



Australian Government

AusAID

OVERSEAS AID GIFT DEDUCTION SCHEME

Guidelines for Obtaining Tax Deductibility

May 2007

What is the Overseas Aid Gift Deduction Scheme?

The Overseas Aid Gift Deduction Scheme (OAGDS) enables donations collected by organisations for their overseas aid activities to be tax deductible so donors can claim their contributions to the organisation as a tax deduction. Tax deductibility is only allowable for gifts to aid activities in those countries declared as 'developing' by the Minister for Foreign Affairs.

There is a two-step process to achieve tax deductibility under the OAGDS:

STEP 1 – APPLY FOR 'APPROVED ORGANISATION' STATUS THROUGH AUSAID

The first step is that an organisation must be accepted as an 'Approved Organisation' by the Minister for Foreign Affairs. This stage of the process is administered by AusAID and consists of an organisation submitting an application that addresses seven established criteria.

These Guidelines contain an Application Format and Explanatory Notes.

Once AusAID has assessed the organisation as meeting all seven criteria, AusAID will recommend to the Minister for Foreign Affairs that the organisation be declared an 'Approved Organisation'. The Minister for Foreign Affairs will advise the Treasurer of his/her approval.

The organisation can then move to STEP 2.

STEP 2 - ESTABLISH A 'DEVELOPING COUNTRY RELIEF FUND' THROUGH THE AUSTRALIAN TAXATION OFFICE

The organisation must put in place a developing country relief fund which is exclusively for the relief of persons in declared developing countries. Contact the Australian Taxation Office (ATO) for a *Deductible Gift Recipient (DGR) Endorsement Application Pack* which includes the DGR endorsement application form and instructions.

The ATO will assess the application, and if it is determined that a relief fund is in place, they will seek approval for the fund from the Minister for Revenue and Assistant Treasurer.

Once both steps have been satisfactorily completed, the Minister for Revenue and Assistant Treasurer will organise for a notice to be published in the Commonwealth Government Gazette declaring the overseas aid fund to be approved. The date of the Gazette publication is the date tax deductible status begins, unless otherwise stated.

Australian Taxation Office Contact: Non Profit Unit
 Australian Taxation Office
 GPO Box 9935 in your capital city
 Phone: 1300 130 248 (information line)
 Website: www.ato.gov.au/nonprofit

Eligibility Criteria for Step 1

To be eligible for 'Approved Organisation' status, an organisation needs to show that:

- (i) It is a corporate entity
- (ii) It is voluntary, not-for-profit and non-government
- (iii) It is a community-based organisation accountable to its membership
- (iv) It is clearly identifiable as Australian
- (v) Its activities are focused on development and/or relief covering at least one and preferably two years
- (vi) Its support of overseas activities is on a partnership basis with indigenous organisations (in-country partners)
- (vii) It and its overseas partners are both effective in conducting their activities.

Application Process for Step 1

Applications may be submitted at any time. Two copies of the application, containing all relevant information and evidence as outlined in the **Application Format** on page 4 should be sent to:

OAGDS Administrator
Community and Business Partnerships Section
AusAID
GPO Box 887
CANBERRA ACT 2601

Assessment of applications by AusAID will generally take between 2 to 4 months to finalise depending on the quality and completeness of the application. The assessment is undertaken on the information provided in the application. More time may be needed if the assessor needs further information or clarification. Once the assessment is finalised the Assessment Report will be made available to the applicant organisation. The Report will provide comments against each of the selection criteria and will include explanations for decisions and recommendations for improvement where relevant.

In order to save time and avoid disappointment, it is strongly recommended that organisations refer to the **Explanatory Notes** on page 8 when preparing their application. It can also be very useful for organisations to discuss the nature of their organisation's overseas activities with AusAID staff prior to preparing an OAGDS application.

