



Australian Government

Department of Foreign Affairs and Trade

OVERSEAS AID GIFT DEDUCTION SCHEME

Guidelines for Obtaining Tax Deductibility

January 2014

WHAT IS THE OVERSEAS AID GIFT DEDUCTION SCHEME?	1
APPLICATION PROCESS	1
STEP 1 APPLY FOR ‘APPROVED ORGANISATION’ STATUS	1
STEP 2 ESTABLISH A ‘DEVELOPING COUNTRY RELIEF FUND’	1
FURTHER INFORMATION	3
APPLICATION DETAILS	5
ORGANISATION INFORMATION	5
ELIGIBILITY CRITERIA	5
CRITERION 1 LEGAL STATUS	5
CRITERION 2 VOLUNTARY, NOT-FOR-PROFIT AND NON-GOVERNMENT.....	6
CRITERION 3 COMMUNITY-BASED ORGANISATION ACCOUNTABLE TO ITS MEMBERSHIP	6
CRITERION 4 AUSTRALIAN IDENTITY	7
CRITERION 5 ACTIVITIES ARE FOCUSED ON DEVELOPMENT/RELIEF COVERING AT LEAST ONE YEAR	8
CRITERION 6 OVERSEAS ACTIVITIES ARE ON A PARTNERSHIP BASIS WITH INDIGENOUS IN-COUNTRY PARTNERS.....	12
CRITERION 7 THE ORGANISATION AND ITS IN-COUNTRY PARTNERS ARE BOTH EFFECTIVE IN CONDUCTING THEIR ACTIVITIES.	12
CRITERION 8 COUNTER-TERRORISM AND CHILD PROTECTION	14
FREQUENTLY ASKED QUESTIONS	16

WHAT IS THE OVERSEAS AID GIFT DEDUCTION SCHEME?

The Overseas Aid Gift Deduction Scheme (OAGDS) is to enable approved Australian organisations to issue tax deductible receipts for donations made to support their overseas aid activities. This provides a way for members of the Australian community to donate to these Australian organisations and be able to claim their donation as a tax deduction. The tax deduction is only allowable where the donation is to support activities in countries declared as a 'developing country' by the Minister for Foreign Affairs. 'Developing country' status is reviewed every three years by the Minister for Foreign Affairs.

To be eligible for consideration for tax deductibility under the OAGDS an organisation must be registered with the Australian Charities and Not-for-profits Commission (ACNC).

ACNC Contact: Advice Services
Australian Charities and Not-for-profits Commission
GPO Box 5108
Melbourne VIC 3001

Phone: 13 ACNC (13 22 62)
Email: advice@acnc.gov.au
Website: www.acnc.gov.au

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

APPLICATION PROCESS

STEP 1 APPLY FOR 'APPROVED ORGANISATION' STATUS

The first step is for the organisation to be declared as an 'approved organisation' by the Minister for Foreign Affairs. This stage of the process is administered by the Department of Foreign Affairs and Trade (DFAT) and consists of an organisation submitting an application that addresses the established OAGDS criteria.

Once DFAT has assessed the organisation as meeting the established OAGDS criteria, DFAT 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'

Where the organisation has been declared an 'approved organisation' by the Minister for Foreign Affairs, the organisation must then put in place a public fund that is declared by the Treasurer to be a developing country relief fund and which is exclusively for the relief of persons in declared developing countries. The Australian Taxation Office (ATO) will assess the application, and if it is determined that the appropriate fund is in place, they will seek approval for the fund from the Treasurer.

Once both steps have been satisfactorily completed, the Treasurer will organise for a notice to be published in the Commonwealth Government Gazette declaring the public fund to be a developing country relief fund. The date of the Gazette publication is the date tax deductible status begins, unless otherwise stated.

ATO Contact: Non-Profit Unit
Australian Taxation Office
GPO Box 9935 in your capital city

Phone: 1300 130 248 (Non-Profit information line)

Web: www.ato.gov.au/nonprofit

ELIGIBILITY CRITERIA FOR STEP 1

To be eligible for 'Approved Organisation' status, an organisation must:

- be an Australian organisation
- be registered with the Australian Charities and Not-for-profits Commission
- be able to provide evidence of its legal status
- be a voluntary, not-for-profit and non-government organisation
- demonstrate it is a community-based organisation accountable to its membership
- have undertaken overseas aid activities that are focused on development and/or relief for a minimum of 12 months
- demonstrate how it supports its overseas aid activities on a partnership basis with in-country partners
- demonstrate that it and its in-country partners are both effective in conducting their activities, and
- demonstrate compliance with child protection and counter-terrorism requirements.

By meeting these eligibility criteria, the organisation is demonstrating that its activities are focussed on development and/or relief and it has a record of providing aid in a professionally competent manner.

