



Australian Government
Department of Foreign Affairs and Trade



Australian
Infrastructure
Financing Facility
for the Pacific

Monitoring, Evaluation and Learning Plan

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1. INTRODUCTION

The stability and economic progress of Pacific island countries and Timor-Leste is fundamental to Australia. The 2017 Foreign Policy White Paper notes the ‘massive and wide-ranging’ infrastructure needs of our region. Australia has an interest in this infrastructure being developed responsibly in line with agreed international principles, consistent with robust social and environmental safeguards and maximising development impact.

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) became operational in 2019 to provide loans and grants to sovereign, state-owned enterprises and private sector partners for infrastructure investments in Pacific island countries and Timor-Leste. The \$2 billion infrastructure initiative significantly boosts Australia’s support for infrastructure development in the Pacific region.

The AIFFP was established to deliver three strategic objectives: supporting Pacific countries and Timor-Leste to have greater access to capital to support quality, resilient and inclusive economic infrastructure; delivering infrastructure financing that meets the development needs of the partner countries; and making Australia a partner of choice for financing infrastructure in the Pacific and Timor-Leste. In order to meet these strategic objectives, the AIFFP must take a rigorous approach to monitoring and evaluation to ensure that AIFFP investments meet high standards of quality and development impact – while recognising that high-level outcomes will only become evident once investments have been operational for a period of time.

The AIFFP investments are delivered in line with Department of Foreign Affairs and Trade (DFAT) policies and standards, including the Department’s COVID-19 Development Response Strategy and the Economic Infrastructure Development Strategy, and reflects lessons learned from infrastructure investments undertaken by DFAT and other donors.

The Australian Government retains decision-making authority for all AIFFP investments. An AIFFP Board has been established, as part of existing DFAT governance mechanisms, to make recommendations on investments for ministerial approval. Recommendations for loans are approved by the Minister for Foreign Affairs in consultation with the Expenditure Review Committee of Cabinet (ERC).

THE POLICY CONTEXT

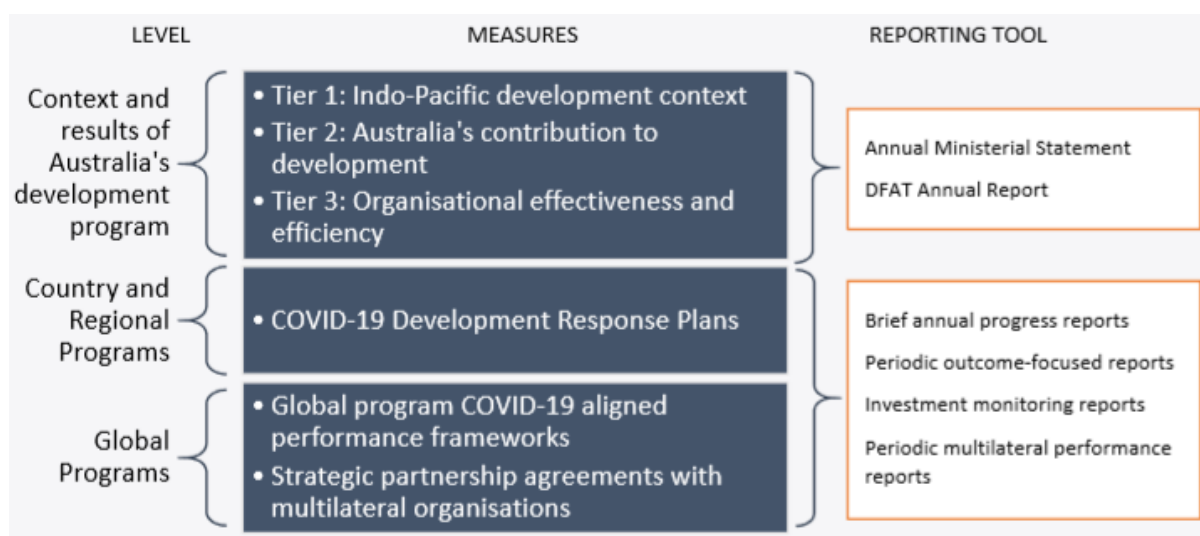
Australia has committed to global agreements on development effectiveness (at Paris in 2005, Accra in 2008 and Busan in 2011), which provide a framework for development cooperation that emphasises the principles of country ownership, a focus on results, multi-stakeholder partnerships, transparency and mutual accountability.

Australia’s development priorities are also well aligned with the 2030 Agenda for Sustainable Development, which includes the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda on Financing for Development.

In May 2020, the Minister for Foreign Affairs launched the Australian Government’s development policy Partnerships for Recovery: Australia’s COVID-19 Development Response. This includes a performance framework and outlines Australia’s approach to addressing the impacts of COVID-19 in our region.

The performance system that supports the Partnerships for Recovery strategy has three central elements:

- i. A three-tier framework for reporting on the overall context, annual results and effectiveness of Australia's COVID-19 development response efforts
- ii. Whole of government COVID-19 Development Response Country and Regional Plans setting out expected outcomes, key results and supporting investments
- iii. Performance indicators for global programs and strategic partnership agreements with multilateral organisations (see <https://www.dfat.gov.au/aid/performance-assessment> for a full list of indicators).



2. AIFFP MONITORING, EVALUATION AND LEARNING PLAN

This AIFFP Monitoring, Evaluation and Learning (MEL) Plan seeks to ensure the AIFFP has the tools needed to make well-informed, evidence-based decisions. The AIFFP MEL Plan:

- Provides the information required for DFAT and stakeholders to make operational and strategic management decisions about AIFFP;
- Supports accountability and communication to senior management, the Parliament, the people of Australia and of partner countries and to program stakeholders, about the use of Government resources and the achievement of the AIFFP's outcomes;
- Enables DFAT and program stakeholders to learn from the facility, facilitate the continuous improvement of AIFFP and apply these lessons to other relevant investments.

The AIFFP MEL Plan provides information about:

- How monitoring and evaluation (M&E) will be undertaken at key points in line with the AIFFP's theory of change;
- Who is responsible for M&E tasks; and
- How the evidence generated by M&E will be shared to drive learning and improvements.