AusAID can be contacted for further information on the OAGDS by:

Letter:	To the above address
Phone:	(02) 6206 4688
Facsimile:	(02) 6206 4634
Email:	ngo.liaison@ausaid.gov.au

Questions about the OAGDS process and issues an organisation might have once it has a developing country relief fund in place are answered in **Frequently Asked Questions** on page 14.

The flowchart on the following page outlines the OAGDS process.

Step 1 – Apply for ‘Approved Organisation’ status through AusAID

The organisation submits two copies of their application to AusAID.

An assessment is undertaken by AusAID against each criterion.
This assessment may include follow-up with the organisation where necessary.

MEETS CRITERIA

AusAID recommends to the Minister for Foreign Affairs that the organisation be declared an ‘approved organisation’.

AusAID notifies the organisation and the ATO of the Minister’s approval. The Minister writes to the Treasurer notifying him of his approval.

DOES NOT MEET CRITERIA

AusAID notifies the organisation in writing, outlining the reasons for the application not being successful.

The organisation may reapply at any time when they are able to demonstrate that action was taken to redress the issues mentioned in the above letter.

Step 2 – Establish a ‘Developing Country Relief Fund’ through the Australian Taxation Office

Contact the ATO to obtain a DGR Endorsement Application Pack. Submit the completed DGR application (demonstrating the establishment of a ‘developing country relief fund’) and a copy of the AusAID letter showing ‘Approved Organisation’ status.

The ATO assesses the application, and if it is assured that a relief fund is in place, they seek approval for the fund from the Minister for Revenue and Assistant Treasurer.

The Minister for Revenue and Assistant Treasurer arranges for a notice to be placed in the Commonwealth Government Gazette and the organisation is notified by the ATO.

The organisation is now able to offer tax deductible receipts for donations.

APPLICATION FORMAT

An application for “Approved Organisation” status under the OAGDS consists of two parts:

- Part 1 - Organisation information
- Part 2 - Statements/evidence against the seven assessment criteria

To be eligible to be declared as an Approved Organisation by the Minister for Foreign Affairs, an organisation must demonstrate that its activities are focused on development and/or relief and it has a record of providing aid in a professionally competent manner by satisfying each of the seven criteria. Therefore, when preparing an application, it is essential that the organisation answers all of the questions and provide the information and all supporting evidence requested under each criterion. It is strongly recommended that the organisation refers to the **Explanatory Notes** on page 8 when preparing the application.

TWO COPIES of the application should be sent to:

OAGDS Administrator
Community and Business Partnerships Section
AusAID
GPO Box 887
CANBERRA ACT 2601

Part 1 – Organisation Information *(Please note that Part 1 should be a maximum of one page in length.)*

General Details

- a) Chief Executive Officer: name and title.
- b) Contact Officer: name, address, phone, fax and email.
- c) Organisation details: name, address, phone, fax and email, internet page/website.
- d) Details of subsidiary offices, if applicable.
- e) Details of related international organisations, if applicable.
- f) Links with other Australian aid organisations, if applicable.

Related attachments: *agreements with related international organisations, agreements with other Australian aid organisations.*

Organisation Overview

Provide a brief overview of the organisation. This should include a brief history detailing the origin of the organisation, its purpose, where it works, what it mainly does and the size and complexity of the organisation.

Part 2 – Assessment Criteria

*Organisations must address each of the seven criteria. Further information on each criterion is available in the attached **Explanatory Notes** on page 8.*

1 It is a corporate entity

- a) Date of incorporation as a legal entity.
- b) The name and date of the governing instrument.

- c) Date of registration as a charity for each state where fundraising takes place (where necessary).
- d) ABN number

Supporting attachments: *copy of certificate of incorporation, copy of governing instrument i.e. Rules, Constitution, Trust Deed, Memorandum & Articles of Association etc., copy of charity registration documents for each state as applicable.*

2 It is voluntary, not-for-profit and non-government.

All information required to satisfy this criterion should be contained within the organisation's governing instrument i.e. Rules, Constitution etc. Indicate where in the governing instrument document the clauses satisfying this criterion are located.