APPLICATION PROCESS FOR STEP 1

An application may be submitted at any time. To apply:

1. review these *Guidelines* to ensure your organisation meets the eligibility requirements and can provide sufficient supporting evidence
2. request a log in for the online application system at:
<http://aid.dfat.gov.au/ngos/pages/tax.aspx>
3. commence your application.

It is recommended that the application form be previewed prior to starting an online application. This will assist you to understand the details and supporting evidence required to be submitted with an application. It can also be very useful for an organisation to discuss the nature of their overseas aid activities with DFAT staff prior to preparing an OAGDS application.

Assessment of an application by DFAT can generally take up to six months to finalise depending on the quality and completeness of the application, and assessor availability. The assessment is undertaken by a panel of independent assessors and is based on the information provided in the application. It may take longer depending on the quality of the application or if an assessor needs further information or clarification. Once the Minister for Foreign Affairs has made a decision, DFAT will contact you to let you know the outcome of Step 1. A copy of the assessment report will be provided at the same time. The report will include comments against each of the eligibility criteria, explanations for decisions, and recommendations for improvement where relevant.

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 section on page 16.

The flowchart on the following page outlines the process for achieving deductible gift recipient (DGR) status under the OAGDS. To be eligible for Step 1, an organisation must be registered with the Australian Charities and Not-for-profits Commission (ACNC).

FURTHER INFORMATION

Mail: OAGDS Administrator
NGOs and Volunteers Branch
Department of Foreign Affairs and Trade
GPO Box 887
CANBERRA ACT 2601

Phone: (02) 6178 4688

Email: oagds@dfat.gov.au

Web: <http://aid.dfat.gov.au/ngos/pages/tax.aspx>

**STEP 1 – APPLY FOR ‘APPROVED ORGANISATION’ STATUS
THROUGH THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE**

Submit an application through the online application system to the Department of Foreign Affairs and Trade (DFAT).

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

MEETS CRITERIA

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

DFAT notifies the organisation and the Australian Taxation Office of the Minister’s approval.

DOES NOT MEET CRITERIA

DFAT recommends the Minister for Foreign Affairs notes that the organisation does not meet the requirements for ‘approved organisation’ status.

DFAT notifies the organisation advising that they may reapply at any time when they are able to demonstrate that action was taken to redress the issues mentioned

**STEP 2 – ESTABLISH A ‘PUBLIC FUND’
THROUGH THE AUSTRALIAN TAXATION OFFICE**

The Australian Taxation Office assesses the application, and if it is assured that the appropriate public fund is in place, it will seek approval for the fund from the Treasurer.

The Treasurer arranges for a notice to be placed in the Commonwealth Government Gazette and the organisation is notified by the Australian Taxation Office.

The organisation is now able to offer tax deductible receipts for donations received to support their overseas aid activities.

APPLICATION DETAILS

ORGANISATION INFORMATION

You will be asked to provide details about the organisation applying for 'approved organisation' status. This will require you to provide:

- name of and contact details for the organisation
- name and contact details for the head of the organisation (eg Chief Executive Officer, General Manager)
- Australian Business Number (ABN)
- whether the organisation has any links with related international organisations or other Australian aid organisations
- a brief overview of the organisation outlining its history, purpose, where it works, its main activities and the size and complexity of the organisation.

Supporting documentation could include: *agreements with related international organisations, agreements with other Australian aid organisations.*

ELIGIBILITY CRITERIA

CRITERION 1 LEGAL STATUS

This criterion seeks to understand the legal status of the organisation, how it is governed (e.g. constitution, rules) and whether it is registered for fundraising (as required by state or territory legislation).

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 fundraising purposes as a charitable/benevolent institution, except where a legal exemption can be shown. The organisation must also be registered to fundraise in those states and territories where fundraising activities require registration.

Supporting documentation could include: *certificate of incorporation, governing instrument e.g. rules, constitution, trust deed, memorandum and articles of association, fundraising documents for each state and territory (as applicable).*

CRITERION 2 VOLUNTARY, NOT-FOR-PROFIT AND NON-GOVERNMENT

This criterion seeks to establish that the organisation has the necessary documentation to confirm it as a voluntary, not-for-profit and non-government organisation. 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, that the governing body is drawn from the organisation's constituency and that members are not remunerated for their services on the governing body.

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

The organisation must demonstrate how it remains separate from any government funded institution or department.

Supporting documentation could include: References to the governing instrument provided for Criterion 1

CRITERION 3 COMMUNITY-BASED ORGANISATION ACCOUNTABLE TO ITS MEMBERSHIP

This criterion seeks to understand how the organisation is governed (e.g. board, management committee) and the specific functions and accountability of this 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, how they are informed about decisions and how they 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 broader "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 organisation, 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.