The AIFFP will operationalise a rigorous approach to monitoring, evaluation and learning by applying the processes and principles in this MEL Plan and DFAT's overarching M&E Standards. The AIFFP MEL Plan should be applied alongside other DFAT guidelines including the Australian Government's development policy Partnerships for Recovery — Australia's COVID-19 Development Response and the Partnerships for Recovery performance system and framework.

3. AIFFP THEORY OF CHANGE

AIFFP's overarching objective is to *advance Australia's national interests by contributing to a stable, secure and prosperous Pacific*. The AIFFP has three high level outcomes, which together contribute to this objective:

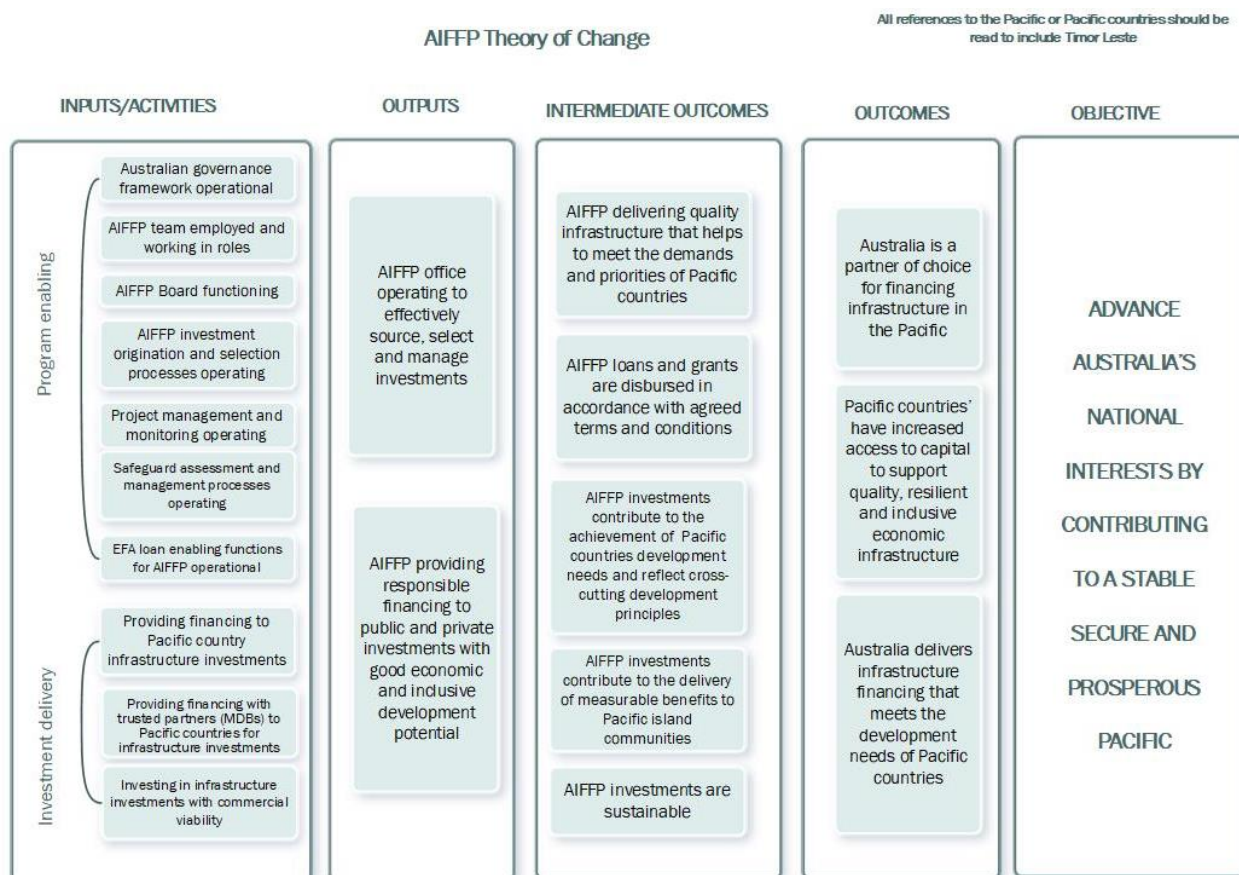
- Pacific countries have increased access to capital to support quality, resilient and inclusive economic infrastructure;
- Australia delivers infrastructure financing that meets the development needs of Pacific countries; and
- Australia is a partner of choice for financing infrastructure in the Pacific.

The AIFFP is a financing facility. It delivers activities and inputs in two categories:

- Program enabling – activities that deliver an AIFFP office operating to effectively source, screen and oversee the management of investments; and
- Investment delivery – activities that ensure the AIFFP responds to partner priorities through responsible financing to public and private investments with good economic and inclusive development potential.

This theory of change (see Figure 1 below) is the foundation for the MEL plan, risk management and reporting arrangements. The AIFFP will review the theory of change at regular intervals and make adjustments to reflect lessons learned during implementation.

Figure 1: AIFFP Theory of Change



There are a number of assumptions that underpin AIFFP's theory of change and how inputs are expected to translate into activities and outputs that would then lead to the achievement of outcomes. Some of these can be managed or influenced and some are outside of the control of the AIFFP and its partners. For example, it is assumed that both the international and national political and economic contexts are conducive to the changes required to achieve the outcomes and objective. It is also assumed that forming alliances and partnerships between the public and private sectors—as well as access to financing—can be a driving force for change.

The key assumptions in AIFFP's theory of change will be examined through AIFFP's monitoring and evaluation activities and are documented and managed through DFAT's risk register. The key assumptions, which include COVID-19 related considerations, are outlined in Annex 3.

4. AIFFP MEL PROCESS

AIFFP MONITORING AND EVALUATION RESULTS FRAMEWORK

The AIFFP Monitoring and Evaluation Results Framework at Annex 1 details how the AIFFP will measure progress against its stated objectives. The Framework specifies the key indicators, data collection methods, targets and reporting mechanisms to monitor and evaluate AIFFP investments. The reporting calendar in Section 6 of this plan outlines the AIFFP reporting requirements to DFAT, AIFFP's Board and external stakeholders.

