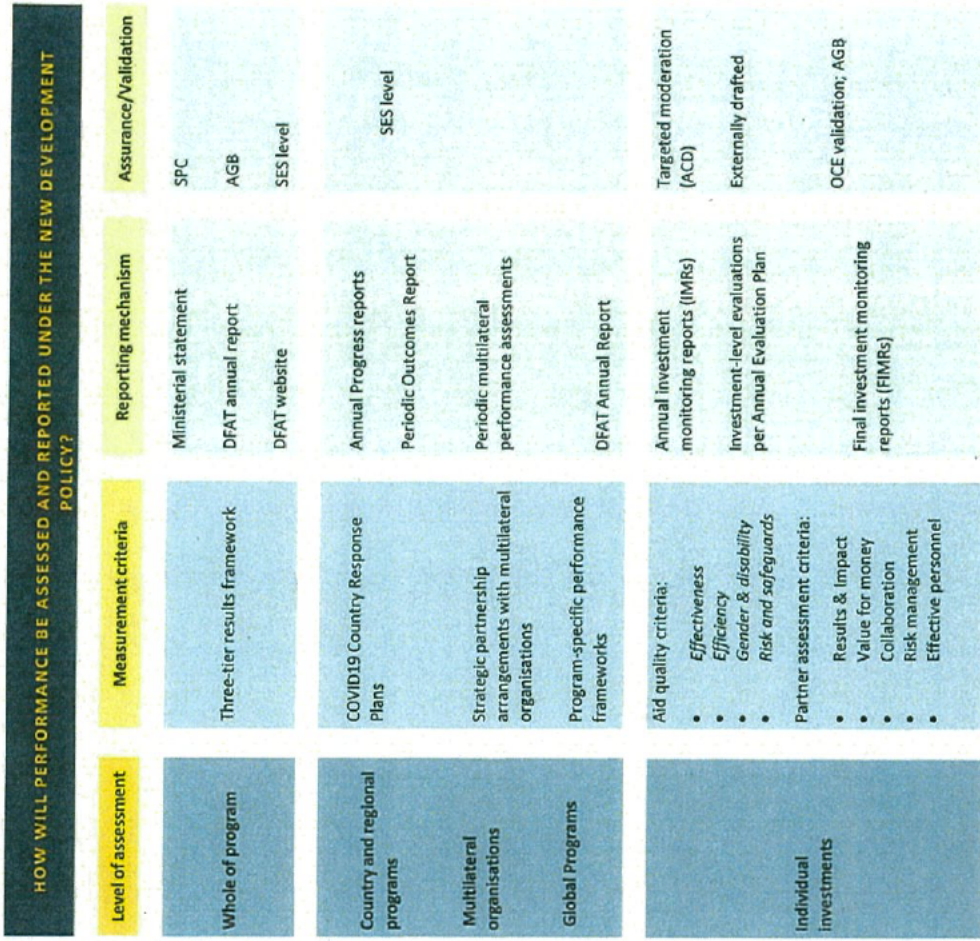
13. We are developing a communications plan and products to explain the proposed changes to internal and external audiences. I will share these with you in draft. We propose to highlight the Department's (and Australia's) continued commitment to high quality aid and to good monitoring and evaluation and core transparency. We will place the new arrangements in the context of the Government's new aid performance framework and its commitment to efficient, effective and flexible aid delivery. We will present residual ODE functions under an 'Office of the Chief Economist' banner.
14. Once these changes are finalised, and on the basis of consultation with the Foreign Minister's Office, we propose to able posts and inform staff through an administrative circular. We would brief key stakeholders including the Australian Council for International Development, contractors and academics.
15. I have discussed the proposed changes with Deputy Secretary Langman—who also oversees OCE—and he supports them. I have also worked with and consulted Deputy Secretaries Williams and Sheehan. CFO, LGD and EXB have been consulted.