The organisation also should have audited financial statements and annual reports (or similar). To demonstrate this, you will be required to:

- describe how the organisation defines membership
- describe the role members play in the affairs of the organisation
- outline the process by which members are elected or appointed to the governing body
- provide a list of the members of the governing body and office holders (including names, occupations and length of service)
- describe the responsibilities of the governing body
- describe how conflicts of interest are identified and addressed
- describe how duties between the governing body, management and staff are separated
- describe the organisation's community support base
- state whether the organisation holds an Annual General Meeting (AGM)
- state whether the financial statements of the organisation are audited annually
- state whether the organisation produces an Annual Report
- explain how members or supporters have access to minutes of governing body meetings, the AGM, financial statements and Annual Report – if that is the case
- describe how the organisation responds to requests from members or supporters for information regarding decisions taken by its governing body
- describe how the organisation actively involves its constituency (community support base)
- describe how the organisation encourages new supporters.

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

CRITERION 4 AUSTRALIAN IDENTITY

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 or signs clearly displaying the word "Australia" or an identifiable logo, or by including the word "Australia" in the organisation's title.

Where an organisation belongs to an international network, it must indicate how it distinguishes its work and funding from that of the international network.

Supporting documents could include: photos of signage or banners at project sites, details of Australian volunteers undertaking activities overseas, website, letterhead, or any other document promoting Australian identity that clearly distinguishes the work of the Australian organisation.

CRITERION 5 ACTIVITIES ARE FOCUSED ON DEVELOPMENT/RELIEF COVERING AT LEAST ONE YEAR

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 projects 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 aim to produce benefits that are sustainable, that is, benefits that will continue after development assistance has ceased. Projects 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. Projects 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 projects, 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 focussed on development and/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 these activities and how it manages them 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 of those particular 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 attempts by other religions 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 of 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.

To demonstrate how you meet this criterion you will be asked to describe:

- the organisation's development philosophy
- the organisation's overseas aid objectives
- how the organisation distinguishes and separately manage activities where it also engages in welfare, evangelism, missionary or political activities
- details of the development projects supported by the organisation during last two years, including:
 - project name
 - location
 - name of in-country partner
 - objectives
 - intended beneficiaries
 - description of activities
 - progress to date
 - budget

Supporting attachments could include: organisational brochure, pamphlet or newsletter; a project design or successful project proposal; strategic plan or similar.

CRITERION 6 OVERSEAS ACTIVITIES ARE ON A PARTNERSHIP BASIS WITH INDIGENOUS IN-COUNTRY PARTNERS

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

The organisation needs to demonstrate that it is more than just a fundraising arm for its in-country partners. The application needs to include evidence demonstrating that there is an exchange of views and information between the organisation and its in-country partners regarding projects that the organisation is supporting. The organisation needs to demonstrate that its 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 in-country partner understands what is required of it.

You will be required to:

- list your current partners including name, months of involvement and type of organisation
- describe the general approach to establishing and developing links with in-country partners in developing countries
- describe the qualities and attributes typically looked for in your in-country partners
- describe the usual methods of communication between the organisation and its in-country partners
- state whether the organisation has signed partnership agreements in place, and if not, to clearly describe how the organisation satisfies itself that the in-country partner understands what is required of it, particularly in relation to project objectives, outcomes, monitoring and use of funds.

Supporting attachments could include: signed partnership or project agreements or equivalent documents, examples of communications between the organisation and its in-country partners (such as emails) demonstrating discussion of project progress.

CRITERION 7 THE ORGANISATION AND ITS IN-COUNTRY PARTNERS ARE BOTH EFFECTIVE IN CONDUCTING THEIR ACTIVITIES

This criterion seeks to establish that the organisation has a track record of successfully carrying out development and/or relief activities for a minimum of one and preferably two years. The application needs to describe how the Australian organisation monitors and evaluates the work of its in-country partners to ensure they are effective. Ideally, the

application should include examples of ongoing communication, reporting documents, partnership agreements, etc. In assessing an organisation's professional competence in aid activities, DFAT 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 in-country partners and that projects 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 in-country 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.

To demonstrate you meet this criterion you will need to describe how the Australian organisation interacts and coordinates activities with its in-country partners by describing the role each plays in the various stages of the project cycle. That is:

- describe how projects are identified
- describe how the organisation appraises potential projects
- explain how the decision is made whether to support a particular project
- describe the role played by the organisation in project implementation
- describe how the organisation monitors its in-country partners and projects
- describe the process by which the organisation identifies and addresses constraints or obstacles to project progress
- describe how the organisation evaluates the outcomes and impact of the projects it supports
- describe how the organisation uses project information
- if the organisation does not conduct formal monitoring or evaluation, describe how the organisation ensures the effective implementation of projects it undertakes or supports
- describe what support, other than financial, the organisation provides to its in-country partners.

