

ANNEX 1
DRAFT M&E HOUSE "BUKA HATENE" (TIMOR LESTE)
DESIGN DOCUMENT

Australian Department of Foreign Affairs and Trade

Timor-Leste Aid Program

Monitoring and Evaluation House

Buka Hatene

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Briefing Note

Services to support a more effective Australian aid program in Timor-Leste

The Monitoring and Evaluation (M&E) House (*Buka Hatene*)¹ services address challenges faced by DFAT in generating and using credible information for managing the performance of Australian aid. It has been difficult for the Department to generate performance information that meets corporate and international standards - information that decision makers have the confidence to use to make important decisions such as resource allocation, program design, program improvement, or to produce credible reports to account for aid expenditure. Information generated from investment monitoring and evaluation (M&E) systems has been uneven in its quality and relevance to decision makers.

The M&E House has been designed to support DFAT staff and their investment Implementing Partners to use credible information to make decisions and take actions to improve the performance of Australian aid. This is the expected outcome of the services. If the effectiveness of the aid program is improved by these decisions then this should result in better national development outcomes for the people of Timor-Leste.

Key points of difference between this and the traditional model of M&E services

Traditional approaches

For most Department aid investments, an international M&E practitioner is resourced to take responsibility for the design and oversight (including data collection and processing of data) of a discrete M&E system. This approach assumes that the M&E practitioner possesses the full range of skills for all aspects of M&E such as system design, data collection and analysis using a range of methods, interpretation, presentation and reporting, and facilitating the use of information for decision making. It also assumes that it is easy to attract sufficient capable M&E practitioners to Timor-Leste.

These M&E practitioners develop their own M&E system in isolation to other M&E practitioners serving the aid program. As a result, opportunities for efficiencies across the country program are not taken. For example several household surveys could be carried out in the same geographical location, or various different approaches are developed to measure the quality of common aid interventions like training. When different approaches, measures or methods are used it can be difficult to aggregate information into a coherent story about the aid program as a whole.

Traditional approaches to M&E commonly feature lengthy routine progress reports that can present minor details of implementation that are not always useful for decision makers. These reports can take Implementing Partners a lot of time to produce, and DFAT staff a lot of time to process properly. Proper processing requires the time and space to do so, which is not always the case. Information may not be presented in time for important decisions, or may not be presented in a format that has meaning for decision makers or other target audiences.

¹ Tetum for 'to learn, find out'

The M&E House approach

The M&E House approach is to attract a small team of high-calibre, credible professionals to design and manage a single performance management system for the whole country aid program. The term *performance management* is used throughout this text to refer to activities, decisions and actions to improve the likelihood that an investment or program of work remains relevant and achieves the expected outcomes. *Monitoring and evaluation* can be thought of as a subset of performance management - it is the gathering and processing of information that is expected to inform actions and decisions.

The performance management system will be designed to meet whole-of-program or strategic requirements as well as those for each individual investment. Efficiencies are likely when shared information requirements can be addressed through common concepts and standardised methods, tools and reporting formats. Smart technology such as internet-enabled mobile devices will be used to support the efficient capture, analysis, storage, presentation, dissemination, and use of data for decision making.

The M&E House will support DFAT and Implementing Partners to clearly articulate what the whole program or individual investments are expected to achieve; design a lean M&E system to meet the important information requirements of decision makers; develop tools to help DFAT and Implementing Partners collect and process basic management information; carry out more complex monitoring and evaluation tasks; assure the quality or credibility of information generated; plan and commission special evaluation or research activities; and importantly, facilitate the interpretation and use of information. The M&E House will also further develop the capacity of DFAT staff to articulate their information requirements, and to process, synthesise and respond to information to improve the effectiveness of the aid program. The emphasis of this approach is on generating high quality information, and helping DFAT staff and implementing partners to think carefully about that information and make prompt and effective management decisions.

Corporate requirements will still be met. Each investment will have: a diagram or snapshot of what the program is expected to achieve, and how the change process is expected to occur; country-program and investment level M&E plans; a short report on required data or information; a concise report that describes the outcomes of DFAT and Implementing Partner deliberations on the meaning and responses to data or information; and AQC and APPRs.

The benefits of the new approach

DFAT should expect to see important benefits from the approach:

Having a single team support the clear articulation of the intent of the program and its investments, and a single M&E system allowing for aggregation of findings and identification of synergies and linkages, will allow for **a more coherent narrative about the Australian aid program.**

A single system designed and managed by a high-calibre M&E team that possess the full range of skills and experience will allow for **more control over the quality or credibility of information.**

A system that is lean and only generates important information for decision making will **reduce the quantity of information** that is generated and free DFAT program and senior managers, as well as Implementing Partners to **focus on interpretation and use of information**.

Fewer M&E resources are required in this concentrated investment than employing individual investment M&E practitioners who each design unique, unrelated M&E systems. It will also reduce the overlap experienced through the different approaches to performance management including internal monitoring and evaluation activities, regular independent reviews and technical advisory group visits.

Section 1: How we got here - background to this design

1.1 Aid effectiveness and the performance management agenda: The international call for action

The expectation for more effective aid has been growing over recent years, both within DFAT and across the international aid and development sector. The 'aid effectiveness' agenda emerged internationally in the late 1990s when donor countries became increasingly aware that aid could be a significant burden on recipient countries when each donor implemented their programs in isolation. By 2005, The Paris Declaration was signed by donors throughout the world. It aimed to improve the quality of aid and its impact on development. One of the five pillars of the declaration was to move toward a results orientation (in contrast to an expenditure orientation) with better monitoring and evaluation (M&E). In 2008 the Accra Agenda for Action reinforced this 'results agenda' in international aid.

1.2 DFAT (AusAID) Corporate Responses

DFAT (and previously AusAID) has responded to the aid effectiveness agenda in a variety of ways since 2005. It prioritised program performance and the quality of aid by establishing the culture, structures and processes to support aid effectiveness. In turn, these were supported by a variety of attempts to build DFAT staff capacity via training delivered by staff and contractors. Standardised training has been able to increase staff awareness that design, monitoring and evaluation are important priorities for the Department. However, the results have been patchy and sustaining outreach from Canberra and the benefits has been challenging. In June 2014, the Australian Government re-affirmed its commitment to maintaining a strong focus on performance², emphasising new targets at the Department and country program levels, and signalling that funding will be directed to those investments making the most difference. In the 2015 *Effective Governance Strategy for Australia's Aid Investments*, DFAT emphasised the importance of quality analytical work for understanding the political and institutional environment, understanding the factors that influence institutional performance, and learning from experience.

One approach to addressing the aid effectiveness agenda trialled from 2007 by the Indonesia Country Program involved a more holistic approach to improving DFAT performance management capacity. This was called the ECB Program³. ECB supported DFAT staff to carry out actual performance management tasks in the work place right when support was needed. It emphasised immediate application of learning on real tasks. Staff had access to practical assistance both face to face and via a remote help desk facility. The ECB program developed and trialled the *DFAT Monitoring and Evaluation Standards* which are now in use across the Department⁴. Early successes led to the expansion of this program to Vanuatu, Timor-Leste, Pacific Regional Hub, and Fiji.

² DFAT (2014) *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June, Canberra.

³ The **Evaluation Capacity Building Program (ECB)** addressed performance management more broadly to include program design, basic program management, and assessment of the quality of monitoring and evaluation products such as M&E plans and progress reports submitted by contractors.

⁴ DFAT (2014) *Monitoring and Evaluation Standards*. Canberra. <https://dfat.gov.au/about-us/publications/Documents/monitoring-evaluation-standards.pdf>

1.3 DFAT Timor-Leste Post responses: successes and challenges

Timor-Leste Post joined the ECB program in 2012. Since inception, the program has achieved significant gains in terms of improving DFAT staff confidence and skills in performance management. It also led to improvements in the quality of key documents such as investment designs and monitoring and evaluation plans. Reviews of the ECB program have found that DFAT staff express greater confidence in their ability to articulate M&E requirements to contractors, assess the quality of those products and provide constructive feedback. Contractors and their M&E practitioners report that one result of the ECB program is that DFAT has gained a reputation in Timor-Leste as a good practice leader in M&E, that they have greater clarity on DFAT expectations, and generally appreciate the collegiate relationship and detailed feedback on M&E issues they have received from DFAT staff.

Despite these important gains, it has become apparent that improving the quality of key M&E documents has not necessarily translated into the *generation of more credible information* about investment performance, much less the *use* of that information to improve investment or program performance. People are not keen to spend time processing information for decision making if they have little confidence in the quality of that information.

Across the aid program in Timor-Leste (see snapshot of country program at Annex 4), most M&E is carried out by the Implementing Partners or independent reviewers commissioned directly by DFAT. DFAT program managers have a smaller role in monitoring their investments through unstructured field visits. DFAT has limited in-house capacity to plan, manage and conduct M&E activities directly. DFAT's role is to articulate information needs, expectations about information quality, and to use that information to inform investment or program decisions and actions. The ECB program was focused on supporting DFAT staff to do this, but it was not resourced to reach out to the Implementing Partners and their sub-contracted M&E practitioners. No matter how well DFAT staff articulated their information needs and expectations, the Implementing Partners were experiencing a wide variety of constraints. These ranged from not being able to attract suitable M&E practitioners to Timor-Leste, M&E practitioners not having a mandate within their teams to facilitate the use of credible information, and some M&E practitioners not having the experience or skills to design and carry out an acceptable standard of M&E system design, data collection and analysis.

As a consequence after initial rapid gains, the program stalled. It was time to innovate and find new solutions to some old problems.

Section 2: The problem and what needs to be addressed

2.1 Introduction

The term *performance management* is used throughout this text to refer to activities, decisions and actions to improve the likelihood that an investment or program of work achieves the expected outcomes. It is not used in the Human Resources sense where performance of individuals is the focus. Here we mean that performance of an entire country aid program or individual investments is managed. Individuals are only one of many factors that influence the performance of an aid program. *Monitoring and evaluation* can be thought of as a subset of performance management - it is the gathering and processing of information that is expected to inform actions and decisions.

Effective performance management involves getting information that decision makers have confidence in, and using that information to learn and inform their decisions and actions. This section will explain why both the generation and use of information has been a challenge for DFAT. These explanations are based on the significant experience gained from ECB program delivery across DFAT during seven years of continuous implementation, as well as from other aid industry contexts. The section then identifies what has been learned by other alternative approaches to M&E; and finishes by proposing three general options for moving forward.

2.2 Why has it been hard to generate credible information?

What's involved?

Designing and implementing a monitoring and evaluation system to meet accepted standards may not seem like a complex problem, but it is. It requires that a range of people from DFAT and Implementing Partners work together to clarify and fulfil expectations. Each of these stakeholders must have the required knowledge, skills and motivation to perform one or several of the following:

- clearly **articulate what the aid program is trying to achieve** and how each investment is expected to achieve this, both on its own and ideally as a piece of a coherent country program.
- precisely **articulate information needs** that will inform decisions, actions and meet accountability requirements.
- **collect, process and analyse data** using a range of methods that meet reasonable standards of rigour (relative to the importance of the decisions to be made).
- correctly **present analysed data and in a format that lends itself to interpretation** and getting the most value out of the data.
- appropriately **interpret the data** and draw conclusions that are based on the analysis and not opinions.

What are some of the common constraints?

Being clear about what the whole aid program and each investment⁵ is trying to achieve. If you are not completely clear about what the aid program is trying to achieve, it can be difficult to measure

⁵ This document defines "program" as the portfolio of work described in the AIP; it defines "investment" as each individual project or group of activities; and defines "the services" as the M&E House program of work. The technical term end-of-program outcomes can also be read as end-of-investment outcomes.

and communicate success in anything but the broadest of terms. Crafting country program strategies or Aid Investment Plans is a challenging task right across the Department. No country program starts with a clean slate. It is necessary to consider where you want to go over the next five years, while preserving current programs that meet corporate, or political objectives as well as priority development needs of the host country. At the same time you need to work out how to retire programs that are not in line with the core strategy but have some legacy that needs to be considered. It is a very demanding exercise, one that is rarely given sufficient time to work through.

Often authors of these strategies are forced to take existing programs and try to build up a story of coherence from unrelated fragments. Program stakeholders are likely to struggle to communicate the intent of the program clearly. Where strategies have been developed in this way - from existing, unrelated investments - there can be a flow of information upward from the investments that is at odds with the strategy that was developed to communicate a coherent story.