Supporting attachments: *copy of governing instrument (as per 1)*

3 It is a community-based organisation accountable to its membership.

- a) Describe how the organisation defines membership.
- b) Describe the role members play in the affairs of the organisation.
- c) Describe the process by which members are elected or appointed to the governing body.
- d) List the members of the governing body and office holders with names, occupations and length of service.
- e) Describe responsibilities of the governing body/management committee.
- f) Describe how conflicts of interest are identified and addressed.
- g) Describe how duties between the governing body, management and staff are separated.
- h) Describe the organisation's community support base.
- i) State whether the organisation holds an Annual General Meeting.
- j) State whether the financial statements of the organisation are audited annually.
- k) State whether the organisation produces an Annual Report.
- l) Explain how members/supporters have access to minutes of governing body meetings and AGM, financial statements and Annual Report – if that is the case.
- m) Describe how the organisation responds to requests from members or supporters for information regarding decisions taken by its governing body.
- n) Describe how the organisation actively involves its constituency (community support base).
- o) Describe how the organisation encourages new supporters.

Supporting attachments: *list of names and addresses of formal members, copies of the minutes of all governing body/ management committee meetings held over the last 12 months, copies of minutes of last two AGMs, copy of most recent Annual Report, copies of last audited financial statements, breakdown of income and expenditure by source and purpose for last financial year.*

4 It is clearly identifiable as Australian.

- a) Describe how the organisation promotes its Australian identity to donors/supporters, partners and beneficiaries.
- b) If the organisation belongs to an international network, how does the Australian organisation distinguish its work/funding from that of the international network.

Supporting attachments: *copies of photos of signage or banners at project site, details of Australian volunteers, website, letter head, or any other document promoting Australian identity and clearly distinguishes the work of the Australian agency.*

5 Its activities are focused on development and/or relief covering at least one and preferably two years.

- a) Briefly describe the organisation's development philosophy.
- b) List the organisation's overseas aid objectives.
- c) If the agency also engages in welfare; or evangelism or missionary; or political activities, describe how they are distinguished and how the activities are managed separately.
- d) List development projects supported by the organisation during last two years.
- e) Provide a description of each project including:
 - Project name
 - Location
 - Name of developing country partner
 - Objectives
 - Intended beneficiaries
 - Description of activities
 - Progress to date
 - Budget

Supporting attachments: *copy of organisational brochure, pamphlet and newsletter if available; copy of a project design or successful proposal; copy of strategic plan if available.*

6 Its support of overseas activities is on a partnership basis with indigenous organisations (in-country partners).

- a) Provide a list of current partners including name, years of involvement and type of organisation.
- b) Describe the organisation's general approach to establishing and developing links with partners in developing countries.
- c) Describe the qualities/attributes the organisation typically looks for in partners.
- d) Describe the usual methods of communication between the organisation and the developing country partners.
- e) State whether the organisation has signed partnership agreements in place. If not, clearly describe how the organisation satisfies itself that the developing country partner understands what is required of it particularly in relation to project objectives, outcomes, monitoring and use of funds.

Supporting attachments: *copies of signed partnership/project agreements or equivalent documents, examples of communications between the organisation and its overseas partners (such as emails) demonstrating discussion of project progress.*

7. It and its overseas partners are both effective in conducting their activities.

A. Describe how the organisation interacts and coordinates activities with its developing country partners i.e. the role each plays in the various stages of the project cycle:

- a) Describe how activities/projects are identified.
- b) Describe how the organisation appraises potential activities/projects.
- c) Explain how the decision is made whether to support a particular activity/project.
- d) Describe the role played by the organisation in project implementation.
- e) Describe how the organisation monitors its partners and activities.
- f) Describe the process by which the organisation identifies and addresses constraints or obstacles to project progress.
- g) Describe how the organisation evaluates the outcomes and impact of activities it supports.
- h) If the organisation does not conduct formal monitoring or evaluation, describe how the organisation ensures the effective implementation of projects it undertakes or supports.
- i) Describe how the organisation uses project information.
- j) Describe what support other than financial the organisation provides to its overseas partner.

