



DFAT-LED DESIGN - INVESTMENT DESIGN TEMPLATE

This template provides a recommended structure for an investment design document for a **DFAT-led design** over \$3 million (GST inclusive) or more. It should be a maximum of 25 pages (including Executive Summary) plus annexes and be written in plain English. Use the [Investment Design Quality Criteria](#) as reference. Contact designmail@dfat.gov.au for advice.

Investment Design Title:	
Start date:	End date:
Total proposed DFAT funding: AUD	Total proposed funding from all donor/s: AUD
Current program fund annual allocation: AUD	AidWorks investment number:
Overall Risk Profile: <low/medium/high/very high> Risk <low/medium/high/very high> Value	
Concept approved by: <name>	Concept endorsed by AGB: Yes/No/NA
Quality Assurance completed: < e.g. appraisal, peer review >	
Approval: Delegate at Post: <name>	Delegate in Canberra: <name>

A. Executive Summary

This section should provide a succinct summary (maximum 2 pages). It can be expressed as a diagram and/or as a narrative. It should describe:

- › The development problem and key lessons learned.
- › Australia's policy objectives for the country/sector/thematic issue.
- › The expected end-of-program outcomes.
- › The recommended delivery approach, key partnerships and performance funding approaches.
- › Priority areas for reform, policy advocacy and budget dialogue.
- › Approach to M&E and cross-cutting issues, including gender equality.
- › Timeframe for engagement and resource commitments; resources leveraged.
- › Procurement and partnership arrangements; use of partner government systems.
- › Any critical risks and challenges to success, and how these will be addressed.

B. Development Context and Situational Analysis (What problem are we addressing?)

Provide a strategic analysis of the investment operating environment. Set out relevant background information to understand the environment and key issues likely to impact on the investment.

Country/Regional and Sector Issues

- › Concisely set out the country/regional and sector/thematic context, including gender equality, empowerment of women and girls, disability; contribution to the Sustainable Development Goals, and an explanation of the relevant policy background.

Development Problem/Issue Analysis

- › Explain the development problem/issue being addressed and what investment success would look like.

Political Economy Analysis

- › Analysis of why the development issue has developed, the political economy, key stakeholders and demand for change, coalitions or champions of reform, political will versus constraints.

Evidence base/Lessons Learned

- › Highlight what other relevant activities are being undertaken by the partner government or other donors, how effective they are and the principal lessons learnt through these and similar thematic activities elsewhere.
- › Include references to prior evaluations/reviews of investments that have informed decisions in this design.

C. Strategic Intent and Rationale (Why?)

Strategic Setting and Rationale for Australian/DFAT Engagement

- › Set out DFAT's policy objectives for this particular country/sector/thematic issue. Refer to alignment with the Foreign Policy White Paper, Partnerships for Recovery, the country or regional COVID-19 Development Response Plan, relevant regional and other strategies.¹
- › Explain the reasons why this investment is being proposed and what key development outcomes (growth, poverty reduction, service delivery improvement, improved governance, etc.) will be achieved.
- › Address the relevant aid principles (national interest and influence, impact on economic growth and poverty, Australia's value add and leverage, and performance).
- › Review other donors and organisations² operating in-country and explain how the investment takes these into account, against partner government priorities.

Gender, innovation and cross-cutting themes

- › Identify areas where gender and disability will be integrated and addressed as well as other cross-cutting issues (including climate change, innovation, environment and private sector engagement).

D. Proposed Outcomes and Investment Options (What?)

Clearly set out expected end-of-program outcomes; explain and justify the proposed delivery approach.

- › Explain the expected end-of-program outcomes³ and how they link to proposed interventions.
- › Explain the logic chain⁴ from end-of-program outcomes, to intermediate outcomes and where known, outputs and activities (if known).⁵ Ensure gender is embedded in the end-of-program outcomes and logic. Measurement of outcomes must be described in the monitoring and evaluation section. Include baseline data (if known).

¹ Also consider the Gender Equality Strategy and Sustainable Development Goals.

² International development banks, UN and other international organisations, bilateral donors, regional bodies and local/international NGOs, including any new development actors working in country.

³ Note that end-of-program outcomes should be written as an end state, i.e. who or what is expected to change, by when. The type of change should cover a change in knowledge, behaviour or condition. Integrate gender in the overarching objectives and outcomes.