Equally, DFAT and their Implementing Partners need to have a strong sense of what each individual investment is trying to achieve. At times different stakeholders understand investments in different ways. This can result in team members working at cross-purposes in the smaller, day to day decisions that occur. Not all DFAT staff or Implementing Partners have the knowledge and skills to efficiently examine and test the designs of their programs. Often in the frantic nature of people's work, they can quickly lose sight of the intent of the investment. Investments are then at risk of drifting away from what was planned. ***A solution could include facilitation of DFAT and Implementing Partners to better articulate and review the intent of the program as a whole, and of individual investments.***

Identification of information needs is not always a joint exercise between stakeholders. In the traditional model, the contracted M&E practitioner is often left to identify the information needs for the M&E system. Competent practitioners will try to consult all key users of the information to find out what they need, and when. But sometimes this is not possible, or there are disparate or conflicting opinions, or M&E practitioners can end up working alone to determine information needs using the design document as the basis of the M&E plan. This can result in information that meets a technical need rather than the practical needs of decision makers. This leads to a lack of demand for that information. One effect is that the data is never collected, or is collected erratically and not used. A second effect is that the information meets very narrow needs of the investment rather than contributing to program-wide or strategic information needs. In either case, the investment of resources in M&E is not being fully utilised. ***A solution could involve bringing strategic and operational stakeholders together during the design of the M&E system to identify country program and investment level information needs.***

A lack of standardised frameworks, methods and approaches, to monitor and evaluate development concepts and activities, as well as standardised reporting formats. Despite the differences in investments that address different problems in say, education, health, agriculture, or infrastructure, there are many concepts that are shared. For example, national government ownership of aid interventions, sustainability of development outcomes, levels of commitment to organisational change and so on. There are also common interventions across investments that need to be assessed such as training, coaching or construction activities. Currently, all the different investment-level M&E practitioners across the aid program are required to research the literature

and come up with their own ideas on the best ways to measure these common things. M&E practitioners come from a variety of different theoretical backgrounds which means they often employ different ways of thinking about approaches to M&E. They also bring a variety of skill levels to this task. The diversity of measures and approaches makes it very difficult to aggregate information across different investments, and ultimately use that information to improve implementation issues that are common across the program. Finally, Implementing Partners report on common aspects of their investments using a wide range of formats, some more effective than others. Where it is appropriate, ***a solution could include standardised measures, approaches, methods and reporting formats to assist aggregation, synthesis and to enhance the robustness or credibility of information. This would be carried out only where information needs are not unique to that investment.***

Implementing Partners may lack confidence to reveal challenges they are experiencing during implementation. Telling a funding organisation that things are not going well in an aid investment is difficult. There are strong incentives in place not to do so. Currently all M&E practitioners are sub-contracted by the implementer organisation, and M&E practitioners usually report to the team leader or director. They are accountable to the contracting organisation. This can result in reports that are not accurate assessments of the adequacy of progress, risk management, or analyses of why things may or may not be working. Sometimes, Implementing Partners do not trust that accurate information will be used for program improvement rather than result in some sort of penalty. Although DFAT has progressed significantly in this regard over the past few years, many contractors still base their actions on the behaviours of DFAT staff in the past. We are now moving to a position where DFAT rewards responsible analysis and reporting rather than holding Implementing Partners to outcomes that are beyond their control. ***A solution could feature some independent monitoring and evaluation functions, and to reinforce and reward open and honest reporting with professional analyses.***

Difficulties in attracting practitioners with the required knowledge, skills, and experience to meet expectations. Not all aspects of M&E are beyond the capacity of the generalist team member. But, several aspects do require more advanced skill—especially during the design of M&E systems, and for the conduct and analysis of more complex methods. Presentation of information in formats suitable for those who will use the information is also a necessary skill. Not all M&E practitioners come with all the required skills and experience, and at times it has been difficult to attract M&E practitioners to Timor-Leste at all. Some of the more common reasons are: there is no accreditation of M&E practitioners and so recruiters may find it difficult to assess competency; it is unrealistic to expect a single practitioner to possess the full range of skills involved in M&E; expectations of M&E practitioners in the development context have changed rapidly in recent years and many practitioners have not yet caught up with these new requirements; there is very limited local capacity in M&E; and M&E practitioners are often given inadequate remuneration packages that are not commensurate with the strategic nature of their work. ***A solution could focus on attracting enough high calibre M&E specialists (rather than generalists) to ensure reasonable standards can be met, and ensuring there are sufficient resources to support all investment requirements.***

2.3 Why has it been hard to get information used?

What's involved?

Making sure credible information is used to make decisions is notoriously difficult—as widely shown in the literature on evidence-based policy. Decisions are often made in response to political pressure; competing vested interests; personal preferences; the desire to act quickly to solve problems that have received public attention; or to meet some arbitrary deadline. Sometimes problems are so complex that it would be unrealistic to think they could be studied well enough to provide a clear solution. However, we could do better in terms of using the information that is generated from M&E systems. This requires information users to:

- **be engaged** in the identification of their own particular information requirements.
- **demand information** that they have requested, and demand that it meets quality requirements; **actively and publically seek out existing credible information** whenever decisions, actions or accountability reporting are required.
- **process information** that is presented by thinking about what the data is telling us, and what it means for investment or program implementation going forward.
- **synthesise** (not summarise) information from a range of sources to identify themes and determine what the implications are to the investment or country program going forward.

Information should be sought to inform decisions, actions or reporting requirements such as:

- **maintaining the relevance** of the investment or program - responding promptly to changing needs in the context.
- **refining program designs** throughout the life of the investment or program to improve performance, respond to contextual changes, understand the political drivers of development, or to better manage risk.
- **generating lessons** that can be used across the program, across the Department or the international development sector - demonstrating thought leadership in a particular area.
- **preparing credible, concise reports**, investment-level progress reports, or DFAT corporate reporting requirements (AQCs and APPRs).

What are some of the common constraints?

Several of the constraints for generating information (see section 2.2) also effect its utilisation. Where users of information do not engage with the identification of their information needs, they are far less likely to seek it out and use it. When information is generally thought to be of poor quality, there is little incentive to go through a thorough processing and synthesis exercise. Information that is collected and presented differently across different investments is difficult to aggregate into a coherent story.

Other constraints that are particularly related to the use of information are:

Reporting has not met the priority needs of information users. Reports across DFAT tend to be very lengthy documents that provide a lot of detail about topics that may be of limited interest to readers. This has grown from the desire of Implementing Partners to communicate *everything* that

they have been doing or achieving in the absence of a clear specification from their client. This has been made worse by rotating DFAT senior and program managers asking for different or new information. Implementing Partners are not usually given guidance on what they can stop reporting on, so reports grow ever larger. These reports can take Implementing Partners away from their core work for long periods; equally DFAT staff are challenged to read and make sense of these lengthy reports. ***A solution could involve lean M&E systems and very concise reports that are tightly focussed on information that will be used to inform DFAT and implementing team decisions and actions.***

Limited use of evolving technologies for data visualisation and timely communication. In recent years there have been significant developments in how to present information in graphic, geographic or pictorial format. These exciting technologies are intended to make it easier for the human brain to grasp the meaning of many data points or variables. It can be much easier, and even more enjoyable than studying spreadsheets and tables or long, dull text-based reports. To date, DFAT and their Implementing Partners have not fully embraced what is available. Technologies can also be used to store information in a way to make it accessible to people at their desk and whenever they need it. Access to, and presentation of information can be tailored to meet the needs of both strategic and operational stakeholders, as well as for briefings, public affairs, or for the preparation of ministerial visits. ***A solution could resource and integrate new technologies in information storage, retrieval, presentation and communication.***

Insufficient skills in refining program designs to enhance prospects for success. Programs should be refined on a regular basis in response to findings from M&E activities. This requires a high degree of expertise that comes from a lot of knowledge about what works both technically and politically in the country context. It also requires practical experience in delivering real programs in challenging situations. It requires skill in facilitating discussions among people with very different perspectives and priorities, and coming to firm agreements promptly. Not all DFAT staff or implementation teams have these skills to refine their investment designs in response to M&E findings. ***A solution could involve formally and routinely facilitating DFAT staff and Implementing Partners to collaboratively refine their program designs in response to information that is generated.***

Insufficient skills in synthesis and responding to information. Synthesising information from a range of sources is not a skill that everyone has. It usually has to be learned, preferably by having others model good practice. People often mistake summarising information as synthesis. To enable effective use of information we need clear processes for people to follow to bring information together and to make sense of it, particularly when information is presenting different perspectives and interpretations or contradictory findings. There can be a culture of not making firm decisions promptly in response to information. Information can be reviewed and then simply set aside. ***A solution could involve: a) building the capacity of DFAT staff to synthesise information from a range of sources; b) facilitating DFAT and Implementing Partners to make sense of the information generated; c) finalising decisions or actions in ways that hold people accountable; d) supporting DFAT staff to use information to inform corporate reports, and e) supporting DFAT staff to communicate important lessons within the Department.***

Many M&E practitioners do not have a mandate to facilitate learning and the utilisation of information. Ideally, the M&E practitioner is an important member of the team that contributes to

the strategic direction of an investment. They ought to support the team leader during strategic and operational planning processes, bringing relevant information to the table. They ought to be able to highlight issues and facilitate learning and use. Due to the history and remuneration of the typical M&E practitioner, they can be perceived as a minor member of the team who sits in a corner generating information to comply with reporting obligations rather than facilitating learning to improve program performance. ***A solution could resource credible strategic practitioners that can facilitate learning in a culture of program improvement rather than compliance reporting.***

2.4 What are the most important inefficiencies with current practices?

The current, traditional model of resourcing M&E is for each investment to have an international M&E practitioner (where local capacity is not available) who provides several short term inputs each year. Sometimes these practitioners are supported by a data manager or M&E officer who is usually locally engaged. At the time of writing, it would require **12 international M&E practitioners** to adequately cover the aid program. Four major investments have not been resourced, or have been unable to attract an M&E practitioner. This has meant there is limited information available about those investments, and exposes DFAT, the Implementation Partners, and Timorese national partners to a variety of risks.

With so many M&E practitioners operating, **time and money is wasted identifying information needs and developing measures, approaches and methods from scratch.** This is especially inefficient when so many of the needs are common across the program.

Implementing Partners can take **significant time to prepare lengthy reports** taking them away from core activities. DFAT program managers can take **significant time to read and process these reports**, or in the worst case scenario not process them due to time pressures from other competing priorities.

The worst inefficiency is that if **information is not used, or learning applied**, the entire cost of generating the information has been wasted.

A solution could resource fewer international M&E practitioners to take a concentrated, whole-of-program perspective; developing standardised approaches, methods, tools and reporting formats where appropriate; facilitating the use of information; and preparation of concise well targeted reports.

2.5 What are the options for moving forward

There are three logical possibilities moving forward to respond to the challenges outlined above:

- **Business as usual:** continuing to resource the ECB program to support DFAT staff in upholding the M&E standards; and coaching M&E practitioners to apply the M&E standards. Some reforms to the ECB program could include training Implementing Partners in common approaches and tools development, recognising the limitations presented by varying partner capacity to respond to requirements, and the limited mandate and resources of the ECB program to work closely with Implementing Partners. The "business as usual" alternative takes a long-term view, committing to significant investment in M&E development in exchange for incremental improvements. There would be no substantive response to many

of the issues outlined above or the inherent inefficiencies. There would be pragmatic acceptance of how much M&E standards can be upheld within the limits of available M&E expertise.

- **Scale-back:** investing less in the development of M&E than in recent years—essentially concluding that there has been insufficient return on the investment, and that DFAT’s corporate expectation for performance and accountability should be moderated to accommodate the *status quo* in the industry.
- **Innovate:** exploring alternative M&E arrangements that can address the challenges outlined in Section 2, and deliver high quality M&E services with greater efficiency. Section 3 describes this in detail.

2.6 What lessons have been learned from other M&E approaches

International development agencies, including DFAT, have experimented with a number of innovative approaches to contracting and delivering M&E services. Some donor agencies have tried in-house M&E arrangements, while others, including DFAT have preferred to contract out M&E services. As part of this design process, some documentation was reviewed and discussions were held with stakeholders involved in similar approaches where an independent contractor was engaged to provide M&E services⁶. These independent M&E entities are all quite different, taking on different functions and engaging at different levels depending on the programs and investments they serve.

The model that has been running the longest and has been reviewed and consequently provides the most lessons is the DFAT Indonesia Education Partnership Performance Oversight and Monitoring Contractor (the POM). This is not a country-wide service, rather it focuses on one very large education program that involves several related components. It deals with higher level outcomes rather than looking at the achievements and delivery of the component activities in more detail. For the POM most of the relevant lessons are concerned with the importance of maintaining appropriate engagement at strategic and operational levels with DFAT; and, maintaining collegiate relationships with members of the implementation teams as they adjust to continuous independent scrutiny. Other lessons were the role that quality strategic information can play in policy dialogue with partner governments, particularly discussing the trade off between different policy options; and the importance of broader development experience across the team to facilitate learning and action that is appropriate for the setting. The POM experience found that it was important to hold decision makers accountable for not only thinking through the implications of information, but for following through with suitable actions. This design document addresses all of these lessons.

For the most part, the lessons from the different models of M&E service delivery address general lessons about M&E rather than lessons about the particular model. Stakeholders or documents highlighted common issues such as the importance of:

- independent perspectives to complement self-reporting.

⁶ DFAT Indonesia Education Partnership Performance Oversight and Monitoring Contractor; DFAT Laos Australia Development Learning Facility; DFID Evaluation Manager for Girls Enterprise Challenge Fund; Nepal-DFID Monitoring and Evaluation of Law and Justice Program

- continuous engagement of M&E personnel allowing decision makers to engage with information as issues emerge and respond promptly.
- DFAT role modelling and messaging about good performance management.
- credible and competent M&E practitioners so that stakeholders accept information and take appropriate action promptly.
- clear roles and responsibilities of stakeholders to reduce tensions between Implementing Partners and the M&E team.
- appropriate presentation and communications of information to meet different audience needs.

There is scope to learn more deeply about different *models* of M&E service delivery, something that will be addressed as part of evaluating the M&E house itself. This presents an excellent opportunity to learn about this model, and to understand its relevance for wider application across the Department.

