Australian Government

AusAID
Office of Development Effectiveness

POLICY DIALOGUE EVALUATION
TERMS OF REFERENCE

JUNE 2011

Why an evaluation on policy dialogue?

The Office of Development Effectiveness (ODE) defines policy dialogue as a way of working with partner countries to explore and implement policies that accelerate sustainable and equitable growth, improve the allocation of the entire budget (not only aid funds) and enable a broad cross-section of stakeholders to engage in policymaking.[1]

ODE's *The Annual Review of Development Effectiveness 2009* identified a need for AusAID to be more robust, broad and frequent in its policy dialogue. It found that AusAID's achievements from policy dialogue are patchy, reflecting a lack of organizational capacity or clear strategy to improve engagement.

Good policy dialogue is becoming increasingly important to achieving results from the Australian aid program, but practices within AusAID remain erratic. Policy dialogue is often not given the same strategy and design attention that other approaches to development assistance are. There is no common definition or specific guidance on policy dialogue within AusAID (other than sector-specific approaches such as Public Financial Management support). Policy dialogue activities can consume a lot of resources, but are not always informed by a clear idea of what success would look like.

Before AusAID can improve its approaches, there is a need to look at what good policy dialogue is and how it can be applied in the different contexts AusAID works in.

Objective of the evaluation

This evaluation will build on the findings in the ARDE by:

> identifying the internal and external factors that makes policy dialogue successful in the varied contexts that AusAID works in, and

> providing specific operational lessons for AusAID staff.

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[1] There is not a consensus in AusAID on this, or any, definition of policy dialogue. ODE will seek to facilitate an agreed definition through this evaluation process.

The evaluation will be targeted at senior and mid-level operational staff who are involved in designing and implementing policy dialogue approaches. This is a formative evaluation, focused on lesson-learning for the purpose of improving future practice.

Tentative Evaluation Questions

These tentative evaluation questions will be used to inform commissioning of the background research and think-pieces and design of a scoping workshop. They will be refined by the evaluation team following the scoping workshop. Further sub-questions may be added by the team.

1. What are the factors internal and external to AusAID that influence the success of policy dialogue?

2. How successful has AusAID been in designing and managing policy dialogue (internal factors), why, and what can be learnt from this experience?

3. How successful has AusAID been in implementing policy dialogue that is relevant and adaptive to specific development contexts (dealing with external factors), why, and what can be learnt from this experience?

Evaluation Approach

A theory of how policy dialogue works in AusAID's contexts

AusAID does not have a strategy on conducting policy dialogue, an agreed definition, or a consensus on what success looks like. Therefore it will be necessary to develop a theory of how policy dialogue works to inform the evaluation.

ODE would like the evaluation team to develop a theory of change for how AusAID achieves influence through policy dialogue (generic across a range of contexts). This theory of change can be developed based on research of international experience and good practice, research conducted by the Developmental Leadership Program, pre-design consultation with AusAID staff on their experience in policy dialogue, and the team's own expertise.

The theory of change will need to define:

> what policy dialogue success looks like (this might be more than one thing in different situations)

> the pathways through which AusAID can influence change

> what is reasonable for AusAID to be held accountable for.

The theory of change will be used as a basis for conducting the evaluation. The draft theory of change will be reviewed with evaluation stakeholders, and will inform the evaluation plan. The theory of change will be finalised based on the evaluation findings and documented in the evaluation report.

A mix of case studies and general analysis

ODE is seeking an evaluation that can provide a mixture of:

> Depth: looking at one or more cases of policy dialogue in different contexts to provide engaging and accessible examples of how policy dialogue works, specific to the context.

> Breadth: Analysis of the approach to policy dialogue across AusAID's programs, to identify factors that can be applied to help make policy dialogue successful in any context.

Policy dialogue takes many forms. The theory of change will inform the selection of cases. The in-depth cases will be selected by the evaluation team to illustrate learning of different pathways that AusAID can influence change in different contexts (specific sub-evaluation questions will be defined for each case). A sample of programs for the broad analysis across AusAID will also be chosen based on providing evidence of different AusAID contexts across the theory of change of policy dialogue.