*I'd like
to see in
draft pls.*

OLD SYSTEM/FRAMWORK TO DELIVER AN EFFECTIVE PROGRAM



NEW SYSTEM/FRAMWORK TO DELIVER AN EFFECTIVE PROGRAM



Impact of closing the Office of Development Effectiveness and Independent Evaluation Committee: Risk Assessment

Risks	Inherent Rating	Key Controls (Outside of ODE)	Control Owner	Current Rating	Planned treatments	Timeframe	Treatment Owner
Disbanding of Office of Development Effectiveness (ODE) leads to criticism of DFAT's commitment to independent monitoring of aid performance and accountability	High	ACD continues to ensure the effectiveness of DFAT aid performance systems, and makes information on these systems publicly available	ACD	High	OCE maintains a capacity to independently monitor aid performance and accountability, and publicity promotes this capacity External talking points ready in the event of media enquiries	Ongoing	OCE
Disbanding of Independent Evaluation Committee (IEC) leads to public criticism that DFAT evaluation and quality assurance systems lack credible and independent technical oversight	High	AUB maintains a capacity to independently monitor aid management and accountability through Post audits The Aid Governance Board (AGB) and OCE provide oversight of the aid program's performance reporting. Other independent evidence (including audits and evaluative work) also informs aid program performance reporting	AUB AGB, OCE OCE, ACD, AUB, Program areas	Medium	Assure staff of DFAT's commitment to high quality aid program through internal SES messaging Expert advisers are engaged to provide technical advice to DFAT evaluative and aid performance work consistent with the new Performance Framework External talking points prepared	August Ongoing Completed	GPG OCE, ACD OCE, ACD
Loss of an ODE public facing web page with evaluations and related reports leads to public criticism of DFAT commitment to independent monitoring of aid performance and accountability	Medium	DFAT has other webpages (beyond ODE) which describe the department's aid performance systems and approaches to ensuring accountability	ACD	Low	Aid program performance reporting through a range of public products including-but not limited to-validation of FIMRs, such as Ministerial Statement and Annual Progress Reports OCE develops a new simplified, public facing web page for aid evaluations which incorporates historical ODE material	Annually As a priority soon after ODE wound up. OCE webpage developed.	ACD OCE
A scaled-back evaluation section (post-ODE) risks loss of ability to retain the skills to produce high quality evaluative work; to disseminate lessons from evaluative work; or to help build monitoring and evaluation capacity across the department	Medium	ACD plays a role in building M&E capacity across the department through provision of guidance material and training DAC Monitoring and Evaluation Courses for all staff	ACD DAC, ACD, OCE	Medium	OCE development evaluation unit is staffed with quality evaluation officers and promoted as an area in which evaluation skills are valued and used New OCE evaluation unit retains some capacity to support departmental M&E in consultation with ACD	Ongoing	OCE, ACD

There need to be readily accessible

imp.

yes!

<p>Loss of published 'strategic evaluations' risks public criticism of reduced transparency and accountability of the aid program, and risks loss of significant source of lessons on enduring and challenging aid themes</p>	<p>Low</p>	<p>External agencies (e.g. ANAO) maintain capacity to review aid program functions</p>	<p>External agencies such as ANAO</p>	<p>Low</p>	<p>OCE maintains and builds a broader capacity (including beyond evaluation) to promote evidence-based programming and policy through making data and evidence available and accessible across the department</p>	<p>Ongoing</p>	<p>OCE, AUB</p>
<p></p>	<p>Low</p>	<p>"Performance and quality" staff in ACD and program areas have knowledge of ODE evaluations and findings and lessons learned from those evaluations The Aid Governance Board provides strategic oversight of aid quality, effectiveness and risk Investment-level aid evaluations published The aid performance management system continues to identify and manage program-specific lessons</p>	<p>ACD, AGB and program areas</p>	<p>Low</p>	<p>OCE maintains a capacity to evaluate strategic issues of priority when and if required</p>	<p></p>	<p></p>
<p>Cessation of ODE review of the quality of investment-level evaluations risks decline in confidence in the aid evaluation system</p>	<p>Low</p>	<p>There are guidelines and Monitoring and Evaluation standards in place to guide programs on quality requirements for evaluations. These are reinforced by training.</p>	<p>Program areas</p>	<p>Low</p>	<p>OCE maintains a capacity to evaluate strategic issues of priority when and if required, even if not through a formal program of strategic evaluations OCE maintains a capacity to collate and disseminate lessons from evaluative work</p>	<p>Ongoing</p>	<p>OCE, ACD, program areas</p>