Section 3: Description of the M&E House services

DFAT proposes to run an open tender to engage an M&E House contractor to run for four years from July 2016 to June 2020 with the option of a 4 year extension until June 2024 at DFAT’s discretion. The initial M&E House budget would be \$9,500,000 with an additional \$9,500,000 for the option period. This is less than the recommended 5% of total investment funding on M&E⁷.

3.1 What the M&E House is aiming to achieve

The **goal** of the M&E House is to contribute to development in Timor-Leste. Australia's Aid Investment Plan (AIP) for Timor-Leste focuses on three important development objectives: improving livelihoods, enhancing human development and strengthening governance. With respect to human development the aid program focuses on the quality and accessibility of services in areas like health, education, and water and sanitation.

Many factors will influence achievement of the AIP’s objectives, and credible performance information is but one. Thus, the goal is best understood as the *rationale* for the M&E House – to support aid investments achieve AIP objectives.

The **M&E House end-of-services outcome** is tightly focused on the use of credible information to improve the relevance and performance of the Australian aid program. The outcome frames the **client of the M&E House as aid program decision-makers**. These decision makers include both DFAT staff and investment Implementing Partners that have been engaged⁸ to deliver Australian aid. They will use credible information to improve the performance of **individual aid investments**; and maintain the strategic relevance and effectiveness of the **aid program as a whole** in step with Timor-Leste’s changing circumstances. GoTL Partners will also use some of the information generated through policy dialogue opportunities, or where information is made available to meet particular needs.

Put simply, the end-of-services outcome addresses the use of information to improve **Australian aid design and delivery**, while the goal is concerned with **development outcomes**.



Figure 1: M&E House program logic

⁷ According to the DFAT corporate M&E Standards (2014)

⁸ This includes commercial organisations contracted via a tender process, partners receiving grants for the delivery of development programs or organisations which are funded to provide services through a memorandum of understanding.

3.2 What is new about the M&E House services

The M&E House will achieve the outcome **through a single, whole-of-program Performance Management System that is designed and delivered by a three-way partnership: DFAT, their Implementing Partners and the M&E House team themselves.** This will replace the traditional approach of having separate M&E systems and practitioners for each investment, and bring high-level expertise to support performance management at the program and investment levels of the aid program.

Beyond aligning with internationally accepted good practice in M&E, two basic principles distinguish the M&E House from traditional M&E services: **lean and influential M&E.** These principles will influence the way that people experience the M&E House, and are discussed in turn below.

Lean M&E

The program-wide M&E system will be 'lean' in the following ways:

- **Minimalist:** the M&E system will be selective rather than comprehensive. Data that illuminates the most critical elements of an investment will be prioritised; along with data related to significant risk⁹. It is critical to highlight that the concept of 'data minimalism' in this instance refers to what the M&E House will prioritise in relation to each aid investment and the program as a whole. The matter of what additional management information that Implementing Partners capture is described in more detail in section 3.3 below.
- **Common conceptual framework:** using a consistent set of ideas about M&E across the whole aid program will mean that designing the M&E system for each investment will be more efficient, as will the capture and interpretation of data. It will also be easier to construct a meaningful narrative about the performance of the whole country aid program.
- **Standard approaches, methods, tools and reporting formats:** using standard M&E approaches, methods and tools (where commonality exists) will improve the overall efficiency and rigour of M&E operations, especially for large tasks such as baseline studies, and common tasks such as assessing the effectiveness of capacity development strategies. Efficiencies will be achieved as a result of fewer M&E personnel across the program, more timely data for decision making, and more rapid interpretation of familiar data types and reporting formats by information users.
- **'Smart' technology:** deploying technology to support the efficient capture, analysis, storage, presentation, dissemination and utilisation of data will improve the overall efficiency of the M&E arrangements. 'Smart technology' refers broadly to the use of various technologies to meet business and personal needs; but particularly refers to the use of internet-enabled mobile devices. In the case of the M&E House, there is potential to use mobile phone or tablet technology to support the capture of prescribed M&E data. Such technology can also be used to present analysed data including geo-located data; and to share key findings with specified or general audiences.

⁹ Social development in most contexts is complex. Sometimes we know what works, but often there is insufficient knowledge in a particular area. Sometimes the context is highly dynamic or particularly unique and this can effect outcomes. Lean M&E focuses in on important outcomes as well as those aspects of a program that can explain success or challenges. It does not measure everything.

Influential M&E

The principle of ‘influential M&E’ is concerned with promoting greater and more effective use of information generated by M&E systems such that it influences aid delivery, and ultimately development outcomes. M&E information is likely to be influential when it is:

- **Credible:** captured and analysed by credible practitioners using trusted methods and meeting reasonable standards¹⁰.
- **Targeted:** provided to meet the needs of particular audiences—only the salient information.
- **Timely:** provided within a timeframe that meets the audience need to inform action.
- **Accessible:** communicated in ways that are easily understood and interpreted—and respectful of how adults learn. Accessibility also requires strong and well-resourced communications capability, spanning: desktop publishing, web and social media design, facilitation materials, software user interface design; etc.

There is also a role for the M&E House in **supporting the capacity and motivation** of DFAT and Implementing Partners to use the performance information to improve investment performance and program relevance. M&E capacity building deliverables will be focussed on:

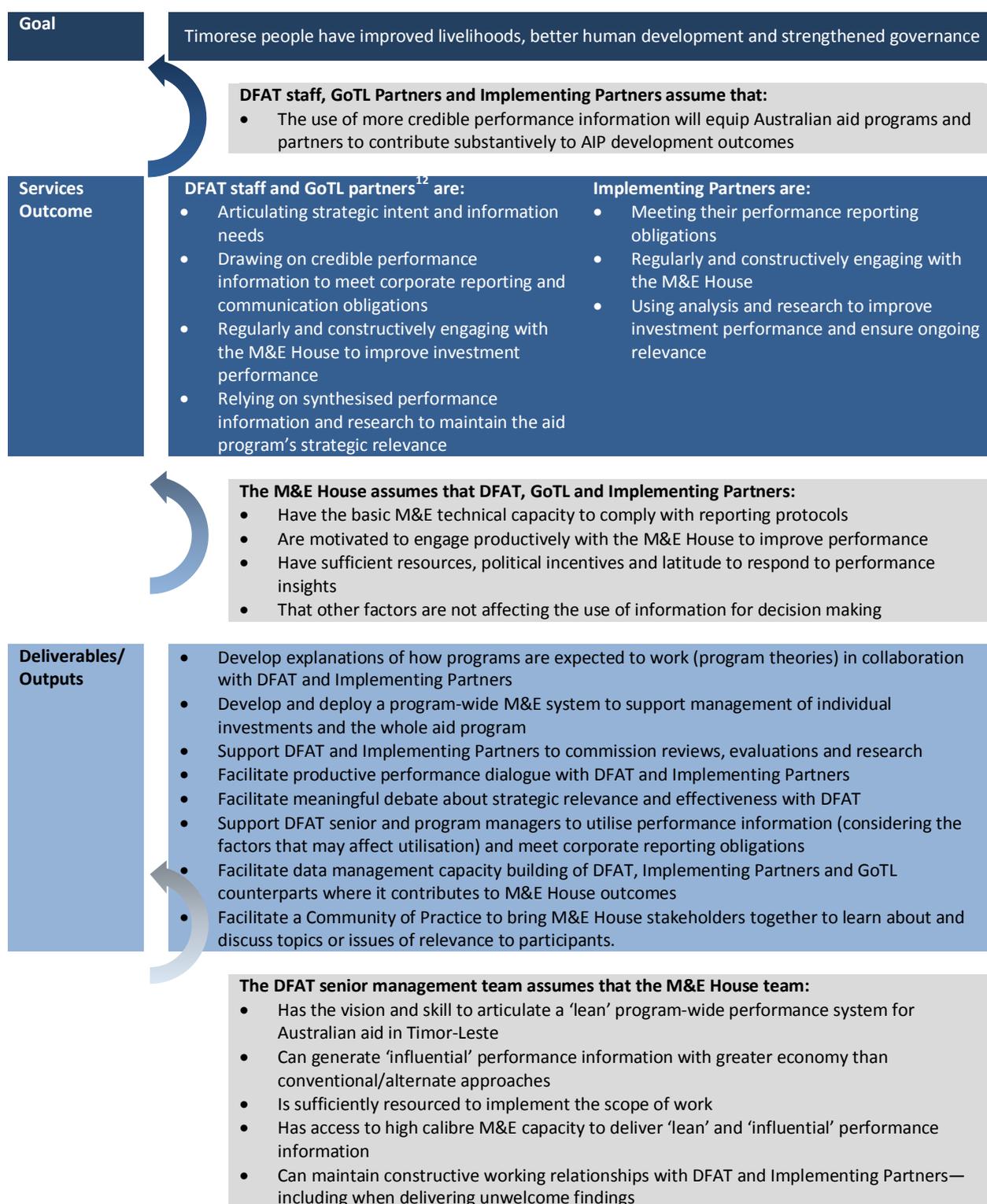
- enabling DFAT senior and program managers provide the right incentives to support effective performance management
- ensuring that DFAT and Implementing Partners are able to comply with prescribed M&E system protocols and methods.
- ensuring that DFAT and Implementing Partners decision-makers are able to identify and act on the implications of insights generated by the provision of credible information (where the political economy allows such actions to be taken).
- ensuring that DFAT decision-makers are able to draw on performance information to direct investments and the country aid program, and meet corporate information needs.
- ensuring all parties can get the best value from credible performance information for program improvement.

The M&E House will be encouraged to innovate when developing a Performance Management System that is lean and influential. The simple program theory¹¹ depicted in Figure 2 on the following page provides more detail about what DFAT and Implementing Partners will be doing as a result of the M&E House services.

¹⁰ For example: DFAT (2014) *Monitoring and Evaluation Standards*.

¹¹ **Program theory** refers to the articulation of: a) what a program or investment is expected to achieve; b) how these changes are expected to occur; c) identification of the interventions that are needed to start off the change process; and d) identification of factors, especially contextual factors that needs to be in place to allow the program to work as expected. The articulation of a program theory is the basis for the development of most monitoring and evaluation systems. There are many terms in the literature that are used interchangeably to describe program theory such as theory of change, program logic, logic model, logical framework etc. For this document the term program theory is used to include all related concepts.

Figure 2: Behaviours that underpin the program theory



¹² DFAT is the primary partner here, but GoTL engagement is characterised in more detail in section 3.4.

3.3 Everyone has a part to play in managing a single, holistic M&E system

A single holistic system that meets everyone's needs: Each investment will have a single M&E system that meets the differing needs of DFAT *and* Implementing Partners. To professionally manage aid investments, Implementing Partners require a range of detailed information about implementation. DFAT does not require all this detail to oversee the performance of the aid program - they generally require only a *subset* of this detail to keep track of individual investment performance. The different needs of DFAT, GoTL Partners and Implementing Partners are explained below. The M&E House will design each investment M&E system to meet DFAT's particular information needs, but may provide additional support to Implementing Partners where this is necessary.

DFAT requires information about whole-of-program performance—particularly information about: progress toward *significant* outcomes; whether or not *key* interventions have been delivered as planned; whether new or existing risks are being properly monitored and managed; on-going contextual information to monitor relevance and to identify emerging opportunities; and only *summary* information about investment expenditure and routine implementation.

The Government of Timor-Leste is not expected to be a direct partner in all aspects of the implementation of the M&E House. However, the M&E House will demonstrate **good donor practices** with respect to performance management. The M&E House may interact with GoTL partners on a regular basis. These interactions and services are described in section 3.4 below.

Implementing Partners require more detailed information about their progress against annual work plans; the adequacy of their interventions; some additional information about progress toward intermediate outcomes; and on-going contextual information to monitor relevance and to identify emerging opportunities. In addition, Implementing Partner managers typically require routine management information advisor performance, and expenditure against budget. The DFAT Program Manager may also be interested in some aspects of this more detailed information from time-to-time.

In essence, there will be a single M&E system in which the Implementing Partners are concerned with all information generated, and DFAT is concerned with a *subset* of that information. Only DFAT information requirements are expected to fully comply with the corporate M&E Standards¹³. This will be the focus of the M&E House.

DFAT and Implementing Partners both play a part in collecting, processing and using information. An important feature of the M&E House is that it does not take the responsibility for all M&E away from DFAT and Implementing Partners. What the M&E House does is support DFAT and Implementing Partners to design a lean and influential system, and then carry out data collection and processing of information where this requires expertise beyond the capacity of DFAT Program Managers and Implementing Partners¹⁴. Capacity and a suitable division of roles will be assessed on

¹³ (2014) *Monitoring and Evaluation Standards*. Canberra.

<https://dfat.gov.au/about-us/publications/Documents/monitoring-evaluation-standards.pdf>

¹⁴ Examples of activities not likely to require M&E House expertise for Implementing Partners would be reporting about investment deliverables against the annual plan, recording basic information about workshop participants, or recording

a case-by-case basis. The M&E House will also commission or carry out reviews and research into relevant topics to meet particular needs. Sector-specific technical advisory groups will continue to provide strategic guidance to investments¹⁵ and will also work with the M&E House to play a role in the M&E of the investment as described on page 17. Some information will be generated by GoTL Partner systems.

DFAT Program Managers will continue to conduct their routine monitoring visits to investment implementation sites, review documents and report on dialogues with partner government officials or relevant stakeholders in the context. *Implementing Partners* will continue to collect routine information about the performance of their investments that does not require special monitoring and evaluation expertise.