Supporting attachments could include: project design proposals, successful project proposals, recent progress or monitoring reports from in-country partners (including financial reporting), field visit reports, evaluation reports, and examples of communication between the Australian organisation and its in-country partners (e.g. emails) that evidences project progress, in-country partner capacity and effectiveness.

CRITERION 8 COUNTER-TERRORISM AND CHILD PROTECTION

This criterion seeks to establish that the organisation's funds do not support terrorism and that the organisation has child protections mechanisms in place.

COUNTER-TERRORISM

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

Refer to the following information:

International Counter-Terrorism (DFAT)

<http://www.dfat.gov.au/issues/terrorism.html>

Listing of Terrorist Organisations (Attorney General's Department)

<http://www.ag.gov.au/NationalSecurity/Counterterrorismlaw/Pages/Terroristorganisations.aspx>

CHILD PROTECTION

The organisation must demonstrate that it has procedures in place to ensure children are protected from abuse, neglect and exploitation. It must be aware of child sex tourism issues and use its best endeavours to ensure that its funds do not provide direct or indirect support or resources to organisations or 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 1994*. This may mean ensuring that staff, volunteers, and 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. It may also mean that proposed projects are assessed for their potential risk to children to ensure that children are not made more vulnerable to abuse and exploitation.

Refer to the following information:

Child Protection Policy (DFAT)

<http://aid.dfat.gov.au/Publications/Pages/child-protection-policy.aspx>

Supporting attachments could include: counter-terrorism policy, counter-terrorism procedures, child protection policy, child protection procedures, evidence of police checks or working with children checks.

FREQUENTLY ASKED QUESTIONS

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

This step can take up to 6 months (or more), depending on the quality and completeness of the application, the quality of evidence presented to support the application and the availability of assessors. DFAT engages an independent development expert to assess the application and prepare a report. If they need additional information they may contact the organisation. The organisation will be expected to provide any requested additional information within a reasonable timeframe.

How long does it take before an organisation is able to offer tax deductibility for donations to its developing country relief fund?

The complete process will usually take at least 9 - 12 months. Tax deductible receipts can only be offered after the Treasurer has gazetted the developing country relief fund, and can only be applied to donations received after the date of gazettal.

Can an organisation reapply for ‘approved organisation’ status under the OADGS should they not be successful?

Yes. An organisation can re-apply at any time. Where an organisation has been unsuccessful, a new full and complete application will be required and should only be submitted where the organisation is able to demonstrate that action has been taken to redress the areas the previous application did not satisfy. Please note that DFAT will not accept incomplete applications that merely address the criteria that the organisation did not satisfy initially.

What happens if the name, objectives, activities or governance of an ‘approved organisation’ changes after the developing country relief fund has been gazetted?

Where an organisation seeks to change its name only, it must seek advice from DFAT. If DFAT is satisfied that an organisation’s objectives and governance arrangements have not changed and that the renamed organisation is the same organisation as that declared an ‘approved organisation’ previously, DFAT does not require further notification and does not require further information.

Where an organisation seeks to change its purpose or provisions in its constitution or equivalent document it should consult with DFAT about the possible impact of these changes on its ‘approved organisation’ status. Where significant changes are made to the organisation’s objectives, activities or governance, another assessment may be required.

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

Yes. When an organisation establishes a developing country relief 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 governing documents. Therefore, an organisation contemplating any changes to its developing country relief fund should therefore first contact the ATO.

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 and to revoke the old name.

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

Tax deductible donations can only be applied to activities in a country which appears on the list of developing countries. Where a country is removed from the list by the Minister for Foreign Affairs for Foreign Affairs, the organisation will no longer be able to apply those funds to projects within that country. Changes to the list take effect immediately. It is the responsibility of organisations to keep themselves informed of the up-to-date list.

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 of approved developing countries is available from:

http://www.aisaid.gov.au/ngos/pages/devel_list.aspx

Can an organisation be reviewed after it has been declared an 'approved organisation' by the Minister for Foreign Affairs?

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

I have received a letter from DFAT saying that the Minister for Foreign Affairs has declared my organisation an 'approved organisation' under the Overseas Aid Gift Deduction Scheme. Can my organisation now offer tax deductible receipts for donations for overseas aid activities?

No. You cannot issue tax deductible receipts until your developing country relief fund has been gazetted by the Treasurer. The Treasurer's decision is independent of the Minister for Foreign Affairs' decision, and there may be an interval of several months between their decisions.