The Australian Council for International Development

Evidence Brief 2. Ten Essential Steps Towards Development Effectiveness

"It is important to give weight to developmental risks, such as failing to improve human development outcomes or reach the poor....[Traditional ways of spending aid on service delivery] appear to be based on assumptions, and opportunism and a desire for activities seen as low risk and manageable rather than on sound analysis … Developmental **risks, such as failing to improve human development outcomes, are rarely considered.**" [1] - Office of Development Effectiveness, 2010

Overview

This brief addresses Terms of Reference a, c, d, and e. This is the second of three ACFID papers to the Aid Effectiveness Review, covering:

Summary of Recommendations and Reforms
Step 1: A single purpose for the Australian aid program: poverty alleviation
Step 2: An Aid and Development Advisory Council
Step 3: A whole of government approach for greater ODA effectiveness
Step 4: The need to prioritise addressing inequality
Step 5: Ensuring the aid program upholds human rights
Step 6: The geographical focus of the Australian aid program
Step 7: Why a more transparent aid program is needed
Step 8: Ensuring AusAID can draw on the right expertise and skills
Step 9: Planning for disasters and conflict
Step 10: Making gender equality mission critical for development (Evidence Brief 3)

Summary of Recommendations and Reforms

Recommendation **2:** That the Government adopt a clear vision and mission for the aid program, from which clear objectives are developed. The core objective of the Australian aid program should be redefined to 'assisting developing countries to reduce poverty, inequality and insecurity and achieve sustainable development'. Such an approach is compatible with Australia's long-term national interest.

Recommendation 3: That AusAID adopt a human rights approach that focuses on participation in decision-making, and tackling inequality and insecurity for the poorest members of target populations. Australia should clearly measure progress by reference to externally agreed targets such as the Millennium Development Goals and the legal standards set out in international human rights instruments.

Reforms

2.1 A Ministerial Aid and Development Advisory Council should be established comprising senior expertise. The Council should regularly meet to consider questions of aid effectiveness.

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[1] *Annual Review of Development Effectiveness 2009: Improving basic services for the poor*, AusAID 2010, Executive Summary p. 4 and Report p. 59, http://www.ode.ausaid.gov.au/publications/pdf/arde2009.pdf

2.2 The Australian National Audit Office (ANAO) and the Office of Development Effectiveness (ODE) should undertake regular analysis and evaluation of the impact of policies and programs conducted by other Australian Government departments that may reduce or reverse the sustainable development outcomes and objectives of the aid program.

2.3 For improved coordination, a joint parliamentary sub-committee for overseas development coordination should be appointed. This sub-committee would oversee a coordinated approach to Australia's aid program and ODA amongst Australian agencies to ensure that all ODA eligible initiatives are managed in line with the Government's commitments to aid effectiveness.

2.4 AusAID's mandate should be expanded to take a direct role in leading, educating and evaluating the programs of other government departments that manage and implement ODA to ensure all ODA has the desired impact on the poor. AusAID's mandate should include ensuring programs managed outside AusAID are meeting the core objectives of the aid program, including the principle of sustainable development and aid effectiveness standards.

2.5 Accountability and learning for all Australian managed aid should be increased by providing mechanisms for recipients to raise concerns and mediate grievances.

2.6 The AusAID ODE should be resourced to develop a greater capacity to work with partner governments to monitor the impact of development programs. Particularly, ODE should work with partner governments to monitor the rights and well-being of the poorest 20% in focus countries, and work with country strategies to enable partner governments and local organisations to better monitor the social impact of aid interventions.

2.7 The Government should communicate to the public how it will meet its September 2010 pledge to increase the proportion of ODA directed to the world's poorest countries to 0.15% of GNI by 2015, as well as the provision of at least 0.09% of GNI to the Least Developed Countries (LDCs) in 2011-12.

2.8 The Government should develop a Human Rights Policy for its aid program to demonstrate how it intends to assist partner governments realise human rights, particularly in the areas of health and education and protection for rights to free speech.

2.9 The Government should require AusAID Country Strategies to reference the legal standards set out in international human rights instruments that recipient Governments have acceded to by virtue of signing onto the UN Charter, and any associated conventions and protocols, and how these commitments will be progressively met and supported by Australian country aid.