Adequate resources will continue to be available to both DFAT and Implementing Partners to fulfil their mutual obligations for implementing the M&E plan. The M&E House will replace the need for each investment to resource an international M&E practitioner. Therefore, any M&E activities allocated to the Implementing Partners must be reasonable for the non-specialist to manage - within their skill sets and the time available within their usual work program. Some investments may be resourced for a M&E data manager to enter and process data ready for analysis and interpretation. However for others such as multilaterals, NGOs and other Australian Government partners requirements will be negotiated on a case by case basis. Data managers are not expected to possess skills in M&E system design, complex data analysis, sophisticated data visualisation, or interpretation of the meaning of all information. They may play a role in data collection activities that do not require expertise or special training in research methods or technique. Annex 1 outlines specific support provided by the M&E House to assist DFAT and Implementing Partners meet their obligations.

Note that where particular Implementing partners are providing technical advice or capacity building to counterpart organisations on monitoring and evaluation and/or performance management more broadly, then Implementing Partners are still responsible for the provision of these services.

DFAT Post will continue to resource program manager monitoring visits, and provide the time and space for Program Managers to gather, process, synthesise and use information for decision making.

3.4 Key M&E House Services

Following mobilisation of the M&E House team, the focus for around six months will be on developing the overall M&E System (consistent with the Aid Investment Plan), and designing the procedures and tools to make it work. Specific deliverables during this period are described in section 3.5. During this period there will likely be the need to carry out M&E activities that are considered urgent by the Steering Committee. Thereafter, the focus will be on refining the system and carrying out the M&E House sub-set of activities as described above in section 3.3.

It is not expected that the M&E House will be responsible for the M&E of all aid programs in Timor-Leste in the first instance. Where there are existing M&E arrangements in place, the M&E House and

changes in behaviour of investment participants that could be carried out systematically, and with ease, during routine activities. For DFAT, information generated from routine monitoring visits would not require advanced expertise.

¹⁵ Rather than operating separately, inputs from these groups may be integrated into performance dialogues described in section 3.4.

DFAT will discuss these arrangements with the Implementing Partner and agree a suitable transition process until the M&E House can address the entire portfolio. Identification of information needs and responsibilities for multilateral partners will be negotiated on a case by case basis.

Investments will be dealt with in a staged manner. Priority and newer programs will be addressed earlier while others will be addressed as the M&E House team becomes available to move through the rest of the country program. Investments that are at the end of their implementation may not be included in the work program. The Steering Committee will identify priority programs. The M&E House will need to be flexible in developing the design of the overarching M&E system as some investments have well established systems in place. The M&E House will work with DFAT and Implementing Partners to identify the best approach.

As identified in section 3.3, the M&E House team will not replace basic monitoring, evaluation and reporting activities by Implementing Partners. Implementers will continue to be aware of day-to-day details of management, implementation, risk and progress. They will continue to be held accountable. The distinction with this model is that Implementation Partners will be well supported to deliver on *DFAT's expectations* in line with the resources they have available.

While DFAT and Implementing Partners will participate in aspects of M&E within their capacity, the M&E House is responsible for addressing **both whole-of-program and of investment level M&E**. More specifically, the M&E House will:

- Work with DFAT program and senior managers to **review or refine the Timor-Leste country aid program strategy theory** (design) in order to improve or maintain the relevance of the aid program and to improve the prospects that outcomes will be achieved.
- work with DFAT senior and program managers to **design (or refine) a country-wide M&E plan (performance assessment framework and evaluation strategy)** for the aid program. This will draw on some aspects of investment level M&E, as well as some discrete whole-of-program M&E activities.
- Work with DFAT and Implementing Partners to **review or refine the investment program theory** (design) to improve the prospects that outcomes will be achieved. This is done as a first step to M&E system development and later in response to information that is generated during implementation.
- Work with DFAT and Implementing Partners to **design (or refine) investment level M&E systems**. This involves the development of the single M&E Plan that identifies information collection and processing activities allocated to implementation teams as well as the sub-set of activities carried out by the M&E House addressing program-level DFAT information needs. For M&E activities that are the responsibility of the Implementing Partners, the M&E House will provide guidance on the development of simple data collection, processing and reporting tools including supporting technology solutions when necessary. They will provide tools that have been developed to meet common monitoring needs across the broader program while recognising the unique aspects of complicated and complex investments. These systems will also be lean, but will allow teams to manage, refine and account for investment delivery as described above.
- Provide oversight of the **quality, timeliness and reporting of DFAT investment-level and whole-of-program information**, whether this information is generated by DFAT or the Implementing Partners, or the M&E House itself. Oversight involves ensuring that

stakeholders receive adequate instruction for their M&E responsibilities, provision of timely reminders about delivering against those responsibilities, and alerting DFAT to emerging issues that cannot be resolved. This also includes aspects of M&E that are best suited to **independent review**, and more **complex M&E activities** that may be beyond the skills of investment managers, technical staff, or M&E support staff. For example, context assessments, impact/outcome evaluations, or cross-investment evaluations. The M&E House will not provide oversight of information generated from government systems.

- **Plan and commission** other individuals or organisations to conduct **reviews, research or evaluations** to meet the needs of both whole-of-program and investment level information needs. These will respond to priority issues as agreed by the Steering Committee. The M&E House will develop a process to accept requests, and present a recommendation for which of these requests to take forward to the Steering Committee. Sector investments may provide additional funds to the M&E House to meet particular research needs. The Steering Committee will ensure that the additional activities will not dilute the efforts of the M&E House team on other core work.
- Develop an **Engagement Strategy** which outlines innovative ways to communicate the key performance messages in a way that makes sense for the relevant audiences.
- Provide **training or on-the-job coaching** opportunities with some technical support to ensure that DFAT and Implementing Partners can meet their responsibilities under the Performance Management System. This will focus on both the generation and use of information.
- Facilitate **country-wide or portfolio level performance dialogues** with DFAT staff. These will be conducted annually using the same processes as described for the investment level dialogues below. Additional dialogues may be held if these prove necessary.
- Facilitate **investment level performance dialogues**. Twice each year, the M&E House team will facilitate DFAT and Implementing Partners to discuss the performance of their investments. The M&E House and participants will prepare for these dialogues by synthesising processed information to identify successes and challenges that require a response. Facilitation will not only draw on credible information generated from the formal M&E system, but will give everyone access to the tacit knowledge, experience and professional judgements of all participants. The M&E House team will not be experts in all the sectors where the aid program is engaged. Consequently the M&E House may engage technical experts in sectoral issues (such as education, health or nutrition), or experts in cross-cutting themes (such as political economy analysis or partnership approaches) to support them to analyse and synthesise data in preparation for the dialogues, and to participate in the dialogues where appropriate. The preference will be for the M&E house to contract the experts directly to maintain their independence from the Implementing Partners, however DFAT may need to identify suitable individuals through their own technical networks.
- Support DFAT staff to identify relevant credible information, issues, implications and responses for **corporate reporting** (AQC and APPR).
- Facilitate **Community of Practice** meetings with DFAT, Implementing Partners and GoTL where relevant. These meetings are to communicate important information about the M&E House, provide a mechanism for two-way feedback about the operations of the M&E House,

facilitate learning sessions or discussions of interest to participants, allow networking opportunities among stakeholders to discuss performance management issues.

These are very new approaches to performance management. The M&E House team will have to develop new processes quite quickly in the first instance. However, there will need to be **significant flexibility to respond to feedback and regularly refine processes as the services evolve**. This will be particularly relevant at the country program level.

Government of Timor-Leste engagement

Although GoTL partners will not be engaged in all aspects of the M&E House services, there are a number of interactions that will be important. These interactions will include:

- Where GoTL partners would be considered the primary audience of information (for example information on the suitability of pilot programs for national scale-up), the M&E House will work with decision makers to determine information needs, engage decision makers in information generation, analysis and interpretation, and present information in formats to meet the needs of these audiences. Information that could inform policy dialogue activities for DFAT and GoTL will be made available in suitable formats.
- The M&E House will make any information available to the GoTL at their request. This may also involve briefing GoTL partners on available information where relevant. The M&E House will provide necessary information for the GoTL's Aid Transparency portal.
- The M&E House will use information generated by GoTL systems to the extent that this meets minimum standards of credibility. Where assessments of the quality of information show there are significant weaknesses, the M&E House will brief DFAT, Implementing Partners and GoTL (when invited to do so) to discuss the implications and suitable responses. This is not expected to be a capacity building exercise. However, where an Implementing Partner has an M&E Adviser working with the GoTL, the M&E House may provide modest technical input to support the adviser's work to improve the quality of information generated from national systems.

3.5 Key M&E House Products

M&E House products will be broadly consistent with conventional practice within DFAT programs, but different in important ways. The following table summarises points of difference for the key M&E products and shows those responsible for production:

Conventional DFAT M&E product	M&E House product	Production Roles for M&E House Products
Country Program Level		
Country Aid Investment Plan (AIP)	Well informed AIP program theory snapshot	Lead: M&E House. Support: DFAT
AIP performance assessment framework (PAF)	Focussed AIP PAF with evaluation strategy	Lead: M&E House Support: DFAT
	Report on prescribed AIP data (PAF and evaluation strategy)	Lead: M&E House Support: DFAT
	Summary report of the annual AIP performance dialogue	Lead: M&E House Support: DFAT
	Well informed and credible DFAT prepared APPR drawing on performance dialogue and other information	Lead: DFAT Support: M&E House
Investment Level		
Elaborate program theory	Program theory snapshot	Lead: M&E House Support: Implementing Partner
Comprehensive M&E Plan	Focussed M&E plan	Lead: M&E House Support: Implementing Partner
Dense narrative progress report	Report of prescribed investment data	Lead: Implementing Partner Support: M&E House
Evaluation reports and TAG mission reports	Summary report of the six-monthly 'performance dialogue	Lead: M&E House Support: Implementing Partner
AQC/APPR	Well informed and credible DFAT prepared AQC drawing on performance dialogue with implementation teams	Lead: DFAT Support: M&E House

The following points elaborate the differences listed in the table above:

Country program level

- Well informed Aid Investment Plan program theory snapshot¹⁶:** The Aid Investment Plan is an overview what the aid program is trying to achieve and describes the key investments that will contribute to those outcomes. The authors of these strategies are expected to draw on any credible information that is available, but often it is difficult to have access to the right information to guide decision making within the limited time frames allocated to strategy development. At times authors are not experienced in program theory development, or in the facilitation of discussions to develop or refine program theories. The M&E House will contribute to the development of sound program theory, will provide a snapshot or diagram of that theory and will contribute to the provision of timely information to inform strategy development or refinement. They will not be responsible for the development of the AIP itself.
- AIP performance assessment framework and evaluation strategy:** Traditionally the performance assessment framework (PAF) is a list of indicators that will provide a view of key outcomes from across the aid program. They sometimes have a small list of evaluation questions to supplement information generated from indicators. Commonly these PAFs are developed by DFAT personnel who may not have sufficient expertise in monitoring and

¹⁶ See definition of program theory in footnote above

evaluation. Skills are required to assess the quality of existing data sources, and make sure that the appropriate methods and processes are in place to collect, analyse and interpret data. Often there are few resources provided to conduct additional M&E activities and the PAF is reliant on investment level or partner government M&E systems which may not meet the information requirements. There are few examples of country-level evaluation strategies where cross-portfolio questions can be answered such as how the aid program is performing in terms of their partnerships arrangements, or social inclusion objectives. The M&E House will work with DFAT to develop or refine the AIP PAF and facilitate DFAT to consider strategic evaluation questions of relevance to the program as a whole.

- **Report on prescribed AIP PAF and evaluation strategy:** Often data and information from the PAF are not systematically reported due to challenges with making the indicators operational, or where data was not collected at all. Often there is no single individual resourced to prepare a report of information identified in the PAF. The M&E House will ensure that relevant and credible information is provided from appropriate sources in time for APPR preparation or other important decision points. They will also provide capacity building activities to enable DFAT staff to process and get the best value from information.
- **Summary of the annual AIP performance dialogue:** Often an individual is required to prepare the annual APPR. They may be supported by a small group of other staff working across the different sectoral investments. There may be no formal dialogue process where relevant stakeholders are invited to engage in a dialogue that focuses on systematically reviewing data and thinking about the causes of findings, the implications to the program and what management responses may be appropriate. The M&E House will facilitate such a dialogue and prepare a summary report of the findings, conclusions and responses. This will be used by senior management to inform the APPR.
- **Informed and credible APPR:** DFAT program managers commonly encounter challenges in providing sufficient evidence to support claims in APPRs. In many cases, such reporting relies on tacit knowledge about country program performance. By routinely capturing performance data, the M&E House will be able to contribute meaningful performance information to support debate and preparation of APPRs by DFAT. The M&E House will also support program managers to synthesise information from a range of sources, and help them to work out what to focus on to address any key issues.

Investment Level

- **Investment program theory snapshot:** DFAT designs have commonly included an articulation of how an aid investment is expected to effect change using (at times) complex, theoretical diagrams called logic models. Such diagrams try to approximate real-world complexity, but can be difficult to communicate to stakeholders not directly involved in their preparation. For each investment, the M&E House will prepare a snapshot or skeleton of the critical changes in the social development process. The aim will be to *communicate* the intent of aid investments to the widest possible audience; rather than elaborating the nuances to a narrow technical audience. Implementation Partners may elect to have a more detailed program theory for on-going design of their investment, but this will not be a requirement. Generally the M&E House would not be resourced to support detailed

program theory development, unless this is identified as necessary to address a key issue, and then included in the M&E House annual plan.