⁴ Use SPECTOR (Simple, Plausible, Evidence based, Cause/Effect, Testable, Owned, Risks Identified) to check program logic is sound. Refer to [Explanatory Note on Program Logic](#).

⁵ Note that outputs and activities may not be defined for facilities. Refer to [Guidance Note: Facility Investments](#) if considering this modality.

Delivery Approach

- › Outline proposed choice or partner, delivery options and describe and justify the approaches and types of aid proposed, explaining specific arrangements for defining DFAT's role in working with other partners and the financing arrangements selected.
- › Explain why the proposed approach represents value for money and how it is the best practical option. Explain how the investment will work to support partner ownership and sustainability, and leverage partner resources and capabilities.
- › Explain if the investment will work directly with partner government systems. If the investment will not work with partner government systems, provide an explanation why and how it will operate.
- › Explain any innovative elements/approaches featured in the design.⁶
- › Create linkages between performance and funding (incentives, results).

E. Implementation Arrangements (How will DFAT engage?)

Governance Arrangements and Structure

- › Set out governance arrangement and how key decisions will be made. Set out clear roles and responsibilities between DFAT, the partner government, implementing partners and other key stakeholders. Show how performance information (including any independent advisory support⁷) will inform policy dialogue, program management and iterative evidence-based decision making.

Management

- › Set out management responsibilities of the implementing team, key skill sets required (NB: individual job descriptions are not necessary)
- › Outline the DFAT resources required to manage and administer the program including FTE (A-based, LES), staff time, complexity of engagement, specialist advisor roles, key policy, programming, data and M&E skills and engagement. Consider efficiencies (and savings) for DFAT, integrating lessons from previous phases and similar programs. Consider the appointment of a Senior Responsible Officer for larger, complex programs and facilities.

Early Activities

- › Describes early stage activities (if known) with a planning process for identifying future activities.

Policy Dialogue

- › Describe processes for agreeing to policy reform roadmaps and strategic policy and budget dialogue at the sector level, in partnership or in coalition with donors, the partner government and other key stakeholders. Include the [Policy Dialogue Matrix](#)⁸ as an annex.

Profile and Public Diplomacy

- › Consideration should be given to opportunities to promote Australian development engagement, including through events, use of media, digital content, signage, branding and production of project communication materials.

⁶Such as new ways of partnering, including through flexible design, adaptive management, performance funding, output-based contracting.

⁷Include Terms of Reference for any advisory/ technical groups as an annex.

⁸The matrix selects a number of policy and budget issues that will be a focus for policy dialogue, backed up by research, analysis and tools such as problem driven iterative adaptation. It should describe key stakeholders, leadership and donor coalitions, and outline entry points for engagement.

Sustainability

- › Explain the issues likely to affect investment sustainability in absence of direct donor/investment support⁹ and strategies to address these issues. Explain how the investment will leverage policy and budget reform, and additional/more efficient use of resources in the longer term.

F. Monitoring and Evaluation (How will DFAT measure performance?)

- › Summarise the proposed monitoring and evaluation (M&E) approach and arrangements, including key methodologies or techniques to measure the changes created by the investment.¹⁰ The M&E Plan/Framework in the design should, where possible, identify the baseline, targets, performance questions, key indicators (including safeguards), data collection (sex-disaggregated), methods and frequency for each level of the program logic, and the cost of proposed M&E approach.¹¹ It must also identify who is responsible for collection and monitoring, and ensuring linkage with decision making, governance structures and evidence based policy dialogue (see annex on Minimum Sufficient MEF at design).
- › During early implementation, a detailed M&E Plan/Framework should be developed within 6 months of implementation and a baseline and formal M&E system should be operational within the first 12 months. Specify requirements such as these in the M&E plan at design, and also in the Statement of Requirements. Given Facilities have portfolio level characteristics, a Performance Assessment Framework is required to be developed within the first 6 months of implementation.
- › Where relevant, the section should include a list of thematic research or studies the investment will need to carry out to support implementation and learning. For investments designed to test causal changes rigorously, a conceptual framework and design of an impact evaluation should be included. An annex should set out M&E arrangements in more detail.
- › Describe what independent performance review mechanisms will exist (quality technical advisory groups or independent M&E mechanisms), their frequency and their link to regular performance and program discussions, policy reform and advocacy.
- › Outline how key stakeholders such as women, people with disabilities will be involved in monitoring and evaluation.