The AIFFP M&E Results Framework envisages three levels of monitoring and reporting:

Facility-Level Reporting: At the facility-level, the AIFFP will monitor progress of the entity as a whole, including its corporate and governance functions. As such, progress made by the AIFFP at the facility-level will be measured against the outcomes, outputs and inputs set out by the AIFFP Theory of Change. Progress at the facility-level will be measured annually and reported in the AIFFP annual reporting.

Portfolio-Level Reporting: At the portfolio-level, the AIFFP will monitor and report on progress made against the intermediate outcomes identified in the AIFFP Theory of Change by aggregating investment-level data. The performance of the AIFFP portfolio will be measured by aggregating key indicators from individual investments across the AIFFP's portfolio of investments. Progress at the portfolio-level will be measured on a quarterly basis and reported to AIFFP management and the AIFFP Board.

Investment-level Reporting: Investment M&E Plans will be developed for each AIFFP investment, using baselines and indicators tailored to the specific characteristics of individual investments. Annex 2 provides indicative guidance on indicators that may be drawn upon for individual investments' M&E frameworks. Investment M&E plans will include M&E arrangements for the investment, budget allocated for M&E and any investment-level evaluations. Where they exist, these M&E plans will draw on and/or align with existing investment-level M&E frameworks and arrangements put in place by the partner or other co-financers. Aggregated investment-level M&E outcomes will inform the intermediate outcomes articulated in the AIFFP's Theory of Change.

All data about target groups and beneficiaries will be gender-disaggregated. This data will be used to measure AIFFP effectiveness in relation to differences in participation, benefits, outcomes, and impacts for women, men, boys and girls. Information may also be disaggregated according to other key variables, depending on the type of investment and context—such as socioeconomic group, age, ethnicity, dis/ability, or location (rural or urban).

Investment completion reports¹ will be prepared for all AIFFP financed infrastructure by partners, with assistance from AIFFP as needed, ideally within six months (and no later than twelve months) after construction and when the infrastructure is operational. Completion reports will include the activities conducted; an assessment of output delivery; lessons learned; recommendations and follow-up actions; and operations and maintenance arrangements.

Where the AIFFP is co and/or parallel financing with established partners such as MDBs and like-minded donors, the AIFFP may rely on partner M&E plans provided the AIFFP deems these to broadly meet DFAT and AIFFP's requirements. In these cases, the AIFFP, in its investment-level M&E plan, will outline the M&E arrangements of the partner and clearly articulate the roles and responsibilities of the partner and the AIFFP. Where the partner's M&E arrangements do not have 100 per cent equivalency to DFAT's M&E standards, the AIFFP will supplement the partner's M&E efforts with additional elements

¹ Investment completion reports refer to construction completion not to the end of the loan.

necessary to meet DFAT's minimum M&E requirements and report on progress against AIFFP's outcomes.

Evaluations

Evaluations of AIFFP will be conducted at three levels:

Facility-level Evaluations

Consistent with the AIFFP's design document it is proposed that the overall facility be reviewed in 2022² and every four years thereafter. These reviews will focus on AIFFP's relevance, efficiency, effectiveness, impact and governance.

Sector-wide Evaluations

The AIFFP will consider undertaking sector-wide evaluations (e.g. all AIFFP water investments) a minimum of three years after construction has been completed. These evaluations would focus on the economic and social impact as well as sustainability of AIFFP investments in that sector. The evaluations would be delivered in consultation with DFAT's Office of the Pacific and the Office of the Chief Economist.

Investment-level Evaluations

Individual investments are to be evaluated within three years of construction being completed. These assessments may focus on the:

- Investment's ongoing relevance.
- Delivery of outputs (on time, quality, cost, functionality, safeguards).
- Assessment of economic and social impact and financial return.
- Progress against the agreed development outcomes including contribution to the SDGs.
- Likely sustainability, including provision for the ongoing maintenance and operation of the asset.

For individual investments where the AIFFP is co-financing or parallel financing with established partners such as MDBs and like-minded donors, investment completion and long-term development impact reporting or evaluations of the partner may be relied upon. Where possible, the AIFFP will also seek to participate jointly in any investment's monitoring visits and reviews/evaluations, including in developing the review's scope to ensure DFAT's M&E needs are met.

To support the monitoring and evaluation of AIFFP investments, loan and grant recipients will be required to provide AIFFP with regular performance reports.

Where appropriate, and as set out in DFAT's Safeguards Policy, AIFFP may require loan and grant recipients to engage stakeholders and third parties, such as independent experts, local communities or non-governmental organisations (NGOs), to complement or verify investment monitoring information.

² This may be incorporated into the two-year system-wide review of AIFFP.

Where other agencies or third parties are responsible for monitoring specific risks and impacts and implementing mitigation measures, AIFFP will require loan and grant recipients to collaborate with such agencies and third parties to establish and monitor such mitigation measures including related to environmental and social safeguards; climate; and gender equality, disability and social inclusion (GEDSI).

Roles and Responsibilities

The AIFFP manages relationships with stakeholders, identifies and assesses investments, structures loan and grant packages, provides secretariat services to the AIFFP Board, provides grant administration, oversees GEDSI, safeguards and implementation, and undertakes monitoring and evaluation. Export Finance Australia (EFA) conducts credit assessments, establishes and conducts loan transactions, finalises loan agreements, and monitors AIFFP loans including repayments and reports on this quarterly.

The AIFFP has a MEL Manager who ensures this plan is applied and the reporting obligations of AIFFP are met. AIFFP staff who manage individual investments are responsible for the M&E plan development and implementation for their investment, including disseminating findings. The MEL Manager will provide advice and support to staff to do this, and collate data at the portfolio and facility level. The MEL Manager and other AIFFP staff will be supplemented by external advisers as required. The Assistant Secretary, Pacific Infrastructure Branch, has ultimate responsibility for the AIFFP's M&E including leading a culture of adaptive learning. The AIFFP's Capability Plan includes M&E learning opportunities to ensure staff have the capacity to develop and implement their M&E tasks.