- **Focussed M&E plan:** M&E Plans have increasingly become dense technical documents, emphasising conceptual arguments or a menu of suggestions for M&E over operational guidance. The M&E House will produce an M&E plan for each investment in consultation with DFAT and Implementing Partners and will focus on the mechanics of M&E—an articulation of who will use what methods to capture prescribed data; how it will be analysed, for whom, and when it will be available; and, practical guidance on how to enhance the utilisation and influence of findings.
- **Report by Implementing Partners of the prescribed investment data in preparation for the performance dialogue:** as discussed in Section 2, experience confirms that the conventional practice of preparing dense progress reports is time-consuming for Implementing Partners, and relatively unhelpful for them and DFAT to make decisions and take appropriate actions. Implementation Partners will be expected to continue to monitor and manage their programs, but this brief report only includes data or information identified to meet DFAT requirements. Required data are presented and supported by a *concise* presentation of analysis and interpretation (using simple dot points rather than overly detailed narrative). Any questions arising from this data will be identified for discussion in the performance dialogue that follows. Implementing Partners may provide additional data or findings from their own M&E activities if they identify an issue of importance.
- **Summary report of the six-monthly performance dialogues prepared by the M&E House team:** independent reviews or evaluations are a common way for DFAT to source technical input and evaluative thinking. Such missions are seen as necessary to offset DFAT's heavy reliance on implementing team self-reporting, but are costly in terms of time and resources. Sometimes they displace DFAT's investment oversight role. By facilitating dialogue sessions between Implementing Partners, DFAT, and selected independent technical experts¹⁷, the M&E House will enable a stronger focus on the use of information—drawing on analyses to engage stakeholders in debate that improves performance. These technical experts may be identified by DFAT, but will be engaged directly by the M&E House and could be involved in the synthesis and analysis of information and the performance dialogues themselves, as needed. Not only will they improve the evidence base of the discussions, the frequency and quality of decision making and action, but it will be significantly cheaper than commissioning an evaluation. The output of such sessions will be a short report including required investment data, summary analyses, and agreed actions. It will be prepared by the M&E House team working with DFAT and Implementing Partners and will replace the progress report by the implementing team and evaluation reports from independent reviewers.
- **Informed and credible AQC:** As with the APPR, DFAT program managers commonly encounter challenges in providing sufficient evidence to support claims in corporate reports. The M&E House will respond in the same ways as outlined for the APPR above.

¹⁷ Technical experts are expected to include both sectoral expertise as well as important cross cutting expertise, particularly those familiar with political economy dynamics.

The following 'rich picture'¹⁸ depicts all the stakeholder interactions in relation to the above products and services of the M&E House.

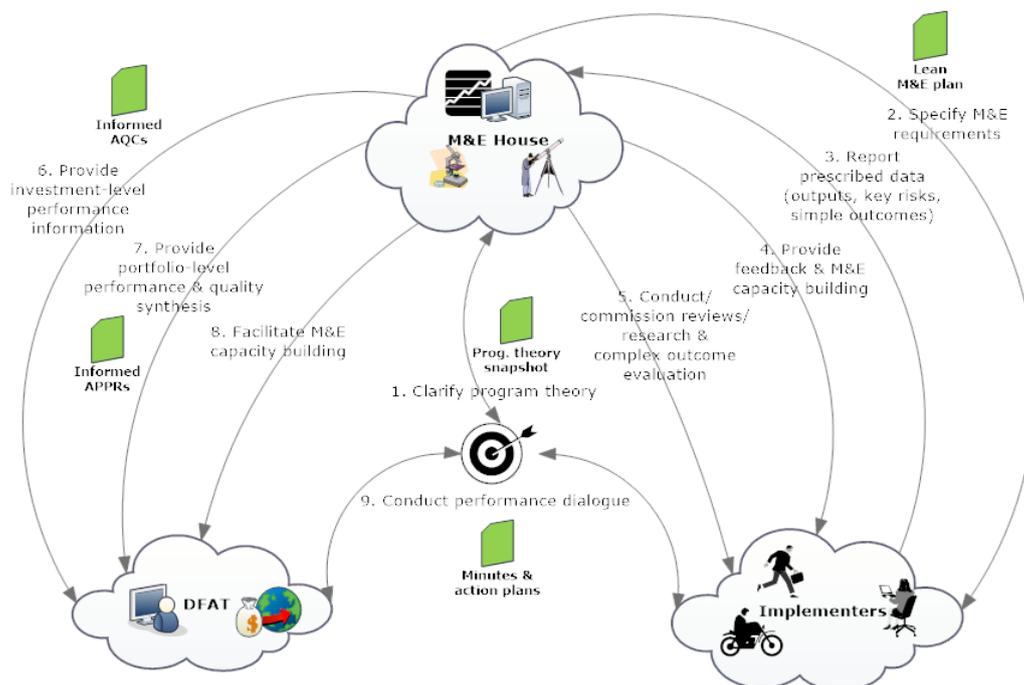


Figure 3: M&E House stakeholders, processes and products

The processes depicted in Figure 3 will be iterative. The specification and refinement of M&E requirements (1 and 2) will be responsive to need. Performance reporting and feedback (3 and 4) will typically be on a six-monthly basis (or more frequently if required). Reviews, research and evaluation (5) will be planned and commissioned as set out in the M&E House Annual Work Plans approved by the DFAT Steering Committee (see section 4.1). Support for the preparation of AQC's and APPR's (6 and 7) will fall in line with DFAT's schedule as outlined below:

Date	Action
December	IQR templates available through Aidworks
January	Map out the IQR process
February-March	Teams draft AQC's and FAQC's, PPAs and collate ADR's
Mid-late March	PPAs provided to partners (to enable compulsory 15 working days to comment)
Late March-early April	AQC's and FAQC's moderation
17 April	PPA responses due from partners
Late April	Finalise and approve and upload AQC's, FAQC's, PPAs, ADR's
December	IQR templates available through Aidworks
January	Map out the IQR process
1 May	DFAT IQR deadline
June- August	Write APPR
October	Conduct APPR Peer Review
26 October	APPR to be sent to online publishing team
1 November	APPR must be finalised to publish on the DFAT website

Note: IQR- Investment Quality Reporting process, includes Aid Quality Checks (AQC's), Final Aid Quality Checks (FAQC's), Partner Performance Assessments (PPAs), and Aggregate Development Results (ADR's). Aid Program Performance Report (APPR)

¹⁸ <http://betterevaluation.org/evaluation-options/richpictures>

M&E capacity building (for both DFAT and Implementing Partners) (4 and 8) will include the activities outlined in section 3.4 and be implemented as needed with the agreement of the Steering Committee. Performance dialogues will be convened between DFAT and Implementing Partners on a six-monthly basis, staggered throughout the year.

Deliverables during the inception phase

The first six months of the program will be challenging due to the demands of establishing the services while understanding the complexity of the country program sufficiently to develop a viable annual plan. Specific deliverables during the first six months are likely to be:

- **Articulation of the basis by which investments will be prioritised** for the first annual plan.
- **Articulation of a program theory snapshot for the portfolio and for important sectoral programs** such as health.
- **Rapid evaluability assessment** at the portfolio and investment levels assessing quality of program theories, stakeholder information requirements, current capacity for M&E activities, and identification of existing arrangements that can be preserved in the context of lean M&E systems.
- **Identify and conduct urgent M&E activities** requiring action in the first six months. These will not be extensive.
- **Identify common M&E approaches, tools and reporting platforms** that will need to be developed across the country program.
- **Production of the first annual plan** meeting DFAT requirements and must include priority investments for the first 12 months of work, and M&E House performance and risk management plans.

3.6 The ways in which the M&E House team works with DFAT and their Implementing Partners

For the M&E House to be successful, it will take more than just doing the prescribed activities competently. Much of the success will come from the *way* they are done - how the M&E House team operates in terms of their values and interactions with DFAT and Implementing Partners. They will need to be successful in the following ways:

- **The neutral brokers:** the M&E House team brings DFAT and their Implementing Partners together to reflect on performance and to help them to make good program management decisions. The M&E House team does not make those decisions. They are neither an advocate for DFAT, nor an advocate for Implementing Partners. They advocate for better performance management and effective aid. They are seen as credible and are trusted by both parties. The approach will be influenced by 'Developmental Evaluation'¹⁹.
- **The facilitators:** good facilitation is required to help DFAT and Implementing Partners quickly articulate what their investments are trying to achieve, and how. This is a complex task that requires facilitators to have an in-depth understanding of good development practice, how investments work, and the context. They also need to be open to changing tack and innovating process when appropriate.

¹⁹ http://betterevaluation.org/plan/approach/developmental_evaluation

- **The change managers and motivators:** the M&E House model is a significant departure from how performance management has been carried out in the past. The team will possess an ability to help DFAT to manage the change process. The process takes Implementing Partners from the traditional approach to M&E working with their own M&E practitioner, to working with the independent M&E House team. As change managers they reinforce key change messages during routine activities in order to build commitment to effective performance management. Not only will DFAT and Implementing Partners need to see the M&E House as credible and trusted, but they need to feel motivated to improve their own performance management as a result of interacting with the M&E House team.
- **The practical practitioners:** there are limited resources for performance management, so solutions need to be practical. The M&E House team will develop systems, and lead critical events in a way that is suitable for busy DFAT and Implementing Partners.

3.7 Services the M&E House does not offer

A successful service could lead to requests for support that are beyond the current scope of services. This poses a risk that service expectations are not met as team members' efforts are diluted. Furthermore, some tasks may jeopardise the M&E House roles as neutral broker and facilitator of decision making.

In relation to **DFAT**, the M&E House cannot be:

- A secretariat responsible for all corporate reporting tasks.
- Although M&E House products will be an important contribution to DFAT's public diplomacy work, the M&E House will not lead on public diplomacy.
- Authorised to determine strategic directions and program priorities or develop the Aid Investment Plan.
- A mechanism to manage implementing partners or carry out contractor performance assessments.
- A general in-house mentoring and M&E capacity building service beyond the scope defined in this document.

In relation to **Implementing Partners**, the M&E House cannot be:

- The source of all necessary management information.
- A mechanism to defer responsibility for performance management and strategic thinking.
- An in-house coaching and M&E capacity building service beyond the scope defined in this document.
- An in-house research and review bureau.
- A 'participatory M&E' practitioner. Although respectful and consultative, DFAT will authorise the M&E House to prescribe the M&E arrangements deemed necessary to meet DFAT's information needs.

In relation to **GoTL**, the M&E House cannot be:

- An official voice of DFAT.
- An in-house mentoring and M&E capacity building service.
- An in-house research and review bureau.

In relation to **local research institutions or private operators** sub-contracted to the M&E House, the M&E House cannot be:

- A capacity building, general professional development, or coaching opportunity beyond clearly articulating requirements, providing detailed feedback on the quality of deliverables, and providing resources to extend organisation or individual experience.

3.8 Integration of gender equality and social inclusion concerns

Gender equality and social inclusion considerations are high priorities for Australia’s aid program in Timor-Leste and will be fully integrated into all M&E systems at the program and investment level. They are the joint responsibility of the M&E House and the Implementing Partners as outlined in the following table. Specific activities will be determined through the program and investment M&E plans. Gender equality and social inclusion will also be addressed in the AIP performance assessment framework or evaluation strategy. Social inclusion will not be treated as a stand-alone topic, rather integrated into all aspects of performance management where this makes sense. Integration of these concerns must include the following activities.