International Research

The broader analysis across AusAID's programs will be informed by research to identify factors for successful policy dialogue from international experience. Research that has been conducted by the Developmental Leadership Program will also be a key source.

The research questions will be:

> What is known in international practice on the factors internal and external to donors that affect the success of policy dialogue?

> What are the lessons on how other donors have managed these factors, successfully or otherwise?

> What are the different definitions of policy dialogue (also known as policy influencing), and the different ways that success is defined?

As well as broad scan of the literature to identify different factors, the research will look directly for information on factors already known to be relevant to AusAID's experience (based on the report of the evaluation concept consultation, which will be provided to the evaluation team).

Think-pieces on policy dialogue

To complement the evaluation approach implemented by the evaluation team, ODE will commission up to three 'think-pieces'. These think-pieces will be completed by respected thinkers and/or practitioners on policy dialogue, to provide opinions on how AusAID should be approaching policy dialogue to inform the evaluation. ODE will seek to include think-pieces from experts in Asia and the Pacific to provide a perspective on what AusAID's partner governments want in terms of policy dialogue.

The focus of the think-pieces will be shaped to the experience and knowledge of the commissioned experts. Topics might include:

> What role does donor involvement play in policy change in developing countries?

> From the perspective of partner countries, what value can AusAID add in policy dialogue?

> How does policy dialogue relate to donor conditionality, and how effective is conditionality in achieving policy influence?

A consultative process focused on immediate utilisation

A consultative and participatory evaluation process will be applied to support the immediate application of the evaluation findings into AusAID's operations. Key features of the process will be:

> <u>An evaluation design focused on complementing relevant AusAID initiatives</u>: The evaluation will be designed to support and enhance related work already underway in AusAID, particularly the Developmental Leadership Program. ODE will also coordinate with other areas of the agency interesting in conducting complementary analysis parallel to the evaluation (for example, the Scholarships Section and the Pacific Leadership Program).

> <u>The Scoping Workshop</u>: This workshop will take place before the evaluation is designed to seek input from AusAID staff with experience in policy dialogue and key evaluation stakeholders on the issues that the evaluation focuses on and selection of the cases.

  – Key immediate outputs from the workshop for AusAID will include a consensus on how AusAID defines policy dialogue and what success looks like, and an interim operations note on the concept of policy dialogue (the latter will be developed post-workshop by ODE and Strategy and Portfolio Planning Section).

> <u>The Lessons Workshop</u>: Lessons workshops will be conducted with country program teams (at the end of fieldwork for each case) and in Canberra (when the analysis and fieldwork phases of the evaluation are complete). These workshops will:

  – be used to present the preliminary findings of the evaluation (on factors for successful policy dialogue) to operational staff and to explore the implications of the findings on AusAID's operations across a range of contexts

  – explore the direct use of the evaluation findings through key entry points into AusAID's operations (for example, guidance by Program Effectiveness and Performance Division, links to outcomes from the work of the Developmental Leadership Program, development of staff capabilities for policy dialogue).

> <u>Use of participatory methods and close collaboration with program staff in fieldwork</u>: Where appropriate and at the discretion of the team leader, program staff and partners will be involved in the evaluation fieldwork through participatory methods. There will also be an emphasis on immediate feedback of

findings to program staff during fieldwork and collaboration with program staff to facilitate ownership of the evaluation findings.

> Consultative development of evaluation recommendations: The evaluation recommendations will be drafted based on discussion in the lessons workshops and the team's expertise. ODE will consult with each key evaluation stakeholder on the draft recommendations with the aim of achieving a consensus.

> Management Response: ODE will seek a management response on the evaluation recommendations. The management response will preferably be included as an annex to the final report.

Deliverables

Workshop facilitation plans (internal to ODE/team)

Facilitation plans will be produced for the scoping and lessons workshop by the team leader and the ODE evaluation manager.

Workshop Reports (will be disseminated to participants)

Workshop reports will be produced for each workshop (scoping workshop and each lessons workshop) setting out the purpose and process of the workshop, participants, and key workshop outcomes.

Evaluation Theory of Change (will be disseminated to stakeholders)

The evaluation theory of change will be documented in a format that can be easily communicated to stakeholders.