B. Terrorism and sex tourism/child protection awareness - Describe the procedures to prevent funds going directly or indirectly to individuals or organisations associated with terrorism. Describe the procedures to ensure that no support is given to any individual with any conviction under the *Crimes (Child Sex Tourism) Amendment Act*.

Supporting attachments:

- *copy of a project design or successful project proposal (as previously);*
- *examples of communications between the organisation and its overseas partners (such as emails) demonstrating discussion of project progress, partner capacity, partner effectiveness);*
- *copies of two recent progress / monitoring reports from developing country partners including financial reporting;*
- *copy of field visit report; copy of evaluation report if available, and*
- *evidence of awareness of terrorism and sex tourism/child protection issues e.g. policy documents (or other) in support of Terrorism and sex tourism/child protection policies described above.*

EXPLANATORY NOTES

*The following **Explanatory Notes** are intended to assist organisations prepare their applications for Approved Organisation status. Please note that applications must contain all relevant information and evidence as outlined in the **Application Format** on page 4.*

1 It is a corporate entity.

This criterion seeks to establish the legal status/structure of the organisation. The organisation can take a number of formats, whether unincorporated or incorporated. This is a decision to be made by the relevant individuals at the time of formation to suit the particular circumstances. However, certain formats may make it more complicated for an organisation to prove some of the assessment criteria. For example, under a trust deed there is normally no check on the trustees other than the limits imposed by the trust deed and the law. This compares to other structures where certain powers reside with members of the organisation.

The organisation must have a governing instrument such as a constitution, memorandum and/or articles of association, rules or trust deed. The organisation must be registered with state or territory authorities for fund raising purposes as a charitable/benevolent institution, except where a legal exemption can be shown. The organisation should also provide certificates of registration as a charity to fund raise in those states where fund raising activities require registration with state or territory authorities. It must have an ABN.

2 It is voluntary, not-for-profit and non-government.

A non-profit organisation is one which is not for the direct or indirect profit or gain of its individual members either while the organisation is operating or when it ceases operation. The governing instrument should show the voluntary and not-for-profit nature of the organisation.

Voluntary - The Governing Body is drawn from the organisation's constituency and members are not remunerated for their services on the Governing Body.

Not-for-profit - Funds must be applied solely to the achievement of the organisation's constitutional objectives or purpose. Surplus funds cannot be distributed to members.

Non-government – The organisation is not formally part of any Government funded institution or department. Its governance is independent from any Government institution. No Government institution or department can appoint the majority of the Board.

3 It is a community-based organisation accountable to its membership.

This criterion seeks to set out the functions and accountability of its Governing body. In addressing the criterion the application should also demonstrate the level of community support for the organisation and how it involves and responds to its Australian constituency.

An organisation needs to be able to identify its "membership" including its governing body and its Australian supporter base. The organisation must discuss who its supporters are, how they support the agency and how they are informed about decisions and can influence these decisions.

Members must have some degree of control over the administration of the organisation. This can be demonstrated through such provisions as the election of its management committee/office bearers by the membership or minutes of the governing body demonstrating member involvement. Generally, an organisation must have a reasonable number of voting members to satisfy this criterion. In some cases, an organisation's formal membership may be confined to its governing body but it must be shown how this is composed from its "membership" base.

The governing body should be administered or controlled by people or institutions, which, because of their positions in the community or public office, have a degree of responsibility to the community as a whole. The responsibilities of the Governing Body and its members should be outlined in the organisation's Constitution or Articles of Association. The governing instrument should include at a minimum: objects of the agency, definition of membership, the governance structure and a clause dealing with conflict of interest. There needs to be a clear separation of duties between Board, management and staff and transparent policies to identify and address any conflicts of interest.