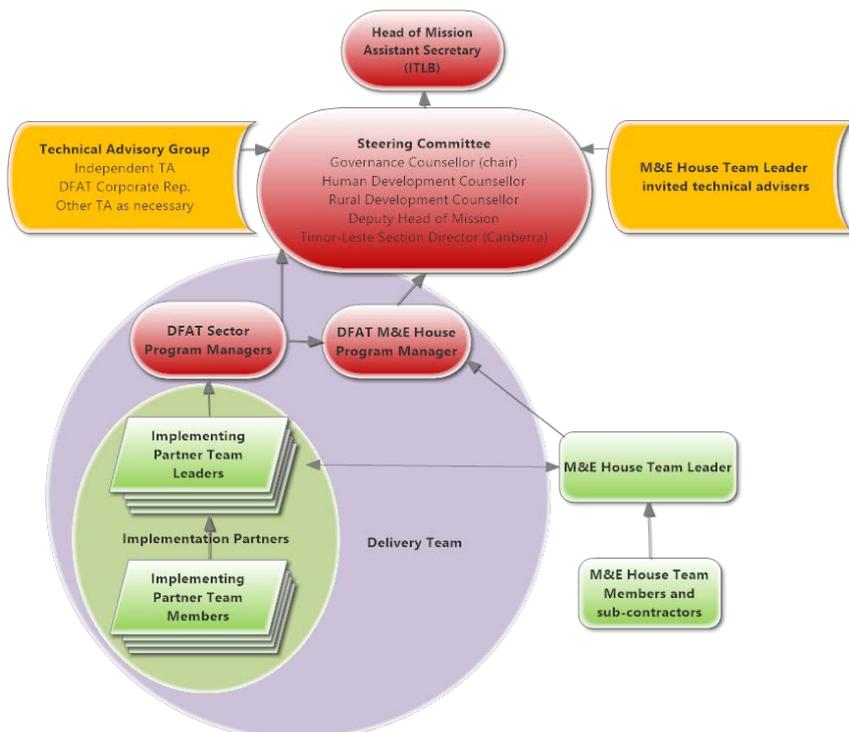
Activity	Responsibility
Special gender equality and social inclusion analyses are carried out to ensure that relevant aid investments are inclusive.	The M&E House , in consultation with DFAT and Implementing Partners will identify the need for analyses during the development of the portfolio or investment level M&E plans. The responsibility for the conduct of these analyses will fall to the Implementing Partners except where the Steering Committee allocates this to the M&E House.
Review and link gender and disability strategy and M&E requirements to investment level designs and M&E systems.	The M&E House during the development of the portfolio and investment level M&E plans.
Integrate during the development of investment program theories and descriptions.	The M&E House during the development of the program theory snapshot (portfolio and investment level)
Setting targets for inclusion and coverage of special groups in investment deliverables and disaggregating data to allow monitoring of the coverage of special groups	The M&E House , in consultation with DFAT and Implementing Partners during the development of investment level M&E Plans.
Designing social inclusion sensitive interventions with the required staffing arrangements to achieve them	Implementing Partners are supported to do this by the M&E House during the development of the program theory snapshot
Integration of gender and social inclusion-sensitive considerations into M&E system design (indicators, evaluation questions, methods and tools) including risk monitoring.	The M&E House with DFAT/Implementing partner Gender and Disability Advisers during the development of the portfolio or investment level M&E Plan.
Integration of gender and social inclusion considerations into facilitated performance dialogues	The M&E House during 6 monthly performance dialogues.
Facilitating the use of credible information on gender performance during the Gender Working Group meetings.	The M&E House
The provision of credible information about gender and social inclusion for incorporation into the AQC and APPR.	DFAT will develop the AQC and APPR, while the M&E House will ensure there is sufficient information available.
Provide credible information on progress against the country program gender and disability action plans	The M&E House

Section 4: Management Arrangements

4.1 Governance and Strategic Oversight

Dili Post Counsellors and the Canberra-based Timor-Leste Section Director are the senior managers that play a strategic role in setting direction and overseeing the delivery of the aid program. This group make up the **Steering Committee**. They provide leadership with governance and oversight of the services and are the key decision makers for the M&E House. They have several roles (which are also described in Annex 1). The Steering Committee leads the strategic direction of performance management for the country program, identifies priority investments in the program, articulates strategic information needs, approves the broader M&E architecture, identifies information priorities for cross-cutting issues or synergies, signs off on the M&E House work plans, models a performance management culture including fostering demand for high quality information, allocates discretionary funds available for monitoring, evaluation or research activities, and mediates any significant conflicts that may occur. They monitor the performance of the M&E House and provide constructive feedback as necessary. The Governance Counsellor determines the final decisions and actions of the Steering Committee. **The Head of Mission** and **Assistant Secretary Indonesia Program Delivery and Timor-Leste Branch (AS ITB)** are invited to attend all meetings but may only attend when meetings are particularly relevant to their information needs. The Steering Committee meets quarterly unless there is an issue that requires more urgent attention. Over time this may be reduced as M&E House implementation settles. Terms of reference for the Steering Committee can be found at Annex 3. The Steering Committee is supported by two groups: a) the M&E House independent technical advisory group (M&E-TAG); and b) M&E House management staff and other relevant advisors when indicated. This is shown in Figure 3.

Figure 3: Structure and decision making



The M&E House management staff and other relevant technical specialists provide any necessary input to assist the Steering Committee to make well informed decisions. Although they M&E House management staff attend all meetings to provide technical or managerial information about delivery or achievements of the services and as a substantive participant in decision-making, they do not make decisions or enjoy voting rights. Other M&E House technical specialists may be invited to provide more specific information or advice. Other relevant individuals may be invited to attend depending on the content of the meeting. These could involve representative of GoTL or other stakeholders with knowledge of monitoring and evaluation issues or the context. Invitees do not have a decision making role, rather they respond to information requests from the Steering Committee or provide perspectives on particular topics.

The M&E House Technical Advisory Group (M&E-TAG) monitors and reviews the performance of M&E House service delivery twice for the first two years and then annually thereafter. There will also be provision for demand-led remote support. This is critical to manage risks from having a single M&E provider that is responsible for the entire program. The M&E-TAG will be directly contracted by DFAT.

In addition to conducting quality assessments of a sample of key M&E House products, the M&E-TAG assesses user satisfaction with the service. They provide well informed professional judgements about the quality of the facilitation of the performance dialogues, the quality of the relationships, and the extent to which credible information is being generated and used. The M&E-TAG also considers the extent to which all stakeholders are meeting their mutual obligations as set out in Annex 1. The M&E-TAG will draw on the M&E House's own monitoring and evaluation plan for other relevant dimensions for assessment. They make recommendations to the management team for program improvement.

The M&E-TAG is led by a credible, respected, high level M&E practitioner with significant practical experience in the international development context. A DFAT corporate representative would participate in the six monthly visits to provide a Department-wide perspective, and to take important lessons back to Canberra for corporate learning. Ad hoc technical specialists may be invited to participate from time to time on areas of particular need.

The **DFAT M&E House Program Manager** is responsible for contract and day-to-day management of the M&E House. They monitor the performance of the M&E House team and keep the Steering Committee updated on quality and progress. They engage with DFAT Program Managers to assess their satisfaction with service delivery. They support the mandate of the M&E House and act as an agent for organisational change for better performance management. Further details can be found in Annex 1.

Any issues or complaints that emerge from the perspective of DFAT, the M&E House team, or implementation partners is addressed to the M&E House Program Manager. Only they can elevate issues to members of the Steering Committee if they have failed to resolve the issue themselves.

DFAT Sector Program Managers may also want to communicate issues to the Steering Committee. They can raise these issues with the DFAT M&E House Program Manager, or may raise these directly with the counsellor responsible for their particular program of work. The DFAT M&E House Program Manager should be made aware of any issues requiring the Steering Committee's attention.

Implementing Partners and M&E House team members work together collegiately to carry out their respective roles and functions described in Annex 1. Should issues or conflicts emerge they address them at the operational level and try to find solutions themselves. Only if this fails to achieve the desired outcome, they may elevate the issue to the DFAT Program Manager. Implementing Partners and M&E House team members may not elevate issues directly to the Steering Committee.

4.2 Organisational Roles and Functions

The ability of DFAT and Implementing Partners to perform their roles well will be as important as ensuring the right team are selected for the M&E House. This program is about people, it is not simply a technical solution to improving performance management. It's about how well the people in different organisations can work together, thinking carefully about their programs, and improving the effectiveness of the aid program. To make this happen, we need to be clear about mutual obligations between the three classes of stakeholder:

- DFAT senior and program staff
- Implementing Partners
- The M&E House team

The following provides an overview of the roles and responsibilities of each class of stakeholder. A more detailed list can be found in Annex 1.

DFAT senior and program staff are required to set and reinforce the performance agenda. They must engage with the Implementing Partners as well as the M&E House team to articulate strategic direction; be clear about information requirements; gather, process and synthesise information; and use information to report on the investment, and inform program management decisions and actions. They engage in the facilitated performance dialogue to contribute to the improvement of the investments in their portfolio of work. They engage with professional development opportunities provided by the M&E House to enhance their capacity to lead and manage performance management. They support the mandate of the M&E House team.

Senior managers also have a role to play in the governance and oversight of services in their position as Steering Committee members. They make decisions about the use of M&E House resources and are responsible for the contract management and approval of deliverables of the M&E House with the DFAT M&E House Program Manager. DFAT may not compromise the independent nature of the M&E House forcing changes in operations, findings or editorial aspects. The Steering Committee terms of reference can be found in Annex 3.

Implementing Partners are required to engage collegiately in discussions to refine their program designs; work with the M&E House to develop their monitoring and evaluation systems; carry out simple monitoring activities and provide information as identified as their responsibility in the M&E Plan; provide that information in a timely fashion and meeting reasonable expectations of quality; process and synthesise information from a range of sources; interpret that information and identify emerging issues or successes; engage in facilitated performance dialogues to contribute to the improvement of the design and implementation of the programs; and meet basic reporting requirements.

The M&E House team are facilitators or brokers. They are not decision makers, and they do not make recommendations about how the aid program is to be designed or delivered. They deliver credible information to DFAT and implementation teams; they support implementation teams to continue simple program monitoring and evaluation activities; and they support partners to process, synthesise and use information. They are facilitators of learning and action.

4.3 Performance and Risk Management of the M&E House

Performance management of the M&E House is a priority risk management strategy.

It would not be unreasonable to question the need for having *M&E of the M&E team*. However, as with any contract, the M&E House must be held accountable for service delivery and for responsible decision making. It is important that DFAT has a detailed understanding of this particular model of M&E service delivery: its effectiveness and efficiency in meeting stated outcomes; facilitating or inhibiting factors that account for achievements (including contextual factors); the quality of service delivery; and the satisfaction of users of the service. This can assist with corporate learning as well as improving the model in-country.

As noted in the risk management register in Annex 2, having a single contractor to deliver M&E services across the entire program represents some risk. With the traditional model, should a single program fail to deliver, report on, and use credible information, only a single investment was at risk. Here, poor performance of the M&E House risks DFAT's ability to effectively manage the performance of the entire program. Lean but targeted monitoring and evaluation of the M&E House itself will be a part of effective risk management.

Approach to performance management

There are three main approaches to monitoring and managing the performance of the M&E House:

1. The M&E House will design and implement a monitoring and evaluation plan developed in partnership with DFAT.

The M&E House will work with the Steering Committee and the DFAT M&E House Program Manager to design a lean and influential monitoring and evaluation system which includes the aspects described in the following section. The same principles that guide the M&E House will apply here. The M&E-TAG (see below) will appraise the M&E system when the design is completed. The M&E House and the M&E-TAG will be responsible for collecting, processing and reporting on progress against this plan. Reports are submitted to the Steering Committee via the DFAT M&E House program manager.

2. A technical advisory group (M&E-TAG) will assess performance of the M&E House six monthly.

A technical advisory group, as described in section 4.1, will provide technical advice to DFAT on the performance of the M&E House at least six monthly in the first two years. They may also provide remote support services when required. Using well informed professional judgement or rapid methods they will: review progress against intended outcomes, identify contextual factors that may impact on the use of information, identify any unintended consequences, monitor the quality of

products and services delivered, and provide strategic and operational advice on the relevance and direction of the M&E House.

3. DFAT M&E House Program Manager will monitor the day-to-day delivery of the M&E House

The DFAT M&E House Program Manager will monitor progress. This will be done by a series of monitoring visits that address emerging questions generated by the Steering Committee, information from the M&E system, or the M&E House Program Manager themselves. They will pay particular attention to the progress against the annual plan and budget, the extent to which DFAT Program Managers and Implementing Partners are satisfied with service delivery, and are using information to inform decision making and actions.

M&E House performance requirements and accountability: features of the M&E plan

DFAT requires specific information about the performance of the M&E House for several purposes: accountability for aid expenditure, improvement of M&E House implementation for achieving expected outcomes, and to learn more about the model for wider learning.

The M&E House M&E plan, developed in the first six months will address:

- **Service standards** against services described in section 3.4. This should include measures of user satisfaction with the services, perceptions of the utility of the information for decision-making, and efficiency of service provision.
- The delivery and quality of **key M&E products described** in section 3.5.
- The **ways of working** presented in section 3.7.
- Monitoring **any inadvertent drift in program activities** toward those listed in section 3.8.
- Adherence to the requirements for **gender equality and social inclusion** activities listed in section 3.9.
- Adherence of all stakeholders to the **mutual obligations** presented in Annex 1.
- **Monitoring anticipated and emerging risks** presented in Annex 2.
- End-of-services outcomes relating to **information use**. These are described next.

Particular attention must be paid to developing robust definitions, measures and methods, drawing on the literature, to monitor and evaluate **end-of-services outcomes** relating to information use. In particular:

Program Level

- The extent to which DFAT **uses information** to inform decisions and actions during program planning and implementation The extent to which program level **decisions and action lead to valuable changes** in program relevance, effectiveness, or efficiency
- The extent to which DFAT **uses information to inform higher level policy dialogue** with the GoTL

Investment Level

- The extent to which DFAT and Implementing Partners **use information** to inform decisions and actions during program planning and implementation;
- The extent to which **decisions and actions lead to valuable changes** to investment relevance, effectiveness, or efficiency;
- The extent to which DFAT and Implementing Partners **use information to inform policy dialogue** with the GoTL

Although it will be important to understand the extent to which the M&E House achieves these end-of-program outcomes, the M&E House will not be held fully accountable for outcomes due to the reliance on important contributions from DFAT and Implementing Partners. However they will be held fully accountable for the following:

- The provision of credible information about the continuing relevance of the services.
- The provision of credible information about the progress against these outcomes.
- The provision of credible information about any facilitating or inhibiting factors that account for that progress including prescribed risk monitoring.
- Robust analysis of the implications for M&E House service delivery and outcomes.
- Addressing or highlighting to DFAT or Implementation Partners emerging issues promptly.
- Taking actions to continuously improve implementation.
- Making recommendations for further management responses where required.