The Evaluation Plan (will be published as annex to evaluation report)

The evaluation plan will set out the methods for achieving the evaluation objective and answering the evaluation questions, information necessary for ODE to set up fieldwork activities, and clarification of team roles and responsibilities.

Think-pieces (will be published as working papers)

Think-pieces will be produced, as detailed above. These will be expert opinion papers of up to ten pages.

Research and Analytical Papers (will be published as working papers)

An international literature review paper will be produced, as set out above. This paper will be up to 30 pages. This paper will be commissioned prior to the evaluation plan being drafted.

In addition, specific outputs will be produced by the team during the analytical phase of the evaluation, which might include:

> analytical papers on specific topics drawing together background information and evidence to inform fieldwork and/or help answer evaluation questions

> a document review paper detailing evidence against evaluation questions from available documents

> political analysis of the contexts of the in-depth cases.

The focus, scope and length of analytical outputs will be defined in the evaluation plan, and will be linked to the evaluation questions and overall approach.

Evaluation Report (will be published)

The evaluation findings and recommendations will be documented in a report of up to 40 pages (plus any annexes), which is written and presented for an AusAID audience.

ODE is looking for an accessible and engaging report that is targeted to the main audience for this evaluation: AusAID operational staff engaged in planning and implementing policy dialogue. The main body of the report should be written for this audience. ODE encourages creative ways of presenting the evaluation findings.

The second audience for this evaluation is the AusAID Executive: the executive summary and conclusions/recommendations will be written for this audience.

Summary of Findings (will be published)

Accompanying the evaluation report will be a concise stand-alone summary of no more than four pages setting out the key evaluation findings and recommendations. This summary will be for people interested in the results of the evaluation who do not have the time to read the full report.

Operational Outputs

Further evaluation outputs, such as the interim operational note on policy dialogue, will be led by ODE in coordination with the relevant operational area. The evaluation team will not be responsible for these outputs, but may have input into them.

The Evaluation Team: Roles and Inputs

The evaluation team will comprise:

> the team leader, who will be an evaluation expert

> a political analyst

> the ODE evaluation manager, who will participate in the team to support the potential of the evaluation to positively influence aid practice in AusAID and for the report to be audience-targeted

> national consultants to support case analysis (depending on design)

The evaluation team will be complemented by the think-piece authors.

Team leader

The team leader will lead the evaluation design, document analysis, fieldwork and report-writing with support and input from the other team members. In doing so, the team leader may need to manage issues affecting the evaluation such as sensitive stakeholder relationships. The team leader will work closely with the ODE evaluation manager to define the evaluation approach and questions.

Political Analyst

The political analyst will bring a political-economy lens to the evaluation, to apply a sophisticated understanding of the context of policy dialogue in the team's fieldwork and analysis, and look at how to turn that understanding into practical operational advice for AusAID. The political analyst will also have a role in ensuring that the evaluation makes the most of research already done by the Development Leadership Program.

ODE Evaluation Manager

The emphasis of the ODE evaluation manager's involvement in the evaluation team will be on activities where it adds value to have a team member with easy access to AusAID documents, systems and stakeholders, or where there is an overlap between team activities and the evaluation management (such as the scoping workshop, coordinating fieldwork and stakeholder management). The ODE evaluation manager will also assist the team to target the report presentation to the desired audience and to facilitate consultation with AusAID managers on draft recommendations.

National consultant (x2)

There is potential to add national consultants to the team (up to two) to support fieldwork and analysis of the in-depth cases. The evaluation plan will define whether national consultants will add value, in consideration of the particular cases, the skills and experience of the existing team members, and the fieldwork methods.

Think-piece author (x3)

The think-piece authors (up to three) will produce an opinion piece based on their expertise and experience in policy dialogue.

Timing

The evaluation will commence in June 2011, and be completed by early 2012. Indicative milestones are:

> end of June 2011: international literature review and scoping workshop complete

> end of August 2011: theory of change and evaluation plan

> end of September 2011: analytical work, think-pieces and program sample complete

> end of October 2011: analytical work, fieldwork and lessons workshops complete

> end of November 2011: draft evaluation report available for peer and technical review

> early 2012: evaluation report released on ODE website.