DFAT's Posts have an important role in contributing to achieving AIFFP's objectives. Posts are a valuable source of reporting to Canberra and liaising with counterparts during investment origination and implementation. Posts will also provide complementary investments for capacity building and policy reform to support AIFFP investment implementation. AIFFP will engage closely with Posts on all monitoring and evaluation activities including site visits and discussions with partners to ensure the best use of resources and alignment with bilateral programs.

The AIFFP works closely with a range of bilateral, multilateral, private sector and other like-minded partners in Pacific island countries and Timor Leste. These partners have complimentary roles and responsibilities to the AIFFP in managing and monitoring investments particularly where there is co- and/or parallel financing.

Gender Equality, Disability and Social Inclusion

The AIFFP includes gender equality, women's empowerment and disability inclusion considerations as an explicit component in each investment's design, implementation and monitoring and evaluation; recognising that economic infrastructure has differential impacts on women and men, especially those with disabilities. As investment-level monitoring and evaluation plans are developed, these will measure the effectiveness of social inclusion measures, the social benefits from infrastructure, as well as specify the extent to which the needs and preferences of women, men, people with disabilities, and vulnerable population groups are being met.

The investment-level monitoring and evaluation plans will produce data on AIFFP's twin-track approach to promoting gender equality and social inclusion by:

- Capturing specific actions throughout investment development to address constraints for women to participate and benefit equally with men (do no harm); and
- Helping to advance Australia and partner Government gender equality priorities and enhancing investment performance by supporting measures to strengthen women's economic empowerment, leadership and safety.

Learning and Continuous Improvement

The various elements of the AIFFP M&E framework are learning-focused, meaning they are designed to meet the information needs of the Board, AIFFP management, and AIFFP staff. The information generated by AIFFP will be valid and reliable with the aim of continuously improving the implementation of individual investments and the performance of the facility itself. AIFFP will be seeking to identify lessons regarding:

- How well the facility is delivering on its intended outcomes;
- The value key stakeholders place on the facility, its activities, and outcomes;
- The key enabling and constraining factors that affect AIFFP's performance; and
- How the facility can be improved.

AIFFP seeks to build trusting relationships with partner government counterparts through ongoing engagement. These relationships will help AIFFP to contextualise its efforts, and to facilitate adaption and influence.

Learning and adaption in AIFFP will be supported through regular reporting specified in Section 6 below as well as:

Regular analysis: At least six-monthly, from the finalisation of the AIFFP MEL Plan, the AIFFP MEL Manager will facilitate a discussion with the AIFFP on AIFFP's performance. This will involve reviewing any AIFFP dashboards, M&E data, risks, and the functioning of AIFFP's systems all with a view to identifying emerging themes, systemic performance issues and opportunities for improvement.

Reflective workshops: The AIFFP MEL Manager will facilitate workshops (at least annually, from the finalisation of the AIFFP MEL Plan) to promote collaborative reflection and sense-making of experiences and performance data. Workshops will review AIFFP's progress, successes and challenges; consider the implications of performance data and feedback from key stakeholders; update AIFFP's program logic and assumptions if required; and support adaptive management and continuous improvement.

A system-wide review: The AIFFP will undertake a facility-wide review after two years of operation. Its focus will be on assessing the performance of the AIFFP model and informing continuous learning and improvement.

Budget

Each individual investment M&E plan will include a budget, which will be reflected in the total investment financing. Budgets will include consideration of DFAT-commissioned evaluations, any technical oversight, and investment manager monitoring visits. For small investments this is likely to be a higher proportion of the overall budget than for larger investments. The relevant AIFFP investment manager liaises with the AIFFP MEL Manager to ensure allocation is adequate.

External M&E Support

A service provider(s) will be contracted by DFAT to:

- Quality assure AIFFP's approach to MEL including performance reporting;
- Undertake AIFFP evaluations and client/stakeholder surveys as required;
- Follow-up on the implementation of recommendations from evaluations and reviews;
- Provide advice to the AIFFP management; and
- Support AIFFP's learning and continuous improvement agenda.

COMMUNICATIONS STRATEGY

The AIFFP's communications strategy articulates our approach to communicating the objectives and benefits of AIFFP to key audiences in the Pacific and Australia, to groups involved in infrastructure development financing in the region, as well as to other parts of the Australian Government. An important feature of this strategy is identifying opportunities to track media, internet content and other data sources to evaluate AIFFP's operating context and its impact on public and political sentiment in Pacific island countries towards Australia. This will be used to inform AIFFP's reporting and adaptive management.

5. INFORMATION MANAGEMENT

OVERVIEW OF THE SYSTEM

Information to support the management of AIFFP will be drawn from more than one system reflecting the facility's operational connections to both EFA and DFAT. Grants will be managed through DFAT's AidWorks, while loans will be managed through AIFFP and EFA's Customer Relationship Management (CRM) database. This is consistent for both sovereign and non-sovereign clients.

Reports and data provided to AIFFP by EFA and stakeholders will be retained in accordance with DFAT's record keeping policies and practices. AIFFP's main data systems support EFA and DFAT staff to manage both the overall facility and individual investments across the different phases of the management cycle (investment assessment, approval, implementation, M&E and reporting).

To ensure the quality and accuracy of data used for management and reporting purposes, AIFFP will employ internal data quality assessments as part of its evaluations. Although the AIFFP MEL Manager is responsible for ensuring data quality, the AIFFP team, including EFA and sovereign/non-sovereign partners, all play important roles in providing quality controls with any data they gather or handle. AIFFP will promote overall data quality by adopting a range of strategies, including procedures for assuring data collection, internal training and support, piloting tools where appropriate, spot checks and a review of incoming data.

The AIFFP will ensure that implementing partners have the tools and capacity needed to collect and compile quality information. As such, M&E capacity will be considered in the investment planning process, otherwise within the first year of the investment's commencement, with consideration given to any supplementation or support required.