G. Gender, Disability and Other Cross Cutting Issues

Gender Equality

- › Explain how and to what degree the investment will contribute to closing gender equality gaps in the country/region/sector and how this has been reflected throughout the design (including in the program logic and M&E). Provide a rationale for the gender policy marker that has been selected in line with OECD/DAC minimum standards. Outline how the investment will address the three priority pillars of DFAT's Gender Strategy.¹² Ensure a gender action plan/gender strategy is developed early in implementation.

⁹This could include ongoing requirements for technical assistance, budget issues, political instability, social unrest, etc.

¹⁰ Refer to minimum sufficient M&E standards (annex).

¹¹ Refer to Guidance Note: Facility Investments if considering this modality. Also note the requirements for Facilities to have a Performance Assessment Framework.

¹² Refer to Gender Equality and Women's Empowerment Strategy

Climate Change

- › Explain relevant climate change vulnerabilities and impacts particularly how specific groups may be affected (women and girls, remote communities). Identify opportunities for positive climate change responses and disaster risk reduction. Where appropriate include an explicit climate change outcome or integrate climate change into the program logic.¹³

Disability Inclusiveness

- › Explain the level of consultation carried out with and advice received from Disabled People's Organisations (DPOs), disability specialists and DFAT's Disability Section during the design process. Identify the main barriers to inclusion and opportunities for participation and how the investment will address these barriers. Set out how DPOs and/or people with disabilities will be involved in implementation, monitoring and evaluation.¹⁴

Private Sector

- › Set out expectations and opportunities for engaging the private sector and the ways in which the investment is able to incorporate attempts to encourage commercially sustainable solutions to the development challenge (if applicable).

Innovation

- › Outline any development innovations¹⁵ and their scale. This could mean a new development technique, financing mechanism, technology, partner or process.¹⁶ Include expected results.

H. Budget and Resources (What will it cost?)

Budget

- › Set out investment cost assumptions as a narrative and in a table to achieve the outcomes (see Budget annex for Table).¹⁷
- › Provide information on budgets or resources planned to be leveraged (government, private sector, donor partners).
- › Describe how the investment represents value for money and provides efficiencies for DFAT.

Resources

- › Outline DFAT resourcing (A-based and LES), appointment of a Senior Responsible Officer, FTE staff. Outline DFAT administration costs (including monitoring, travel). Consider efficiencies and savings for DFAT.
- › Outline additional resource requirements, including partner government staffing capacity needs.

I. Procurement and Partnering

- › Discuss the proposed delivery mechanism¹⁸ and procurement arrangements and how these will support the achievement of the end of program outcomes. Consult Aid Business Branch at aid.contracts@dfat.gov.au on procurement arrangements, timeframes and preparing a draft Statement of Requirements (if required for commencement of procurement).

¹³ Refer to [Climate Change Action Strategy](#) and associated [Implementation Guide](#) (under development).

¹⁴ Refer to [DFAT Disability Action Strategy 2017-2020](#).

¹⁵ Such as new approaches, with the potential to be cheaper, faster, better or more inclusive.

¹⁶ Such as new ways to design, procure, implement, monitor or report.

¹⁷ Include the percentage of total country program budget represented by the investment, partner government/contributions, and if relevant any leveraged finance and donor funding. Provide overarching program and support costs and pricing assumptions.

¹⁸ For example will the program be delivered by a managing contractor, through a tender process, or a grant arrangement (through an NGO, multilateral or other) or use of partner government systems.

- › Where partner government systems are proposed as the delivery mechanism for Australian funds, describe in detail what is proposed, which components of the public financial management system (including procurement) will be used, who will do this and what risk mitigation strategies-controls and treatments will be used to manage and monitor identified risk.¹⁹
- › Discuss (if appropriate) how the investment will link performance and results to funding.

J. Risk Management and Safeguards (What might go wrong?)

Risk Management Plan

- › Complete/update the [Risk and Safeguards Tool](#) including the risk register and include as annex.
- › Note the most significant strategic risks that have been identified (from assumptions in program logic), the assumed overall current level of risk, arrangements for internal risk discussions during implementation and updating procedures (minimum quarterly updates).
- › Outline how partners and stakeholders will be involved throughout implementation in the ongoing assessment of risks to ensure they are regularly identified and assessed.

Environmental and Social Safeguards

- › Identify environmental protection; children, vulnerable and disadvantaged groups; displacement and resettlement; indigenous peoples; and health and safety risks (including any identified at concept stage) including how they will be addressed, monitored and reported.