Quality Procedures

All ODE evaluation products undergo a rigorous process of technical and peer review.

1. ODE will review the quality of all evaluation outputs, focusing on whether they have met the terms of reference, contain quality and comprehensive analysis, have recommendations relevant to AusAID's operational context, and have quality writing and presentation.

2. Peer review will be facilitated primarily through the consultative mechanisms in the evaluation process (for example, the lessons workshops). In addition:

    a. a small number of key evaluation stakeholders will be invited to review the draft evaluation plan

    b. the key evaluation stakeholders will be invited to review the draft evaluation report.

3. ODE will commission an evaluation expert to conduct a technical quality review of the draft evaluation report.

The team leader's inputs will include engaging in the peer review and revisions to address feedback on the draft report. ODE places a high importance on the quality review process, and expects all comments to be carefully considered by the evaluation team and, if necessary, substantive revisions to ensure the report is relevant and targeted to the AusAID audience.

Key Evaluation Stakeholders

ODE will manage engagement with the key evaluation stakeholders throughout the evaluation process.

Stakeholders	Interest in Evaluation
AusAID Director General and Executive	ODE will engage with the Director General and Executive on how the evaluation findings and recommendations will support AusAID's strategic directions.
Developmental Leadership Program (DLP)	DLP is focused on exploring the role of human agency – especially leadership and coalitions – in the dynamic political processes of development, and to understand the implications for development practice. This makes the work of DLP highly complementary with the focus and aims of this evaluation. As such ODE considers DLP and AusAID's Leadership Section to be core stakeholders for this evaluation.
Sectoral Policy Division: Leadership Section Politics, State and Society Section	The evaluation is highly complementary to the work of the Leadership Section and the Politics, State and Society Section, which focus on understanding and adapting to the socio-political context of aid.
Program Effectiveness and Performance	The Program Effectiveness and Performance Division is a core stakeholder for its ability to help translate lessons from this evaluation in practical

Stakeholders	Interest in Evaluation
<u>Division:</u> Strategy and Portfolio Planning Section Performance Policy and Systems Section Working in Partner Systems Section	operational recommendations, and to implement recommendations through performance policy and operational support (for example, in relation to country situational analysis, delivery strategies, quality at implementation reports, and tools for working in partner systems).
<u>Corporate Enabling Division:</u> Policy Section Workforce Planning and Design Section Learning and Development Section	The Policy Section coordinates cross-portfolio policy, and as such is a natural stakeholder for an evaluation that might impact multiple parts of the agency. Staff capabilities are a major factor in the success of policy dialogue. The Human Resources Branch is interested in workforce planning of strategic policy capabilities and in developing core staff capabilities and learning pathways specific to policy dialogue.
<u>Asia Division:</u> Indonesia Section Jakarta Post	Significant policy dialogue is occurring as part of the Indonesia-Australia aid relationship, which provides a valuable learning opportunity for the rest of the aid program. Indonesia program is interested in exploring their approach to policy dialogue to inform development of the new country strategy.
<u>Pacific Division:</u> Pacific Partnerships and Economics Section	Policy dialogue in an integral part of the Pacific Partnerships for Development approach and Australia's involvement in forums such as the Pacific Forum. This makes the Pacific aid program an important stakeholder for the evaluation, with lessons that can be shared with the rest of AusAID.
Other thematic policy sections in AusAID	Other thematic policy areas, such as the Fragility and Conflict Section and the Gender Policy and Coordination Section, may also have interest in the evaluation and will be invited to engage throughout the evaluation process.
Department of Foreign Affairs and Trade (DFAT)	DFAT is in the business of policy dialogue. ODE will seek to engage DFAT in the evaluation at headquarters level in Canberra and in the countries of each in-depth case.
AusAID's partners in policy dialogue	Key stakeholders for this evaluation are the partners that AusAID engages with through policy dialogue: our partner country governments, and other development partners in that country. ODE will seek to provide value to partners from this evaluation, through engagement in the in-depth cases and feedback of the evaluation findings.