2.10 The Government should require that AusAID country delivery plans and program designs show how any aid intervention will assist the realisation of citizen's human rights and identify the ways that Australian aid will involve citizen participation in decision-making, monitoring and evaluation of government delivered services and Australian aid delivered programs.

2.11 With the increased geographical expansion of the Australian aid program, the Australian Government should:

- Consider the role of civil society organisations in an expanding aid program;
- Recognise the value of promoting Australian identity through support of Australian NGOs; and
- Ensure greater value for money by designing development programs in new countries that engage with the Australian NGOs and volunteer programs which already have an active presence.

2.12 The Government should provide a searchable list of all current aid activities (projects of all Government agencies and departments) on the AusAID website.

2.13 The Government should provide mechanisms to allow greater ability for the public to access information about the effectiveness of Australian ODA.

2.14 The mandate, authority and resources for the Office of Development Effectiveness should be increased.

2.15 The establishment of Independent Commission for Aid Impact (ICAI) should be considered.

2.16 Australia should sign on to the Publish What You Fund initiative – and actively pursue its existing commitments under the International Aid Transparency Initiative (IATI).

2.17 AusAID should strengthen thematic focus in the following areas:

- Develop a whole-of government policy on protection of civilians. Establish a dedicated Humanitarian Protection Unit within AusAID to strengthen contribution to Australia's international commitment to protection.
- Ensure that gender equality is a top priority across all sectors and support this through research and gender balanced decision-making structures at all levels, as well as increased funding to implement the AusAID 'Gender Equality strategy' (see also reforms 3.1- 3.11 below).
- Incorporate disability considerations into all relevant activities and increase funding for disability inclusive development, including for the strategy 'Development for All: Towards a disability-inclusive Australian aid program 2009-2014'.
- Incorporate climate change considerations into all relevant activities, restrict the level of ODA diversion to climate change and follow the UK government commitment to restrict the diversion of ODA for climate change purposes to no more than 0.07% of GNI.
- Incorporate biodiversity protection and environmental sustainability into all relevant activities of the aid program to better recognise the link between the environment, poverty and sustainable development.

2.18 The Australian aid program should focus on insecurity. The rising aid budget should be used to support long-term strategies to enhance stability and prosperity in both fragile states and more stable poor countries and avoid short-termism. To do this, the Government should:

- Provide increased funding to disaster risk reduction activities
- Ensure rapid responses to humanitarian emergencies and fund organisations with the capacity to respond quickly and effectively
- Recognise that ensuring communities recover from disasters requires a long-term commitment to funding recovery and rehabilitation
- Build upon Australia's existing ability to respond to fast-onset emergencies and protracted crises. Increase investment in stakeholder linkages in the Asia and Pacific regions.
- Ensure Australian agencies (ADF, AFP, AusAID) pursue context specific approaches to fragile states and actively seek out the participation and empowerment of marginalised stakeholders, including people living with a disability, children and women as mandated by UN Security Council Resolutions 1325 and 1889.

Step 1: A single purpose for the Australian aid program: poverty alleviation

The 2006 White Paper on Australia's Overseas Aid framed the aid program's core objective as assisting "developing countries to reduce poverty and achieve sustainable development in line with Australia's national interest". National interest is left undefined and often accords with traditional security analysis rather than human security approaches.

Coupling poverty reduction with Australia's national interest may result in two outcomes: firstly, subordination and potential skewing of human development objectives and aid programming to more powerful geopolitical interests. Secondly, there is the potential to subject aid programming—which is overwhelmingly a long term endeavour—to the shifting vagaries of short-term domestic political dynamics, driven by the media cycle and political interests.

Similarly, we argue that defining effectiveness and efficiency from the point of view of domestic political and economic risk, particularly driven by the voracious twenty-four hour media cycle, is self-defeating, and will lead to a loss of confidence in the aid program by the Australian public. Other political objectives should be pursued via

other means than the Australian publicly funded official aid program, while recognising that reducing global poverty is clearly in Australia's national interest.

We suggest that Government policy would improve the condition of those living in poverty and overall development effectiveness by returning to a previous overarching policy definition for the Australian aid program.

The key recommendation of the 1997 Simons review of the aid program called for *one clear objective of the aid program—poverty reduction through sustainable development*. This recommendation remains acutely relevant to the current aid program.