6. AIFFP'S REPORTING CALENDAR

<i>Timing</i>	<i>Report</i>	<i>Responsibility</i>
March, June, September, December (quarterly ³)	Portfolio-level reporting to the Board	AIFFP's Corporate Section (responsible for risk) with input from the investment team and EFA
May (annually)	Investment monitoring reports (for AIFFP investments >\$3million) and Tier 2 performance indicators	Investment Managers within AIFFP (Investment Team) with AIFFP's MEL Manager
June (annually)	Contributions to DFAT and EFA annual reports	AIFFP's MEL Manager with AIFFP's Corporate Section
September and March (annually or otherwise as required)	Report on AIFFP's implementation to DFAT's Performance, Risk and Resourcing Committee (as part of the Pacific Step-up)	OTP with AIFFP's MEL Manager input
September (annually)	Brief annual progress reports	OTP with AIFFP's MEL Manager input
October (annually)	Contributions to Ministerial statement	AIFFP's MEL Manager with AIFFP's Corporate Section
Within 12 months of construction completion	Investment-level completion reports	Investment Managers within AIFFP (Investment Team)

³ Timing subject to alignment with AIFFP Board meetings.

<i>Timing</i>	<i>Report</i>	<i>Responsibility</i>
Within three years of construction completion	Investment-level evaluations	AIFFP's MEL Manager
At least three years after construction completion	Sector-wide evaluations	AIFFP's MEL Manager
2022 ⁴ and every four years thereafter	Evaluation/review of the AIFFP	AIFFP's MEL Manager
End-2021 and every two years after that	United Nations Framework Convention on Climate Change (UNFCCC) reporting on climate investment	AIFFP's MEL Manager

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ANNEX 1: AIFFP’S M&E FRAMEWORK

Overarching Objective: Advance Australia’s national interest by contributing to a stable, secure and prosperous Pacific ⁵						
	Desired result	Indicator ⁶	Data collection method and responsibility ⁷	Baseline	Target	Reporting & use
Outcomes ⁸	1. Australia delivers infrastructure financing that meets the development needs of Pacific countries ⁹ .	1.1 contribution to improved economic and social development outcomes over the long-term in Pacific countries where AIFFP has financed infrastructure. 1.2 contribution to SDGs 7, 9 and 11 through increased connectivity to cheaper and more reliable energy, internet and transport over the long-term via AIFFP investments ¹⁰ 1.3 contribution to informed infrastructure choices in Pacific countries	- investment completion reports (2) - evaluations of AIFFP in 2022 ¹¹ and every 4 years thereafter (5) - evaluations of a sample of AIFFP investments in a particular sector to be scheduled for 2029 onwards (5) - case studies of individual investments to illustrate development outcomes (1)(5) - reports from DFAT posts and media from partner governments (2)	- without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	- Australia, including through AIFFP, contributes to improved economic and social development outcomes, and a stable, secure and prosperous Pacific -Australia, including through AIFFP, contributes to SDGs 7, 9 and 11	- reviews and evaluations for Ministers, the public, DFAT’s Executive, the AIFFP Board and AIFFP management - reports to be published on AIFFP’s website
	2. Pacific countries have increased access to capital to support quality, resilient and inclusive economic infrastructure	2.1 volume of AIFFP financing provided 2.2 amount of additional financing leveraged	- AIFFP Board reporting, quarterly (2)(4) - investment completion reports (2)	- zero AIFFP financing provided - zero additional financing leveraged	- AIFFP financing provided - additional financing leveraged	

⁵ All references to the Pacific or Pacific countries should be read to include Timor-Leste.

⁶ Indicators listed may not be relevant or applicable to all investments and will be reflected in investment-level M&E plans.

⁷ Responsibility for data collection and analysis is noted at the end of the table.

⁸ AIFFP investments are expected to contribute towards these high-level outcomes, however this will only become evident once investments have been operational for a period of time.

⁹ All references to the Pacific or Pacific countries should be read to include Timor-Leste.

¹⁰ It is recognised that AIFFP investments are also expected to contribute to Sustainable Development Goals 5, 6, 8 and 13 as per the Design Document.

¹¹ The high-level outcomes are anticipated in the longer term once the investment has been operational for a period of time and are thus not expected to be significantly progressed in the earlier AIFFP evaluations planned in 2022 or, to a lesser extent, 2026. The evaluation in 2022 may be incorporated into the two-year review.

Overarching Objective: Advance Australia's national interest by contributing to a stable, secure and prosperous Pacific ⁵						
	Desired result	Indicator ⁶	Data collection method and responsibility ⁷	Baseline	Target	Reporting & use
	3. Australia is a partner of choice for financing infrastructure in the Pacific.	3.1 AIFFP's market share in Pacific infrastructure 3.2 regard for AIFFP financing by partner governments and non-sovereign borrowers 3.3 perception about AIFFP investments in the Pacific	- information collected through the AIFFP communications strategy (1) - reports from DFAT posts and media from partner governments (2) - client feedback collected through evaluations of investments (either by AIFFP or partners) (2)(5)	- although AIFFP has zero market share, Australia has a strong track record of delivering responsive, timely and high quality infrastructure in the Pacific - partner governments have high expectations of AIFFP - low awareness of AIFFP among general public in the Pacific	- AIFFP is in the top 3 of infrastructure lenders in the Pacific region by FY 2021/22. ¹² - positive media coverage of AIFFP - positive client feedback - awareness of AIFFP among general public in the Pacific	
Intermediate Outcomes	IO1. AIFFP delivering quality infrastructure that helps to meet the demands and priorities of Pacific countries	IO1.1 findings from investment monitoring reports (effectiveness, efficiency and gender) IO1.2 findings from investment-level evaluations	- investment monitoring reports (ratings of effectiveness, efficiency and gender) (2) - evaluations of investments scheduled for after completion (5)	- without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	->80% of indicators rated satisfactory	-annual reporting, evaluation reports
	IO2. AIFFP loans and grants are disbursed in accordance with agreed terms and conditions	IO2.1 % of investments with construction delays of more than 6 months (sovereign / non-sovereign) IO2.2 % of investments with delays in loan repayments of more than 12 months (sovereign / non-sovereign)	- AIFFP portfolio reporting quarterly (2)(3)(4)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	-<25% of investments with construction delays of more than 6 months -<25% of investments with delays in loan repayments of more than 12 months	
	IO3. AIFFP investments contribute to the achievement of Pacific countries' development needs and reflect cross-cutting development principles	IO3.1 compliance with DFAT safeguards and development principles (gender equality, disability inclusive, climate sensitive/resilient) IO3.2 volume of climate financing (where relevant) IO3.3 tonnes of greenhouse gas emissions reduced from relevant investments (net greenhouse gas (GHG) reduction tCO2e/annum), where relevant IO3.4 gender, disability, indigenous, climate change and disaster outcomes	- investment completion reports by loan/grant recipients and DFAT(2) - evaluations of investments scheduled for after completion plus after at least three years for a sample of investments (5) - case studies may be undertaken (1)(5) - assessments of gender, disability, indigenous, climate change and disaster outcomes (5)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	-100% compliance - climate financing provided - targets for GHG reduction based on investment designs - targets for gender, disability, indigenous, climate change and disaster outcomes based on investment designs	

¹² This excludes budget support and grants.