Risk Monitoring and Management

There are four important risks to identify at the design stage. These are:

- **Mutual obligations are not met:** The program design requires all participants to engage in particular ways. Neither M&E House, DFAT nor the Implementing Partners can be held accountable for success of the program on their own. If all stakeholders do not meet their mutual obligations, then it will be difficult for the M&E House to meet expected outcomes.
- **Tensions develop between M&E House and Implementing Partners:** Implementing Partners may feel a loss of control of reporting what they think is important to DFAT; the M&E House could unnecessarily distract teams from core business by creating complex M&E systems; or the M&E House team may not maintain the necessary neutral broker role. The impact of this would be that model would not be able to achieve expected outcomes and a significant management burden could develop for DFAT in having to mediate between the different stakeholders.
- **Cannot recruit, maintain and coordinate a qualified team:** There could be difficulties in recruiting and maintaining suitable individuals to the M&E House team, especially in terms of technical skills and experience, and the personal characteristics that address the "ways of working" requirements. Timing inputs from short term advisers to allow coherent planning and implementation could be challenging. This could impact on the quality of services and the ability to achieve expected outcomes. This is made more serious by a single M&E contract, risking ability to report on and manage all investments, and the country program as a whole.

- **The M&E House team asked to perform roles beyond their scope of services:** A successful service that meets stakeholder needs may become valued by stakeholders in ways that are beyond the scope of services. This poses a risk that service outcomes are not met as team members efforts are diluted responding to expanding requests. Some added tasks may jeopardise the M&E House's roles as neutral broker and *facilitator* of decision making.
- **Better quality performance information does not make a material difference to decision making.** Decisions may be made in response to political pressure; competing vested interests; personal preferences; the desire to act quickly to solve problems that have received public attention; or to meet some arbitrary deadline. This would have a significant impact on the achievement of the expected outcomes of the services.

These risks, their controls and treatments are elaborated in Annex 2. The M&E House team will prepare a detailed risk management plan during the development of the first annual plan, with an updated risk register completed according to the template in Annex 2. The risk management plan should also adhere to the principle of lean. In addition to the risks outlined here, any emerging risks should be included. Only **key risks** should be identified as the risk monitoring and management plan will be confined to risks with a likely high impact on program effectiveness; program delivery or operations; reputation or fiduciary aspects. Lower level risks or generic risks encountered in any investment should not be included.

Annex 1: Roles and Functions

The DFAT Team

- **DFAT Senior Managers**

DFAT senior managers play two distinct roles in performance management. First as senior managers of the Aid Program, and secondly as members of the Steering Committee that governs the M&E House. As aid program managers, they provide strategic direction about what the country program is trying to achieve at the program and investment level. They engage with the Implementing Partners and M&E House team to articulate strategic direction; be clear about information requirements; gather, process and synthesise contextual information in their sectors; and to use information to report on the program, and inform decisions and actions.

DFAT senior managers set the performance agenda for everyone. They clearly articulate to everyone concerned expectations about what the M&E House is doing and why. They encourage a culture of, and role model, good performance management. They ask for and use information for decision making at the program level as well as at the investment level. They create the environment and incentives that are necessary for program managers to gather credible information, synthesise and use it. They draw on credible information during the preparation of corporate reports (e.g. APPR).

They are critical to maintaining the credibility and mandate of the M&E House. They encourage Implementing Partners to use existing processes and structures to raise issues during implementation. They support the brokerage role of the M&E House and ensure DFAT program staff adhere to the processes and obligations as defined here. In particular they ensure that DFAT staff take actions in response to performance information. Senior managers will ensure that DFAT staff do not rely on the M&E House team to initiate, implement, or follow up on agreed program management responses.

DFAT senior managers engage with professional development opportunities provided by M&E House to enhance their capacity to lead and manage performance management.

Specific requirements of DFAT Senior Managers as members of the Steering Committee are provided in the terms of reference in Annex 3.

- **DFAT M&E House Program Manager**

The DFAT M&E House Program Manager leads the contract management of the M&E House. It is highly desirable that they bring performance management experience²⁰ to the position. They are responsible for managing the performance of the M&E House contractor. They facilitate M&E House engagement with DFAT program teams and help to manage these relationships. They support program managers to assess the suitability of M&E House deliverables to meet their information needs, and to provide feedback when necessary.

²⁰ In DFAT this is commonly called "Performance and Quality" roles

The DFAT M&E House Program Manager plays an important role in dealing with day-to-day challenges of the program. They escalate issues to the Governance Counsellor (as Chair of the Steering Committee) only when they have been unable to bring about a successful outcome themselves. The DFAT M&E House Program Manager provides a secretariat function to the Steering Committee, they approve M&E House work plans, and monitor the implementation of DFAT decisions or management responses to performance information across the program.

DFAT M&E House program manager engages with professional development opportunities provided by M&E HOUSE to enhance their capacity to manage performance across the program.

- **DFAT program managers**

DFAT program managers play an important role in the performance management of each investment. They engage in critical events such as the review of investment designs, or facilitated performance dialogues. They draw on the guidance provided by senior managers about what each investment is trying to achieve. They develop a deep understanding about what their programs are trying to achieve, and how it is expected to be achieved. They recognise where there may be weaknesses in the design of their programs and monitor those risks during implementation.

DFAT program managers ask for and use information that is provided through the M&E House and implementation partners. They bring together information from a range of sources, make sense of this information, and use it to inform their actions and decisions. They engage with Implementing Partners, program participants and beneficiaries to develop first-hand knowledge of their programs. They communicate barriers to good performance management to their senior managers, and to the DFAT M&E House Program Manager.

DFAT program managers engage with professional development opportunities provided by the M&E House team to enhance their capacity to ask for, collect, process, synthesise and use information to inform actions and decisions. They draw on credible information during the preparation of corporate reports (e.g. AQCs).

The M&E House Team Skills

How the team is structured is up to the successful contractor. However, it is critical that it has certain skills and expertise to contribute to success. In addition to mobilising staff with these technical skills, success is contingent on implementing the ways of working referred to in section 3.6. These characterise the interactions with stakeholders. The following discussion elaborates the range of technical skills that should be covered within the team.

Team Leadership. As with any investment, the team requires someone who can provide strategic and operational leadership as well as oversee day-to-day management of the program. They are the primary point of liaison with DFAT and Implementing Partners and facilitate open and collegiate communication. They lead stakeholder relationship development.

They are responsible for assuring the quality and appropriateness of the program-wide Performance Management System; are responsible for the quality of major M&E House products (including alignment with DFAT M&E Standards); drive a focus on gender equality and social inclusion; define

the agenda for professional development for DFAT and Implementing Partners as appropriate; and manage the performance of M&E House technical advisers and team members.

Architecture and systems oversight. At least one individual on the team needs to hold a thorough understanding of the entire Performance Management System across the program, and how various data sets can be used to illuminate different performance issues. If this knowledge is spread across several individuals, there is a risk of fragmentation. An ability to develop program or strategic M&E systems will be as important as investment level expertise, as well as managing large-scale M&E systems in complex and resource-constrained settings.

There is a need for support to the design and on-going refinement of the overarching conceptual framework; support to program theory development; prioritisation of information requirements; reporting protocol development; standardisation of relevant data collection tools; and oversight of ICT solutions. There is a need for supervision of the development, and assurance of the quality of M&E systems for each investment (drawing on qualitative and quantitative expertise in the team); provide oversight of the quality and timeliness of information provided by Implementing Partners; advice on M&E work plan development; advice on the coordination and scheduling of short-term technical inputs; lead authorship of major M&E products; and quality assure M&E products prepared by the M&E House.

Broader international development expertise will be necessary to ensure that when team members are facilitating learning and action, they support stakeholders to make decisions that are feasible and effective for the context.

M&E Operations Management. This function is concerned with the general management of the services. This includes oversight of the development, implementation, review and update of work plans; the arrangement of short-term technical inputs; oversight of financial management and acquittals; reporting; supporting the development of M&E products; supervise communication and publicity management; and overseeing the diffusion of learning from research or pilot activities. This function may also include engagement in some aspects of data collection and processing where appropriate and in accordance with individual capacity.

Quantitative methods expertise. A high level of expertise in quantitative methods, including statistics is required. This would involve supporting the design of surveys, ad hoc inquiries, or mixed method impact studies, as well as the development of suitable data capture tools to contribute to the development of standardised program-wide methods and ICT solutions development. Quantitative methods expertise is required for the training and preparation of enumerators, supervising the design and conduct of analyses, and supporting M&E product preparation including documentation of quantitative findings.

Qualitative methods expertise. A high level of expertise in qualitative methods, including analysis is required. This would involve working to support the design of exploratory work, and the development of suitable data capture tools and analytical techniques including the development of standardised program-wide methods. Training and preparation of qualitative data collectors, and support to M&E product preparation including documentation of qualitative findings.

Performance management capacity builders. The M&E House team needs to have demonstrated capability to work with DFAT and Implementing Partners to improve their ability to meet their obligations. For DFAT this focuses on the articulation of information requirements, collection, synthesis, use and reporting of information. For Implementing Partners this would focus on the capacity to deliver credible information as required by the overarching framework, and to maintain on-going program monitoring, including use of that information.

ICT development and administration expertise. ICT is an important feature of the program and requires a high degree of expertise. The team requires the capacity to develop the ICT infrastructure to support the entire Performance Management System. This involves leading the development and integration of ICT-based data capture tools to support both quantitative and qualitative inquiry; leading data storage, search, analysis and retrieval tools; and development of web-based dashboard reporting of performance metrics. There must be the capacity to deliver ad hoc and routine information queries from users. Support is required to optimise the use of ICT capability among M&E House and external users which would include training and an internal ICT Help Desk.

Research management. At times there will be the need to design and manage a number of studies that would be beyond the capacity of Implementing Partners. For the most part this would be concerned with important questions around pilot testing and scale up of innovations, but could involve more modest exploratory studies to inform on-going design of the programs. The team must have the capacity to design and provide oversight of studies carried out either by the M&E House team, or contracted out. It would be carried out by those with an understanding of the overarching Performance Management System, and drawing on quantitative and qualitative expertise, in close collaboration with implementation teams.

Communications. Important information must be reported in a format that is suitable for the wide range of information users, and at the right times to inform decision making. Key M&E products may have multiple reporting formats according to target audiences. Expertise is required to design and manage an engagement strategy that supports DFAT and Implementing Partners in dialogue with GoTL partners - using information generated to help drive development in Timor-Leste. This should include consideration of how to utilise social media. The M&E House will provide information to inform general public diplomacy requirements, but will not engage with public diplomacy activities directly.

Support Roles. A number of routine skills will be required for data collection, entry, processing, and report preparation at different times throughout the year. The team is expected to have the capacity to respond to planned and emerging needs promptly.

Utilisation of information. Utilisation of credible information is the point of these services. The M&E House team must possess **a high degree of expertise in enabling utilisation.** Effective and efficient processes must be designed and implemented that enable utilisation of information by the range of users. This will require the team to possess excellent facilitation skills that create an environment for open and insightful discussion. Although the M&E House team are not wholly responsible for utilisation, the success of the model will be measured against this outcome.

Implementing Partners

- **Team leaders**

Team leaders will play a pivotal role in providing strategic and operational leadership and decision making. Performing their roles well will contribute to the success of the M&E House. They will engage with DFAT and the M&E House team leader and architect during critical events. They will enable their team to deliver on DFAT expectations for good performance management, and they will role model good performance management. Where difficulties are encountered during the implementation of the M&E House, they will first communicate with the M&E House Team Leader, or where issues persist, work with the DFAT M&E House Program Manager to resolve issues or address constraints.

- **Team members and M&E data management officers**

Team members will be continuing to monitor the performance and delivery of their programs. Relevant team members (technical specialists and M&E officers) will participate in critical events. They will work with the system architect and/or those with quantitative, qualitative and research management expertise to identify information needs; communicate capacity to meet those needs; adopt standardised tools where appropriate; and deliver on agreed requirements. Team members will communicate with M&E House team members whenever there are difficulties or constraints in what they are being asked to do.

Annex 2: Risk Register

RISK REGISTER: (Name of Initiative/Sector/Country and Date of Assessment) M&E HOUSE, country program-wide.

Risk Owner: DFAT, implementation teams, M&E HOUSE team

Date of Last Review: Design process

Date of Next Review: Mobilisation of the services

Do any risks need to be escalated? (List the Risk No/s.)

To whom are they being escalated?

Are any risks being de-escalated? (List the Risk No/s.)

To whom are they being de-escalated?

