

# Part 5

## THE WAY AHEAD





# Chapter 18: THE STEPS AND HURDLES TO 2015–16 AND BEYOND

## A. INTRODUCTION

The Review Panel has presented a vision of an aid program to which Australia should aspire in 2015–16 and beyond. It is a vision that covers the geographical allocation of Australian aid, sectors and flagships, and the use of the various channels available.

This should now guide action, centred on AusAID but also involving other government agencies who contribute to the aid effort.

## B. KEY STEPS: THE BIG PICTURE PLAN

The table below sets out the Review Panel's suggested plan of action. It is deliberately at a high level. Detailed planning should be left to management.

The Review Panel hopes this plan, or a modified plan adopted by government and based on this one, can serve as a communications tool for all staff involved. AusAID and other agencies will walk a difficult journey over the next five years, which will see unprecedented:

- growth in Australian Official Development Assistance (ODA)
- public interest and scrutiny
- need for consolidation
- need for government agencies to pull together
- need to work with partners.

All staff, from the most senior to the most junior, across all relevant agencies, will perform best if they understand the big picture, the multi-year plan as set out below.

The multi-year plan summarises in bullet point form the key steps, elaborated in detail through the Report, that need to be taken each year to 2015–16. In interpreting these, reference needs to be made to the relevant text in the Report.

## C. HURDLES AND SAFEGUARDS

These steps should also be regarded as hurdles. The Review Panel believes it is in the interests of the Australian public, the government and its partners, that these steps be mandatory and completed as the aid program scales up to 2015–16.

In this regard, the Review Panel makes its views clear on four key points.

First, while an important purpose of the annual review each year in will be to allow government to reach a judgement about whether the hurdles have been met, this is not intended as a

detailed, forensic review of AusAID or other agencies involved in the aid program. It is strategic. It is designed to enable the government to make high-level judgements on aid expenditure during the annual budget process. It should be presented to the Cabinet, or the appropriate budget review committee. It is not an external review.

Second, the purpose of this recommendation to establish hurdles is not to introduce doubt, but to introduce discipline. The Review Panel advocates that the government should plan and budget for the long term and provide greater predictability than exists now. Aid effectiveness is compromised by scaling up through an annual increase of new policy proposals, while holding large amounts back in contingency. It is also compromised by the lack of a strategic framework that allows managers to plan multi-year country programs.

Rather, treating the key steps as hurdles provides a safeguard. It is sensible to recognise that the upward trajectory to 0.5 per cent of GNI is steep and challenging. It makes sense that budget appropriations each year be contingent on things going to plan and existing monies being spent effectively.

Third, failure to achieve a hurdle, or to fully achieve it, must have consequences. For example, the government could reduce the rate of increase or withhold all or part of the funding unless and until the hurdle is achieved.

Alternatively, if one of the management reforms needed for the effective scaling up of the aid program were not achieved in time, the government could instead provide more core funding to high-quality and reliable multilateral organisations. In other words, the government could make adjustments to how the aid is delivered.

Fourth, the Review Panel advocates a single, coherent annual review process and not multiple processes using multiple methodologies. This will provide an accurate and annual picture of progress, enabling ministers to make sound decisions. It will also give the right level of analysis and reporting without bogging the people administering the program down in paperwork.

The Review Panel has advocated earlier in this Report that the annual review be directly connected to the budget process. It also suggested the annual assessment of aid effectiveness (a critical input to the annual review) have three tiers to measure results: country progress towards development outcomes, particularly as measured against the MDGs; Australia's contribution to this progress; and improvements to how Australia manages and administers the aid program.

Assessing whether the hurdles have been met would constitute an important part of measuring the aid program's progress, with particular relevance at tier three.

This methodology would apply to the aid program as a whole, as well as its parts, and it would also, of course, be supported by deeper measurement and analysis.

## D. ADVANTAGES OF THE APPROACH

The multi-year plan approach is a prudent approach to accomplishing an ambitious objective. It is bold and also smart.

The best way forward for all involved is to have a clear idea of what needs to be achieved each year until 2015–16.

It will allow ministers to drive the program effectively and agencies to get on with the job. It creates a path towards a very large, high-quality aid program, while at the same time providing necessary checks, balances and accountability.

It offers the best chance at building the public consensus that is crucial to a sustained aid program.

The bottom line may be described as follows: proceed with confidence and also caution.

**Recommendation 39:** The scale-up of the aid program to 0.5 per cent of GNI should be subject to the progressive achievement of predetermined hurdles.

## Increasing Australian Aid – Steps and Hurdles – A High-Level View

2010–11 Preparation	2011–12 Setting the Foundations	2012–13 Year one of Strategy	2013–14 Year two of Strategy	2014–15 Year three of Strategy	2015–16 Year four of Strategy
<p>Panel report</p> <p>Response</p> <p>AusAID corporate reforms to continue and be reported on by Director General as part of annual reviews of aid effectiveness</p>	<p>Adoption of Four-Year Strategy (2012–13 to 2015–16) by Cabinet</p> <p>Reform budget process</p> <p>2012–13 budget adopted with three-year Forward Estimates to conform with Four-Year Strategy</p> <p>Budget to agree on phased scale-up of AusAID resources</p> <p>Three-tier measurement adopted</p> <p>Transparency Charter</p> <p>New evaluation structure</p> <p>Enhanced oversight role for DESC</p> <p>Multilateral organisation strategies</p> <p>Key consultations with NGOs and multilaterals on core funding, Pacific microstates</p>	<p>First annual review by Cabinet, including assessment (scorecard) of ODA effectiveness</p> <p>First products from new evaluation arrangements</p> <p>Policy statements on private sector and civil society</p> <p>Commence community engagement (small grants, schools outreach)</p> <p>Complete process of joining African Development Bank</p> <p>AusAID Workforce Plan substantially implemented</p> <p>Scale up research program in agriculture and medicine</p>	<p>Second annual review by Cabinet, including assessment (scorecard) of ODA effectiveness</p> <p>Spread three-tier system across government</p> <p>Partnerships with multilateral organisations, NGOs and business upgraded</p> <p>Africa program consolidated</p>	<p>Third annual review by Cabinet, including assessment (scorecard) of ODA effectiveness</p> <p>Enhanced whole of government coordination (DESC, three-tier measurement) working well</p> <p>Appoint independent panel and commence External Review</p>	<p>External Review of aid program and fourth annual review considered by Cabinet</p> <p>New Four-Year Strategy adopted 2016–17 to 2019–20</p> <p><u>0.5 per cent target achieved</u></p>