Overarching Objective: Advance Australia’s national interest by contributing to a stable, secure and prosperous Pacific ⁵						
	Desired result	Indicator ⁶	Data collection method and responsibility ⁷	Baseline	Target	Reporting & use
	IO4. AIFFP investments contribute to the delivery of measurable benefits for Pacific island communities	IO4.1 evidence that the infrastructure is benefiting Pacific island communities IO4.2 number of inclusive local jobs created (gender disaggregated) IO4.3 number of beneficiaries [disaggregated by gender, (and where possible) location (urban, peri-urban/rural) and disadvantaged groups such as minorities, people with disability, ethnic minorities, and indigenous and land-connected peoples]	- investment monitoring reports’ ratings for effectiveness and gender (2) - investment progress reports (2) - AIFFP independent evaluations (5) - investment-level M&E (1)(2) - investment completion reports by loan/grant recipients and AIFFP (2)	- women and men are not participating or benefiting equally, or as expected (for example, when initiatives are expected to specifically strengthen gender equality by promoting women); - gender inequality and women’s empowerment is unaddressed and/or there are unintended or harmful effects on women and men.	- >80% indicators rated satisfactory - targets for improved public access based on investment designs - targets for inclusive local jobs created based on investment designs - targets for number of beneficiaries based on investment designs (where possible)	
	IO5. AIFFP investments are sustainable	IO5.1 findings from investment monitoring reports including consideration of supporting local capacity to build, operate and maintain infrastructure IO5.2 % of investments with maintenance systems in place IO5.3 compliance with the World Bank’s Non-Concessional Borrowing Policy / Sustainable Development Finance Policy IO5.4 compliance with the IMF policy - Staff Monitored Program (PNG)	- investment monitoring reports (2) - investment completion reports (including any operations and maintenance arrangements) by loan/grant recipients and AIFFP (2) - evaluations of investments after completion (2)(5)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	->80% of indicators rated satisfactory ->100% of investments with maintenance systems in place -100% compliance -100% compliance	
Outputs	O1. AIFFP office operating to effectively source, select and manage investments	O1.1 number of new investment agreements (loans/grants) signed; O1.2 number of active investments O1.3 volume of financing O1.4 findings from AIFFP evaluations and reviews O1.5 cumulative # investments by country O1.6 cumulative # investments by sector	- AIFFP Board recommendations to Ministers (3)(4) - portfolio level reporting to the Board (2)(3)(4) - AIFFP review/evaluation (5)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	- AIFFP has a diverse mix of loans and grants in a variety of sectors across small and large countries in the Pacific region that meet yearly KPIs	-annual reporting, PRRC and Board reports, investment reports, AIFFP dashboard, evaluation reports
	O2. AIFFP Board functioning	O2.1 number of Board meetings per year O2.2 number of investments reviewed by the Board O2.3 number of investments recommended by the Board	- AIFFP Board minutes (1)(4)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	- minimum of 4 Board meetings per year - minimum 4 investments reviewed per year	

Overarching Objective: Advance Australia’s national interest by contributing to a stable, secure and prosperous Pacific ⁵						
	Desired result	Indicator ⁶	Data collection method and responsibility ⁷	Baseline	Target	Reporting & use
					- minimum 2 investments recommended per year)	
	O3. Providing financing with trusted partners to Pacific countries for infrastructure investments	O3.1 number of joint investments with bilateral, multilateral, private sector and other like-minded partners	- quarterly portfolio reporting to the AIFFP Board and AIFFP annual reporting (2)(3)(4)	-without AIFFP, Australia has limited capability to finance large scale infrastructure in the Pacific except through grant financing	- Australia, through AIFFP, has joint investments with bilateral, multilateral, private sector and other like-minded partners	
Inputs	AIFFP program (ODA) budget	- YTD expenditure AUD total	- AidWorks (1)(3)	- before AIFFP, there was no AIFFP YTD expenditure	- >80% of annual budget expensed	-annual reporting, Board reports, AIFFP dashboard
	AIFFP staffing and expertise	- % FTEs filled (gender disaggregated) - % of investments with like-minded partners where AIFFP provided technical expertise	-AIFFP annual reporting (1)(3) - quarterly portfolio reporting to the AIFFP Board and other AIFFP reports (2)(3)(4)	- before AIFFP, there was no AIFFP-related FTE, expertise or technical inputs	- >80% of FTEs filled (50% female) - > 50% of investments have received technical inputs from AIFFP	

Responsibilities for data collection and analysis:

- (1) = AIFFP MEL team (incl. AIFFP reporting team on the communications strategy)
- (2) = AIFFP investment team (data is either generated directly by AIFFP teams or collected from partner government counterparts)
- (3) = AIFFP corporate team
- (4) = EFA
- (5) = External consultants (contracted by AIFFP)

Investment-level M&E

In addition to this overarching MEL framework, individual investments will need to develop their own complementary frameworks. Indicative guidance on potential investment-level performance indicators is included in Annex 2. Where possible, a minimum core set of indicators can be identified on a sector by sector basis (e.g. energy, water, roads).

An investment-level template and guidance will be developed to provide further assistance with the preparation of investment-level M&E plans.

ANNEX 2: INDICATIVE GUIDANCE ON INVESTMENT-LEVEL INDICATORS

The following outlines possible indicators for individual AIFFP investments to include in investment M&E plans. These indicators are provided as a guide only and each plan will need to be tailored to the investment sector and implementation environment.