> *Recommendation 2:* That the Government adopt a clear vision and mission for the aid program, from which clear objectives are developed. The core objective of the Australian aid program should be redefined to 'assisting developing countries to reduce poverty, inequality and insecurity and achieve sustainable development'. Such an approach is compatible with Australia's long-term national interest.

Step 2: An Aid and Development Advisory Council

Once the Aid Effectiveness Panel has reported, and the Government considered its recommendations, the work of ensuring and discussing aid effectiveness will continue anew. An Aid and Development Advisory Council, chaired by the Minister, would provide them with a regular dialogue about effectiveness with a range of specialists. The Council should comprise senior experts from community, business, media, and academic sectors and be convened three times per year. With the elevation of aid and development into the direct remit of the Minister for Foreign Affairs, there has been a corresponding elevation of this area in importance in policy making into the Cabinet by a direct report. However, a Foreign Minister is far busier and has a broader mandate and travel schedule than the previous role of Parliamentary Secretary for Development Assistance. Regular discussion with such a Council should assist sustained discussion and reform in the area of aid effectiveness.

> *Reform 2.1:* A Ministerial Aid and Development Advisory Council should be established comprising senior expertise. The Council should regularly meet to consider questions of aid effectiveness.

Step 3: A whole of government approach for greater ODA effectiveness

A whole of government approach to ODA effectiveness is essential. A significant proportion of the Australian aid program (approximately 30%) is delivered by Australian government departments and agencies other than AusAID.[2] The relative lack of budget transparency and evaluation of ODA managed outside of AusAID makes it impossible to assess whether these funds are managed in an effective and efficient manner. For example, DFAT trade negotiators have carriage of PACER plus negotiation in the Pacific, and a development lens has been promised, but how effective has it been? Australian Federal Police are deployed to a range of missions in our region and beyond, but how effectively do they support Australia's commitment under the Accra Agenda for Action on capacity building? The Australian Defence Force undertakes aid activities in the Uruzgan Provincial Reconstruction Team in Afghanistan, but has informed ACFID that they have not undertaken evaluation of the effectiveness of their activities beyond anecdotal accounts. This is in contrast to the rigorous and continuous evaluations AusAID undertake for their own programs.

It is important for the legitimacy of Australian aid that it provides effective development across the range of Government departments and agencies involved in delivering the aid budget, and a whole of government approach is required.   While the Development Effectiveness Steering Committee (DESC) oversees the budget allocations in terms of eligibility, there is little publically available assessment and evaluation of non-AusAID delivered aid and development activities. All aid activities should be subject to the same level of public scrutiny.

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[2] Development Policy Centre, Aid Open Paper: Seven Patterns and Trends in Australian Aid, ANU, 2010.

A growing practice to ensure effectiveness in development programs is to institute mechanisms to enable recipients of aid to raise concerns and make complaints. All Australian Government funded aid activities—whatever the managing Department or agency—should be transparent to the recipients and allow for publicly available means to raise concerns. There should be mechanisms to have those concerns received, acknowledged assessed and mediated if required. Such as step would improve Australian Government accountability and improve effectiveness through learning and provide direct feedback to managing Departments and agencies. Such mechanisms should be in local languages, promoted and judged as being accessible to poor and marginalised communities.

> *Reform 2.2:* The ANAO and the Office of Development Effectiveness (ODE) should undertake regular analysis and evaluation of the impact of policies and programs conducted by other Australian Government departments that may reduce or reverse the sustainable development outcomes and objectives of the aid program.
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> *Reform 2.3:* For improved coordination, a joint parliamentary sub-committee for overseas development coordination should be appointed. This sub-committee would oversee a coordinated approach to Australia's aid program and ODA amongst Australian agencies to ensure that all ODA eligible initiatives are managed in line with the Government's commitments to aid effectiveness.
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> *Reform 2.4:* AusAID's mandate should be expanded to take a direct role in leading, educating and evaluating the programs of other government departments that manage and implement ODA to ensure all ODA has the desired impact on the poor. AusAID's mandate should include ensuring programs managed outside AusAID are meeting the core objectives of the aid program, including the principle of sustainable development and aid effectiveness standards.
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> *Reform 2.5:* Accountability and learning for all Australian managed aid should be increased by providing mechanisms for recipients to raise concerns and mediate grievances.