The organisation also needs to have produced audited financial statements and annual reports.

4 It is clearly identifiable as Australian.

This criterion seeks to establish how the organisation approaches the issue of Australian identity in its activities/projects and promotions. An organisation needs to show how recipient communities know that the assistance they are receiving comes from Australian sources. There are many ways of demonstrating Australian identity, for example, through the use of project banners/signs clearly displaying the word "Australia" or an identifiable logo, or by including the word "Australia" in the organisation's title. Photographs may be submitted with the application to help show how this criterion is met.

In the response to this criterion, the application must demonstrate how the Australian organisation is clearly distinguishable from its International network (if applicable).

5 Its activities are focused on development and/or relief covering at least one and preferably two years.

This criterion seeks to confirm that the organisation's funds are used and have been used for at least one and preferably two years, specifically for development and/or relief activities and not for evangelical, welfare or partisan political purposes.

The organisation's mission statement or purpose and its project objectives should reflect a focus on development and/or relief.

What is meant by development?

Development seeks to improve the conditions of communities in a sustainable way. It is based on working with communities, rather than for or on behalf of communities. For example, if a community needs a well dug, they might ask an organisation to dig them a well. The development approach would say 'No. Instead, we'll help you dig your well, first by looking at all the things that you as a community can do to dig the well. Someone outside of the community will only do those things on the list that can't be done by the community.' The result would be that the community will have its well, more skilled members, and a sense of its own ability, not disability.

Development is a process where a community of people work together to break the cycle of poverty and dependence so that their fundamental needs are met and the quality of their lives is enhanced. Development activities seek to address the root causes of the need identified and in doing so, make a contribution to reducing that need in the long term. To paraphrase a well known saying, another example of development would be teaching a community how to fish, so that they can feed themselves, rather than feeding the community for a day.

The following principles are key to development activities:

Participation

The local community should decide what to do, and how to do it, and do as much of the work as possible, rather than the assisting organisation. All these actions help a community to believe in itself and its abilities. As it tackles and solves one issue, it becomes more skilled and confident in tackling the next one.

The involvement of local people helps organisations to better understand the needs and aims of the people who will come into contact with the project. It also increases the sense of ownership of the project by local stakeholders, which increases the likelihood of project objectives being achieved and local people being committed to carrying on the activity after outside support has stopped.

Fair distribution

Development activities seek to improve the well-being of those in need without favouritism or discrimination by race, religion, culture or political persuasion. This means that although a project may target a particular location or community, it seeks to bring about positive changes for the benefit of all members of the community. For the purposes of the OAGDS, development activities are those that do not seek to promote the well-being of a particular group or community because of their racial, religious, cultural or political persuasions nor do they seek to change the religious or political persuasions of project participants. The acceptance of specific religious beliefs or membership in a particular religious group must not be a condition for communities or individuals participating in relief and development programs. It is essential that development project benefits flow fairly, without discrimination.

Sustainability

Development projects or activities aim to produce benefits that are sustainable – that is, benefits that will continue after development assistance has ceased. Activities which build on local demand and initiatives have much better prospects for sustainability as they are more likely to have local support both during implementation and beyond. Activities which provide scope for local stakeholders to participate meaningfully throughout the project are also more likely to produce benefits that are sustainable, as this leads to local stakeholder ownership and commitment. The concept of sustainability does not necessarily mean the continuation of development activities, but rather that the benefits are appropriate, owned by the stakeholders and supported on an ongoing basis with locally available resources.

What is meant by relief?

Relief means the provision of basic support to people in emergency situations – for example, natural phenomena such as earthquakes, or chronic disasters such as famine or conflict. In these emergency situations, direct assistance (such as distribution of clothing, food, seeds and tools, temporary housing) may be provided as part of a short term relief response.

Relief measures are usually temporary and are directed at providing life-sustaining assistance or short-term recovery assistance aimed at putting people ‘back on their feet’. Relief is provided to groups of people, such as communities, directly affected by a disaster.