As the investment M&E plans will primarily collect data on intermediate outcomes, the indicators below are grouped by the intermediate outcomes in AIFFP's Theory of Change and overarching M&E framework in Annex 1. The AIFFP Investment Manager (Investment Team) will select a manageable number of indicators based on the investment specifics (e.g. sector) and focus on a small number of high-quality indicators for which there is, or is likely to be, credible data. The investment M&E plans will seek to use indicators, which measure outcomes directly attributable to the AIFFP investment and where there is an established baseline so it is clearer what contribution the AIFFP has made. The investment M&E plans will seek to understand what, if any, other factors may affect the indicators and consider evidence of both intended and unintended (including perverse) outcomes. To ensure equitable outcomes, where possible, the AIFFP will disaggregate data by dimensions such as rural/urban and beneficiary socio-demographics.

More broadly, the investment-level indicators will support aggregate development results and inform the overarching AIFFP M&E framework by identifying how individual investments are addressing Pacific island countries' development needs; reflecting cross-cutting development principles; and delivering measurable benefits for Pacific island women and men.

An investment-level template and guidance will be developed to provide further assistance with the preparation of investment M&E plans.

The indicators provided below will be regularly reviewed to ensure they reflect improvements in data availability and empirical research.

IO1. AIFFP delivering quality infrastructure that helps to meet the demands and priorities of Pacific countries

Example indicators include:

- Is the investment in line with partner government's long-term infrastructure plans and priorities?
- Did the partner government formally request and provide relevant approvals for the investment?
- Is the infrastructure inclusive, enabling the economic participation and social inclusion of women and vulnerable populations?
- Are environmental, social and climate considerations proportionately integrated within investments?

IO2. AIFFP loans and grants are disbursed in accordance with agreed terms and conditions

Example indicators include:

- Results of audits and monitoring visits to assess loan and grant terms and conditions
- Delays in loan/grant disbursements due to non-compliance with loan/grant terms and conditions

- Complaints via the grievance mechanisms that result in evidence of non-compliance with loan terms and conditions
- Defaults on loan repayments
- Breaches of regulatory and policy terms and conditions

Occupational Health and Safety

Example indicators include:

- Level of compliance to appropriate safety regulations during construction, operation and maintenance
- Accident and fatality rates of investment staff during construction, operation and maintenance
- Gendered occupational health and safety performance (e.g. proportion of women to men facing harassment and violence risks or in workplace accidents)

IO3. AIFFP investments contribute to the achievement of Pacific countries' development needs and reflect cross-cutting development principles

Environmental and Social Safeguards

Example indicators include:

- Percentage of infrastructure investments where there is an established and maintained organisational structure with qualified staff and resources to support management of environmental and social risks
- Have loan and grant recipients developed, updated, adopted and implemented environmental and social risk assessment and planning for the investment in a manner acceptable to AIFFP?
- What evidence is there that relevant DFAT safeguards requirements have been met?
- Percentage of infrastructure investments where key staff and stakeholders are trained in preventing sexual harassment and appropriate responses

Gender Equality, Disability Inclusiveness and Equity (incl. Preventing Sexual Exploitation, Abuse and Harassment (PSEAH))

Example indicators include:

- Percentage of infrastructure investments where suitable gender equality policies and procedures were present and upheld
- Percentage of infrastructure investments where sexual harassment policies are present and upheld
- What evidence is there that infrastructure investments address the needs and preferences of women, the disabled and other vulnerable groups?
- Percentage of relevant infrastructure investments where disability access was assessed and universal design incorporated
- Number and percentage of women and men trained
- Has a gendered do no harm approach been applied (by mainstreaming gender issues across themes)?
- Has PSEAH risk among stakeholder organisations' policy, procedures and practices been assessed?
- Has the ways PSEAH risk and gender inequalities may persist or increase among broader community actors and stakeholders been considered?

Children, Vulnerable and Disadvantaged Groups (incl. Child Protection and Modern Slavery)

Example indicators include:

- Has the investment had an adverse impact on vulnerable and/or disadvantaged groups including children, women, people with disabilities, minority groups, or the elderly?
- Has the investment involved contact with children or working with children?
- Has PSEAH risk among stakeholder organisations' policy, procedures and practices been assessed?
- Have the ways PSEAH risk and gender inequalities may persist or increase among broader community actors and stakeholders been considered?

Climate and Disaster Risks

Example indicators include:

- Percentage of infrastructure investments where climate risks and disaster risks were assessed to inform infrastructure design
- What evidence is there that infrastructure developments have reduced the vulnerability of communities to disaster and climate risks and that the level of climate risk (e.g. flooding, as specific to infrastructure) has been reduced?

IO4. AIFFP investments contribute to the delivery of measurable benefits for Pacific island communities

Economic Opportunity

Example indicators include:

- Number of jobs created
- Number of enterprises established
- Change in per capita income
- Stakeholder perceptions concerning changes in business opportunity as a result of new infrastructure

Access to New or Improved Infrastructure

Example indicators include:

- The number of people, schools, health centres, places of employment with access to infrastructure services.
- Number of new organisations with access to: energy, internet, mobile phone network, water and wastewater treatment
- Household connections (male-headed/ female-headed)
- Number of road users
- Basic access to the area's commercial, services, and transport hub(s)

Use and Affordability of New Infrastructure

Example indicators for energy infrastructure include:

- Improved energy access
 - Number of households, businesses, schools and clinics connected to the grid or provided with access to electricity.