K. Annexes

Required Annexes:

- › Program Logic model (if not included in main document);
- › Implementation & Governance Arrangements (including organisation chart and other details as appropriate including roles/responsibilities of stakeholders); (if not included in the main document)
- › Policy Dialogue Matrix;
- › ‘Minimum Sufficient’ M&E Framework;
- › [Risk and Safeguards Tool including the risk register](#);
- › Budget and Resourcing Requirements (including costing methodology).

Optional Annexes

- › Sector/Problem and other relevant analyses (may include social, economic, environment, gender equality, poverty, disability, institutional capacity, political economy, private sector development etc.);
- › Implementation Plan (description of early indicative interventions/ activities, if appropriate);
- › Gender and Social Inclusion Analysis/Strategy;
- › Draft Statement of Requirement (Mandatory if proposing procurement);
- › Assessment of National Systems and Sector-level Assessments (of public financial management and procurement) as required;
- › Assessment of Procurement Systems at Sector or Agency Level (Mandatory if use of partner government procurement systems is proposed);
- › Safeguard management plans - for example an environmental and social management framework or environmental and social management plan.

¹⁹ For details of required assessments and guidance on conducting them contact Environment Safeguard Public Finance Management & Aid Risk Section (SRS) at Partner.Systems@dfat.gov.au



Policy Dialogue Matrix

Related End-of-Investment Outcome	Problem/ Issue	Policy outcome sought	Program entry points for policy dialogue	Influential stakeholders	Resources required	Policy dialogue lead within AHC	Partnership engagement lead within MC/implementing partner
<i>Eg Increased access to quality primary health care for all Solomon Islanders by 2021</i>	<i>Primary health care budget in partner govt X diverted to tertiary health care (hospitals, medivacs, NCD treatment etc)</i>	<i>Budget process to lock in an overall % of health budget, and subsector allocation for primary health care locked in, year</i>	<i>Budget process Annual performance process 6 monthly reviews HLCs HLVs World Bank missions WHO missions</i>	<i>Minister and Secretary for Finance, Minister and Secretary for Health, CFO, directors of budget, provincial health directors, WHO country director, WB Economist</i>	<i>Independent review team for 6 monthly reviews (\$35,000)</i>	<i>DFAT Counsellor, backed by HOM/Ministers during high level visits (in partnership with world bank)</i>	<i>Team Leader for HSSP, Secretary of Health</i>



'Minimum sufficient' Monitoring and Evaluation Framework

Key Evaluation Questions: _____

	Desired result	Indicator	Data collection method & frequency	Risks	Who will collect and analyse the data	Baseline	Target	Use
Broader goal								
End of investment outcomes								
Intermediate outcomes								
Outputs								
Activities								
Inputs								

Elements that must be included in the 'minimum sufficient' M&E Framework at design stage for monitoring from start-up / inception:

Deliverables: Level, reach / coverage and quality of key deliverables produced.

Distribution: Beneficiary access to and control over benefits delivered by the program (disaggregated by gender, age, disability, ethnicity)

Expenditure: Level and rate of expenditure

Budget

The below is indicative only and should be tailored to the specific investment. Any budget should include cost assumptions and is indicative only.

No.	Items <i>(examples only)</i>	Year 1	Year 2	Year 3	Year 4	Total
1	Management Fee & Performance Payments					
2	Program Management Costs (including long-term and short-term advisers (ARF) and personnel (non-ARF); support costs)					
3	Supply chain and Subcontracting Costs (including procurement fees)					
4	Operational and Implementation Costs (operations and implementation personnel, office set-up/recurring costs, vehicle and travel costs, event and communication costs, capacity development and activity costs etc.)					
4	Other funding by mechanism (examples below)					
4a)	Grants					
4b)	Budget Support/Direct Financing					
4c)	Other Partnerships (including multilaterals, private sector, local partners)					
4d)	Research and Analysis					
4e)	Whole of Government Twinning and/or deployments					
4f)	Technical Assistance (international/national)					

4g)	Scholarships, short-term training, work attachments					
4h)	Flexible or innovative funding					
4i)	Monitoring and Evaluation					
4j)	Other					
5	DFAT administered costs for performance management and contract administration (including policy engagement and dialogue) – include FTE (A based and LES)					
6	Estimated additional funds leveraged from partner government, multilaterals, other partners, private sector					
	Total					

Total Budget:

Cost Assumptions

-
-
-