Are any activities ineligible?

Activities which are not focused on development or relief are ineligible. This means that welfare, evangelical or partisan political activities cannot be considered under the OAGDS. Where an organisation does engage in the support of welfare, evangelical or partisan political activities, the organisation must be able to demonstrate an understanding of the difference between development, welfare, evangelism and partisan politics and how it manages these components separately. This can be demonstrated by written policies, brochures, budgets, expenditure reports and partner agreements.

Evangelistic/missionary Activities

Organisations which do conduct evangelistic/missionary activities may still be eligible for OAGDS status, but they must be able to demonstrate that the activities for which they seek tax deductibility do not include any evangelistic/missionary components.

Evangelism (also called proselytism and missionary work) is the practice of attempting to convert people to another religion or faith. Though the words are of Christian origin they can also refer to other religions' attempts to convert people to their religion or faith. Evangelistic activities may discriminate on the basis of belonging to a particular group or aim to persuade

or develop religious beliefs and faith practices among project beneficiaries. Tax deductible funds cannot be used for evangelistic purposes nor for missionary activities. Missionary activities include evangelism but also extend to activities designed to build up the knowledge and faith of believers including theological training and training in and study of works of religious wisdom such as the Koran, Torah or Bible. The building and maintenance of places of worship are also ineligible.

Partisan Political Activities

Partisan political activities include political, lobbying and advocacy activities, which are carried out for the sake of, or in aid of, a particular political party. An example of a partisan political activity would be an activity that urges voters to cast their ballots for a particular political party or candidate or specifically advocates a vote for a particular party.

Welfare Activities

Welfare activities are those which provide direct assistance to individuals because of a need. They generally seek to address immediate needs rather than address the root causes of those needs. The simplest way of understanding welfare is to imagine the delivery of a food package to a poor family. This type of assistance obviously alleviates the family's immediate need for food. It does not, however change the long-term poverty situation of the family. While such forms of assistance can be very useful in some situations, they are not eligible under the OAGDS.

Common examples of welfare are the provision of food and clothing to poor communities, and support for school fees, books and uniforms for children. Other examples of welfare include provision of scholarships to school children; assistance to individuals such as institutionalised care programs provided by orphanages; child sponsorship (that is, funds given directly to children or their families, and not funds drawn from child sponsorship and used for development purposes); hospital care programs, hospices; and costs for the maintenance of structures for institutionalised care programs (for example, schools or orphanages).

Welfare activities are often very similar to gifts, as they are provided for or on behalf on beneficiaries, without a requirement for their participation in the activity or a requirement for the activity to be sustainable. An example might be the provision of a well or a classroom to a poor community, without significant involvement in its construction by the community and without any community plan to maintain the well or support a local teacher.

Welfare is also implemented independently of other sustainable community development activities. This means that the welfare activity, such as building a classroom, is a straightforward construction activity, without attention to training local people in construction techniques or training a local teacher to teach in the classroom. If there are other components that include and build the skills of local people, the activity would not just be considered welfare.

Welfare programs include no strategy for integration into broader, community development programs and are implemented on either a one-off 'gift' basis or on a long-term basis with no clear exit strategy.

What about schools and orphanages?

In the case of schools and orphanages, activities such as the provision of textbooks, uniforms, food, school fees and construction activities are generally considered to be welfare activities. Some organisations claim that the benefits of these activities lead to educated students, which in turn assists those students and their communities break their cycle of poverty. While this is a strong argument, it is critical that these activities are: provided in partnership with local community involvement; seek to build local capacity to meet local needs and have an exit-strategy. A good example of an activity which would be eligible under OAGDS is the establishment of a local vegetable garden to produce food for an orphanage, rather than providing funds for the food on an ongoing basis. This ensures that

food is available over a period of time and is not dependent on ongoing welfare from external sources. Similarly, the construction of classrooms in a school would be eligible under OAGDS if the activity trained local people in construction techniques, was supported by a local community maintenance plan and was linked to the training of teachers to staff the classrooms. The activity is therefore part of a larger development project/program.