- Km of distribution line constructed
- Increased renewable energy generation
 - MW installed renewable energy generation (MW)
 - MWh renewable energy generated per annum (MWh/annum)
 - Reduced diesel fuel consumption (litres per year)
 - Reduced emissions of CO₂ (tCO₂e/annum)
- Improved system reliability
 - Reduction in System Average Interruption Duration Index (SAIDI) (minutes of interruption per customer per annum) and System Average Interruption Frequency Index (SAIFI) (interruptions per customer per annum)
 - Km of transmission line constructed
- Reduced cost of power generation
 - Reduction in power generation cost (\$/kWh)
 - Reduction in customer power tariff

Examples for other infrastructure include:

- Water and sanitation: kiloliter (kL) demand; kL effluent treated, \$/month, \$/kL
- ICT: number of connections or subscriptions, \$/gigabyte
- Roads:
 - Km of road built, maintained, repaired
 - Number of vehicles on roads per day
 - Operating costs
 - Percentage of network roads in very good or good condition
 - % of population living within up to 2 km (or 20 minutes walking distance) to a road that provides year-round basic access
- Water ports: number of users, reasons for use, port charges
- Airports: number of trips and passengers, cost (operating costs)

Access to Basic Services and Markets

Example indicators include:

- Change in average distance/time/cost to nearest health facility; school; banking services; market
- Number of additional school enrolments or health service visits due to improved infrastructure.
- % of population living within up to 2 km (or 20 minutes walking distance) to a road that provides year-round basic access

Benefits from Infrastructure to Women and Girls

The above indicators must be disaggregated by gender wherever practical. In addition, indicators may seek any evidence of women's improved voice and agency developed through participation in infrastructure planning, development or operations.

Trade Efficiency

Example indicators include:

- Changes in average travel time
- Average traffic wait-time at ports, borders
- Freight costs

Market Access and Size

- Trade volume

Infrastructure Built, Rehabilitated or Maintained

Example indicators include:

- Kilometres of road built/rehabilitated/maintained
- Additional energy capacity (megawatts) installed and what % is from renewable sources
- Number and capacity (m³/day) of water and wastewater schemes constructed / rehabilitated / maintained
- Additional bandwidth created (Mbps)
- Number of water ports or waterways built/rehabilitated/maintained
- Number of airport runways or aprons built/rehabilitated/maintained

IO5. AIFFP investments are sustainable

Example indicators include:

- Is the infrastructure fully functioning a number of years after completion?
- Number of service providers performing to agreed standards (collecting tariffs, implementing repairs) 'x' number of years after establishment

Operation and Maintenance

- Percentage of asset owners that have current, functional asset management systems
- To what extent are asset management systems regularly used?
- To what extent is the state-owned enterprises involved with infrastructure services able to meet recurrent costs without aid or subsidy

Policies and Regulations

- What is the evidence that partner governments are strengthening policy, legal and regulatory frameworks to support the management, administration and monitoring of the State-owned Enterprise or agency that owns the infrastructure asset?
- Evidence that relevant policy, legal and regulatory frameworks and regulations are strengthened to be nondiscriminatory and compliant with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)

Volume and Value of Private Sector Investments

- The value of private sector investments.

Climate and Disaster Risks

See above under cross-cutting issues.

ANNEX 3: TABLE OF ASSUMPTIONS

THEORY OF CHANGE LEVEL	UNDERLYING ASSUMPTIONS
Overall Objective	AIFFP's overall objective assumes that the nominated outcomes are sufficient in themselves to achieve the overall objective of the AIFFP.
Outcomes	<p>AIFFP's outcomes assume that:</p> <ul style="list-style-type: none"> · Partner government requests for AIFFP financing are aligned with the key development constraints in their country. · Partner governments are willing and able to take on additional debt to fund infrastructure investments for development purposes, particularly as economies become more vulnerable due to COVID-19 impacts. · AIFFP has a comparative advantage in supporting Pacific infrastructure investments due to a large and longstanding presence in the Pacific as well as the proposed terms and conditions of loans, grants and technical assistance. · DFAT Posts (Australian diplomatic missions overseas) have the skills and resources to support AIFFP with complementary bilateral investments.
Intermediate Outcomes	<p>AIFFP's intermediate outcomes assume that:</p> <ul style="list-style-type: none"> · Investments are well designed and soundly implemented. Gender equity, disability and social inclusion (GEDSI) considerations and other safeguards are fully integrated into the design of investments. The potential for fraud, corruption and adverse outcomes is minimised through adequate safeguards. · Pacific countries are committed to supporting the cross-cutting development principles. · DFAT's bilateral aid program will support domestic policy reforms and there is an alignment across AIFFP and bilateral program's priorities. · Travel restrictions due to COVID-19 are eased by 2021 and do not significantly delay planned activities. · Partners' operational capacity to implement investments due to COVID-19 is adequate, or returns to adequate after short-term adjustments due to COVID-19. · Partners and the AIFFP are willing to invest adequate resources in the monitoring and evaluation of infrastructure investments and track outcomes post construction.

THEORY OF CHANGE LEVEL	UNDERLYING ASSUMPTIONS
	<ul style="list-style-type: none"> · There is an accessible competitive market of private sector firms who are able to successfully deliver quality infrastructure investments in the Pacific. · AIFFP has strong risk systems for managing investment selection and implementation. · Local labour will be used to a significant degree on investments.
Outputs	<p>AIFFP outputs assume that:</p> <ul style="list-style-type: none"> · Increasing lending volumes from MDBs and other sources, including in response to COVID-19, do not ‘crowd out’ AIFFP. · The investments of AIFFP are harmonised and aligned with the work of other donors in the Pacific. · Pacific countries are able to absorb AIFFP’s assistance. · Partner governments have the capacity to procure, oversee and manage infrastructure investments. This includes issues such as land acquisition, environmental impacts, and inclusive development while managing fraud and corruption risks. · The infrastructure plans (i.e. demands and priorities) of partner governments are aligned with their national development needs and are not supply or proponent led. · Partner governments are able to obtain adequate technical assistance to support the design and management of infrastructure investments. · AIFFP’s decision-making processes are timely and the terms of our loans are attractive. · Export Finance Australia (EFA) has sufficient resources to support DFAT with AIFFP. · COVID-19 does not result in resources shifting from AIFFP to other areas of Government.
Planned Activities	<p>AIFFP’s planned activities assume that:</p> <ul style="list-style-type: none"> · AIFFP is able to source and retain staff with suitable skills, experience and knowledge to identify and assess proposals and manage investments. · AIFFP’s governance mechanisms, systems, IT and operational processes are fit for purpose. · Board members have the time and skills to engage effectively with the AIFFP. · MDBs wish to partner with AIFFP as they value what AIFFP offers and synergies are present. · AIFFP and EFA systems are complementary and the roles and responsibilities of both agencies are clear.
Inputs	<p>AIFFP’s required inputs assumes that the AIFFP has an adequate operational budget and staffing allocation.</p>