Risk Ratings and Treatments Approved by: (Approver must be at appropriate level/position to accept responsibility for ratings and treatments)

Objective/s	Risk No.	RISK: Event, Source & Impact (what can happen (event), how can that happen (source) and what will the impact be if it happens?)	Existing Controls (what's currently in place?)	Risk rating with existing controls in place			Is risk rating acceptable? Y/N (if no, please propose treatments)	Proposed Treatments (If no further treatment required or available, please explain why)	Person Responsible for Implementing Treatment/s	Implementation Date for Proposed Treatment/s	Target rating when Proposed Treatments are in place		
				Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)					Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)
	1	Mutual obligations are not met The program theory requires all participants to engage in particular ways and to deliver on their responsibilities to achieve the objectives. Neither M&E HOUSE, DFAT nor the implementing Partners can be held accountable for success of the program on their own. The impact of this would be that model would not be able to achieve expected outcomes	The design: <ul style="list-style-type: none"> Requires DFAT to support a performance culture Requires the engagement of DFAT and IPs in critical events Requires DFAT and IPs to make decisions about their programs Requires DFAT and IPs to follow up decisions and actions. Annex 1 provides more specific detail on requirements 	Major	Possible	High	No	<ul style="list-style-type: none"> DFAT, M&E House and Implementing Partners agree on specific stakeholder actions and attitudes required for success during mobilisation Stakeholders provide feedback through established structure/governance arrangements M&E House TAG reviews adherence to agreed mutual obligations Governance Counsellor facilitates responses to monitoring and review findings 	To be filled in during annual plan preparation	To be filled in during annual plan preparation	Ditto	Ditto	Ditto
	2	Tensions develop between M&E HOUSE and IPs IPs feel a loss of control of performance management and reporting to client; M&E HOUSE unnecessarily distracts IPs from core business; M&E HOUSE team does not maintain neutral broker	The design: <ul style="list-style-type: none"> Clear articulation of stakeholder responsibilities for performance management which are translated into contracts and partnership agreements for 	Major	Likely	High	No	<ul style="list-style-type: none"> Clear articulation in RFT/market briefing to allow the right people to be recruited to M&E House team Clear criteria for Technical Assessment Panel Stakeholders provide feedback through established structure/governance system DFAT senior and program 					

		<p>role.</p> <p>The impact of this would be that model would not be able to achieve expected outcomes and a significant management burden for DFAT in having to mediate between the different stakeholders.</p>	<p>implementing partners</p> <ul style="list-style-type: none"> • Clear articulation of required "way of working" for the M&E HOUSE team. Annex 1 provides more specific details on requirements. 					<p>managers reinforce the structure/governance arrangements</p> <ul style="list-style-type: none"> • DFAT reinforces M&E HOUSE roles and supports their credibility and mandate • M&E HOUSE TAG reviews adherence to M&E HOUSE "ways of working" • Governance Counsellor facilitates responses to monitoring and review findings • Clear articulation of stakeholder responsibilities for performance management in all designs going forward. 					
	3	<p>Cannot recruit, maintain and coordinate a qualified team</p> <p>Difficulties in recruiting and maintaining suitable individuals in terms of technical skills and experience, and the personal characteristics that can address the "ways of working" requirements. Timing inputs from STAs to allow coherent planning and implementation. The impact of this on the quality of services and ability to achieve expected outcomes. This is made more serious by a single M&E contract, risking ability to report on and manage investments, and the country program as a whole.</p>	<p>The design:</p> <ul style="list-style-type: none"> • Detailed elaboration of requirements in Annex 1. • Innovative, high level performance management tasks designed to attract suitable candidates • Independence of M&E House will be more attractive to competent personnel • Allowing contractor to structure the team to attract the level of expertise required • Allowing flexibility in working arrangements • Allocating suitable compensation for key positions 	Major	Possible	High	No	<ul style="list-style-type: none"> • Publish RFT widely with clear messaging about the right team during briefings • Develop suitable networks to identify appropriate expertise • Performance monitoring by M&E HOUSE TAG • Performance monitoring by DFAT Program Manager 					
	4	<p>M&E HOUSE team asked to perform roles beyond their scope of services</p> <p>A successful service that meets stakeholder needs may become valued by stakeholders in ways that are beyond the scope of services. This poses a risk that service outcomes are not met as team members efforts are diluted. Some tasks may jeopardise the M&E HOUSEs roles as neutral broker and facilitator of decision making.</p>	<p>The design: The services description provides more clarity in what the scope of services does not include.</p>	Moderate	Possible	High	No	<ul style="list-style-type: none"> • Steering Committee set priorities for the service and annual plans in recognition of needs and resources available. • Requests for extension of the scope of services is referred to the Management Team. The Governance Counsellor will make final decisions where consensus is not achieved. 					

	5	<p>Better quality performance information does not make a material difference to decision making. Decisions may be made in response to political pressure; competing vested interests; personal preferences; the desire to act quickly to solve problems that have received public attention; or to meet some arbitrary deadline.</p>	<p>The design: Program theory and M&E focuses attention on the use of information and its perceived value in decision making.</p> <p>The services description includes performance dialogues where DFAT and IPs are facilitated to make sense of and use information.</p> <p>The services description provides for capacity building directed at senior management modelling and demanding credible information for decision making and learning.</p> <p>Services description also emphasises the role of decision makers in articulating information requirements and in presenting information in a format suitable for different audiences.</p>	Major	Possible	Moderate	No	<ul style="list-style-type: none"> • Senior management actively models use of credible information in decision making and removes barriers to its use. • M&E includes exploration of the factors that commonly influence decision making in the aid program • Steering committee reviews decision making practices annually 						
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Annex 3: Steering Committee Terms of Reference

Role or Purpose of the Steering Committee

The Steering Committee is set up to provide leadership, strategic oversight and direction to the M&E House and to lead performance management more broadly across the Timor-Leste country program.

Chair and Membership of the Steering Committee

The Governance Counsellor is the Chair of the Steering Committee. This counsellor reports to the Head of Mission. Steering Committee members include all Dili Post Counsellors who comprise the senior management team at Post, as well as the Director of the Timor-Leste Section (Canberra). The Head of Mission and the Assistant Secretary Indonesia Program Delivery and Timor-Leste Branch are also welcome to attend. If the Chair is not present for a meeting the members present can choose one of their number to act as Chair for that meeting.

Responsibilities of the Steering Committee

1. Provide leadership on the strategic direction of the portfolio

Steering Committee members, in their role as senior managers of the Country Program, provide stakeholders with DFAT vision of the strategic direction of the portfolio. They participate in strategic planning discussions, and translate corporate strategic directions into context specific strategies for the aid program. During the inception period the SC will confirm or revise the program theory of the AIP with the M&E House team.

2. Lead performance management of the Timor-Leste country program

Leading performance management requires Steering Committee members to create the culture and working environment for good performance management practice. They communicate to DFAT staff, GoTL partners where relevant, and Implementing Partners the need for change, and the vision of how the M&E House will contribute to those changes. The SC members educate new staff about these expectations. They will remove barriers to change and provide effective incentives for better practice in performance management. They demand and model learning and utilisation of information. Members support the mandate for the M&E House to lead the design of M&E systems, and require the engagement of Implementing teams in program theory development or revision and the production of agreed information as described in investment level M&E plans.

3. Identify priority information requirements across the portfolio

Steering Committee members communicate portfolio level information requirements including cross-cutting themes and information to enhance synergies across individual investments. These requirements will adhere to the principles of lean and influential M&E of the M&E House services, and will commit the resources required.

4. Identify priorities for the M&E House work plans

Members decide on the criteria for determining priorities for the M&E House services and determining where the M&E House will not work at all. For the six month inception period, the SC will identify which investments are the first priority for the work program. Each six month, the members will review priorities in response to the context, or emerging opportunities or threats.

5. Identify priorities for significant evaluation and research activities

Due to limited resources available for significant evaluation and research activities, the SC will agree on which investments justify special investments in M&E, or what strategic questions require credible information to answer. They will show how these evaluation and research activities will contribute to substantive learning for aid delivery, or achieving broader priority development outcomes in Timor-Leste.

6. Approve key products of the M&E House

The SC approves key M&E House products: the inception plan; AIP program theory snapshot; AIP performance assessment framework and evaluation strategy; the architecture of the portfolio M&E system; priority investment M&E plans; and M&E House annual work plans. The SC will draw on the Technical Advisory Group to assist in the appraisal of these documents. The SC will not interfere with the independent nature of the M&E House by requiring adjustments to findings, interpretation and conclusions generated by the M&E House.

7. Manage significant conflicts that may occur

Conflict between stakeholders is a significant risk of the M&E House services. The SC will support the agreed reporting and decision making structures and processes. Where serious conflicts cannot be resolved by routine channels, the SC (or elected representative) will gather further relevant information about the issue, explore options, and negotiate a solution with conflicted parties.

8. Oversee the performance of the M&E House

Drawing on reviews of documentation, discussions with M&E House representatives and service users, the M&E House Program Manager, and the TAG-M&E, the SC will oversee the performance of the M&E House and provide constructive feedback on significant issues if required to improve the performance of the services.

Operations

The DFAT M&E House Program Manager will provide secretariat support to the SC, this includes preparing the agenda in collaboration with the Chair, taking minutes of the decisions, agreed actions or advice. Relevant documents will be stored by the DFAT M&E House Program manager. The Program Manager will also provide necessary information to SC members so that they can prepare for meetings. The M&E House will provide additional information as requested by the SC. The SC can invite other members of the M&E House, or other technical advisors from the aid program or beyond to provide advice to assist with decision making. Advisors may address sectoral technical questions, performance management issues, or issues around political economy dynamics, or other cross-cutting issues.

The SC will meet six monthly for the first year and then annually (or more if necessary) thereafter. The Chair can call a special meeting should any member of the SC make a request to deal with emerging important issues. SC members will be given adequate notice for meetings. The minimum quorum for meetings is three. Members will not vote on issues where there is a conflict of interest. Where there is no agreement across the Steering Committee, the Chair will make the final decision. The M&E House management staff will attend meetings, but will not have a decision making role.

Annual Review

Each year the SC will review the appropriateness and completeness of these terms of reference, and conduct an informal review of Steering Committee performance in meeting the terms of reference.

Annex 4: Snapshot of Timor-Leste Country Program

As background information for M&E House tenderers, this document outlines major investments in the Timor-Leste Country Program. It does not include investments that are due to end before M&E House mobilisation, such as Seeds of Life Phase III.

Tenderers should also review the [Timor-Leste Aid Investment Plan](#). M&E methods proposed in its *Monitoring, Review and Evaluation* section are yet to be operationalised.

Aid Investment Plan (AIP) Objective 1: Improving livelihoods

Roads for Development

2012-2016: up to \$30 million 2015/16 (estimated): \$6.8 million

Implemented by International Labour Organisation, R4D aims to support the rehabilitation and maintenance of Timor-Leste's rural roads network through capacity building in government and local private sector contractors. An M&E system is in place and being implemented. Relevant documents are available [here](#). Given R4D is nearing completion, it may be appropriate for the M&E House to focus on supporting program theory and M&E system design for the next phase of Australia's support in this area. Design of a successor phase is underway, with mobilisation expected by January 2017.

TOMAK – Farming for Prosperity (Timor-Leste)

2016-2021: up to \$25 million

TOMAK will help support rural households pursue economic opportunities in agriculture and will help address high rates of food insecurity and malnutrition, building on the foundation established by Seeds of Life. The Investment Design Document is [here](#), and it is due to mobilise in June 2016. It will require early support from the M&E House to elaborate its program theory, and design an M&E system.

Market Development Facility in Timor-Leste

2013-2018: up to \$7.2 million 2015/16 (estimated): \$1.6 million

Implemented by Cardno, MDF supports private sector development by partnering directly with local businesses to overcome constraints in market chains. Its website is [here](#). Its M&E system adheres to the DCED standard, and spans its investments in Timor-Leste, Fiji, Pakistan, and now Sri Lanka.

Workforce Development Program (including Australia Awards)

2014-2018: up to \$25.2 million 2015/16 (estimated): \$2.3 million

Implemented by Palladium, WDP provides Australia Award Scholarships each year to Timorese citizens to undertake tertiary study in Australian institutions. Starting in 2016, it now also supports vocational skills development and employment. An interim M&E system for both components has been developed by Palladium. This interim M&E system is designed to meet the investment's M&E needs up to December 2016, in anticipation of the commencement of the M&E House in mid-2016.

An additional \$2.9m (estimated) in 15/16 will be spent on in-Australia tertiary scholarships management costs.

AIP Objective 2: Enhancing human development

Australia Timor-Leste Partnership for Human Development

2016-2021: up to \$120 million

ATLPHD will deliver Australia's development assistance in health, water, education, nutrition, gender equality, disability and social protection (incorporating what are currently separate investments - see [here](#)). It will be implemented by a managing contractor, who will both implement directly, and support a range of NGO and other partners. Its design document is [here](#), and it is due to mobilise in June 2016. It will require early support from the M&E House to elaborate its program theory, and design an M&E system.

Nabilan - Ending Violence Against Women program in Timor-Leste

2014-2017: up to \$18 million 2015/16 (estimated): \$4 million

Implemented by The Asia Foundation, Nabilan focuses on prevention of violence against women, provision of shelter and health services, and enabling access to justice for women affected by violence. An M&E system is in place and being implemented.

National Program for Village Development - Support Program

2012-2017: up to \$42 million 2015/16(estimated): \$7.1 million

Implemented by Cardno, with strategic direction from a DFAT-contracted Program Director, this Support Program assists the Government of Timor-Leste (GoTL) to provide grants to every village in the country for local priority small scale infrastructure projects. An overview of the support program is [here](#) and GoTL's website for the program is [here](#). An M&E system is in place and being implemented.

AIP Objective 3: Strengthening governance and institutions

Governance for Development

2014-2018: up to \$42.4 million 2015/16 (estimated): \$9.2 million

Implemented by Cardno, with strategic direction from a DFAT Counsellor, GfD provides advisory services and budget support to government institutions to improve service delivery and public financial management. Its design document is [here](#). An M&E system ([here](#)) is in place and being implemented.