6 Its support of overseas activities is on a partnership basis with indigenous organisations (in-country partners).

This criterion seeks to establish the nature and tone of partnerships and relationships between the Australian organisation and its overseas partners. The application needs to explain how partnerships with overseas agencies are developed, including how the organisation decides whether or not to enter into a partnership.

The organisation needs to be more than just a fundraising arm of its overseas partners. The application also needs to include evidence demonstrating that there is an exchange of views and information between the organisation and its partners regarding projects that the organisation is supporting.

Organisations need to demonstrate that their partnerships reflect equality, mutual respect, mutual learning, honesty, transparency, and encourage self-reliance.

It is strongly recommended that the application include copies of signed partnership agreements detailing what is required of both partners. If this type of information is not available then the application needs to clearly describe how the organisation satisfies itself that the overseas partner understands what is required of it.

7 It and its overseas partners are both effective in conducting their activities.

An organisation needs to demonstrate a track record of successfully carrying out development and / or relief activities for a minimum of one and preferably two years. In assessing an organisation's professional competence in aid activities, AusAID looks at the capacities and experience of the organisation in relation to the full project cycle. This includes their involvement and experience in project design, appraisal, implementation, monitoring and evaluation. Ideally, the application should include examples of ongoing communication, reporting documents and evaluations.

The organisation needs to demonstrate that it has undertaken an assessment of its own capacity, and the capacity of its partners and that projects/programs are designed and implemented relative to this capacity, and that capacity is strengthened if needed.

The application needs to describe how the Australian organisation and its partner approaches each stage of the project cycle of 'Identification', 'Design', 'Appraisal', 'Monitoring' and 'Evaluation'. These stages are described below:

Design - Once a need has been identified, organisations work with local stakeholders to think about how this need can be addressed. They seek information to understand the causes and effects of the need identified and to understand the context in which the need exists. Together, they design and document the basic elements of a project. A project design usually consists of a rationale for the project, proposed project objectives, expected project outcomes or results, the project duration, details of how the project will function, sustainability strategies, likely risks, a monitoring and evaluation plan, and a project budget.

Appraisal - Prior to their implementation, all project designs should be screened or assessed to ensure that they are consistent with the organisation's vision, mission, policies and standards. The appraisal process should determine whether there is a need for any modifications to the project design and advise on whether there are any particular areas or aspects of the project that should be monitored during its implementation.

Monitoring - Monitoring is done continuously throughout the life of a project to make sure the project is on track, for example, every month or every quarter. Enough information must be collected through monitoring to provide the organisation with confidence that project inputs, activities, outputs and assumptions are being managed appropriately. Monitoring is undertaken in order to identify areas of success, areas requiring improvement and in order to implement timely and appropriate change. The monitoring process should provide the information required for key stakeholders to reflect on project progress and enable them to make decisions about project direction and management.

Monitoring may take a wide variety of forms including the receipt of a regular report and follow-up correspondence, field trips or discussions. It is important that monitoring involves a regular flow of meaningful information regarding the progress of the project, including its successes and its difficulties. It should include both quantitative information and qualitative information. Wherever possible, this information should be documented.

Evaluation - Evaluation is usually done at the end of the project to assess whether the project achieved its purpose and goal. The evaluation process should also help the organisation determine what has and hasn't worked and why. By measuring, analysing and reflecting on its performance, organisations can learn lessons that will inform their approach to other projects. In this way, evaluation can help the organisation learn and develop.

The application needs to describe how the Australian organisation monitors and evaluates the work of its overseas partners to ensure they are effective. Ideally, the application should include examples of ongoing communication, reporting documents, partnership agreements, etc.

Terrorism and Sex Tourism/Child Protection

The organisation must be aware of terrorism related issues and use their best endeavours to ensure that its funds do not provide direct or indirect support or resources to organisations and individuals associated with terrorism.

Further information about listed persons and entities is available from DFAT at: www.dfat.gov.au/icat/persons_entities/explanatory_note.html.

A full list of such persons and entities is available from DFAT at: www.dfat.gov.au/icat/freezing_terrorist_assets.html.

A list of designated 'terrorist organisations' for the purposes of the Commonwealth Criminal Code is available from National Security Australia at: www.nationalsecurity.gov.au.

The organisation must be aware of child sex tourism issues and use their best endeavours to ensure that its funds do not provide direct or indirect support or resources to organisations and individuals associated with child sex tourism .

The organisation must also use its best endeavours to ensure that no support is given to any individual who has a conviction under the Crimes (Child Sex Tourism) Amendment Act. This may mean ensuring that staff, volunteers, or contractors who have access to information about or physical access to children involved in projects supported by the organisation, sign a declaration that they do not have any criminal record in relation to child abuse, neglect or exploitation and that proposed projects are assessed for their potential risk to children to ensure that children are not made more vulnerable to abuse and exploitation.

FREQUENTLY ASKED QUESTIONS

1. How long does it take to get ‘approved organisation’ status under Step 1?

AusAID normally utilises an independent consultant to undertake the assessment process. This step can take from between 2 to 4 months depending on the quality and completeness of the application. The assessment is undertaken on the information provided in the application at the time. However, an assessor may need to seek further information or clarification and this may result in additional time.

2. How long does it take before an organisation is able to offer tax deductibility?

The complete process will usually take at least 6 months. Tax deductibility receipts can only be offered after both steps have been completed and the organisation has been gazetted.

3. Can an organisation reapply under the OADGS should they not be successful?

An organisation can reapply under the scheme at any time once they are able to demonstrate that action has been taken to redress the issues identified in the previous assessment and be able to provide the necessary evidence/documentation.

4. What happens when the organisation changes?

Where an organisation seeks to change its name only, it must write to AusAID for approval. If AusAID is satisfied the renamed organisation is the same organisation as that approved previously, formal approval of the name change by the Minister for Foreign Affairs is not required. AusAID will advise the Australian Tax Office of the organisation’s intention.

Where an organisation seeks to change anything other than its name (for example its purpose or provisions in its constitution or equivalent document) it should consult with AusAID beforehand about the possible effects of the changes on its tax deductibility status. A full approval process may need to be held and a new organisation approval might need to be sought from the Minister for Foreign Affairs.

5. Can I change the name of the developing country relief fund ?

Since the Treasurer declares by notice in the Commonwealth Government Gazette a fund to be a developing country relief fund, any change of name will require the Treasurer to reissue the notice in the new name. When an organisation establishes a public fund the ATO requires an undertaking in writing, or the inclusion of a clause in the constituent documents, that the ATO is to be notified of any changes to the fund's constitution or other founding documents. An organisation contemplating any changes to its developing country relief fund should therefore first contact the ATO.

6. What happens when there are changes to the list of approved developing countries?

The Minister for Foreign Affairs declares which countries are “developing” for the purposes of the OAGDS. These countries are generally based on the OECD’s Development Assistance Committee list of aid recipients and may change from time to time. The list is available on the AusAID website www.ausaid.gov.au/ngos.

Tax deductible funds can only be utilised for activities/projects within countries on the list. Where a country is removed by the Minister from the list, the organisation will no longer be able to utilise tax deductible funds to support activities/projects within that country.

7. Can an organisation be reviewed after approval?

Once an organisation has been approved by the Minister for Foreign Affairs and has a developing country relief fund in place it must operate that fund according to the rules and principles under which it was established. At any future date AusAID may request an organisation to provide information that demonstrates the organisation is operating in accordance with the OAGDS and developing country relief fund requirements. AusAID will inform the organisation in writing of any such request.