Step 4: The need to prioritise addressing inequality

Most developing countries have made dramatic progress in health, education and basic living standards in recent decades, with many of the poorest countries posting the greatest gains, according to the 2010 Human Development Index (HDI) trends in the 2010 *Human Development Report*.[3]

The 2010 *Human Development Report* (HDR) also shows that after 20 years, some countries have lost ground since 1970. The HDR shows wide inequalities within and among countries, deep disparities between women and men on a wide range of development indicators, and the prevalence of extreme multidimensional poverty in South Asia and sub-Saharan Africa. Re-thinking development approaches, so that they give greater consideration to context-specific strategies for addressing inequality, is now warranted. The Australian aid program therefore needs to establish a clear strategy for addressing inequality.

A critical condition to achieving the MDGs by 2015 is reducing disparities within countries. The aid program must therefore acknowledge that 'poverty is a problem of political and economic marginalisation which can affect communities within industrialised, industrialising and low income countries. It calls for a different kind of policy agenda, which is as much to do with empowerment and political voice as the transfer of resources and investment in public services'.[4]

The Government has pledged to focus on least developed countries (LDCs) and low-income countries, with a strong emphasis on fragile states. Although sustaining economic growth is central to effective, long-term poverty reduction strategies, pro-poor growth is essential to ensure 'a pace and pattern of growth in which poor women

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[3] Human Development Report 2010 —20th Anniversary Edition, ' The Real Wealth of Nations: Pathways to Human Development', (October 2010).

[4] Owen Barder, http://www.owen.org/blog/3815 (September 2010).

and men contribute, participate and benefit'.[5] It is imperative this growth is pro-poor and inclusive – a pace and pattern of growth in which poor women and men contribute, participate and benefit. Development must be ecologically, socially and economically sustainable.

What is to be done?

a) **Target pockets of poverty.** Australia can do more to focus on the impact of inequality, or 'pockets of poverty' within countries making progress. Even in regions where the greatest advances have been made in reducing poverty, there remain significant populations whose conditions have not improved. Apparent progress in poverty reduction, and in advancing MDG 1, often mask underlying inequalities, and women are inevitably the most severely affected. Recent research indicates that three quarters of the world's poor now live in middle income countries.

b) **Target vulnerable groups and build measurement capabilities** to assess who they are and whether they are being effectively reached. ACFID stresses the argument of former UN Official and economist, Professor Jan Vandemoortele, that the critical condition to achieving the MDGs by 2015 is reducing disparities within countries. He demonstrates that inequity at the national level has slowed progress in many countries.[6] AusAID research on progress on the MDGs in the Pacific, for example, reveals disparities in different sectors of the community.[7] Given the vulnerability of the poorest to global market shocks and climate change, to sustain achievements towards the MDGs, AusAID needs to build further capacity for **key national statistics be adjusted to both capture and demonstrate impact on the poorest 20 per cent of the community.** There are a number of groups who may experience higher levels of poverty and face injustice and they need to be deliberately targeted in future AusAID supported statistics. These include:

- People with a disability
- People living with HIV/AIDS
- Indigenous peoples
- Isolated rural poor and urban slum dwellers
- Women, girls and in particular women without access to reproductive technologies
- Forced migrants and those in areas emerging from conflict.

c) **Engage with Civil Society to reach the poorest and most vulnerable**. One of the most effective means of addressing marginalisation is strengthening civil society engagement—as set out in paper one, AusAID should develop strategies to promote the participation of people with a disability, women, children and youth in the planning, implementation and monitoring of programs for which they are the focus. In order to better identify and address the special needs of the most vulnerable communities and people, Australian NGOs emphasise their participation. The most vulnerable must be given a seat at the negotiating table in Australian led program design implementation and evaluation as they are the best test of effectiveness.

d) Development partners such as Australia can assist by **supporting inclusive development planning which takes into account the perspectives of the poor and marginalised** within the focus society. Strengthening civil society enables citizens to better hold their governments to account. Greater involvement of civil society in development debates and planning, both in-country and in Australia is critical to improving aid effectiveness. For Australia in particular, this means supporting recipient country-led processes that are inclusive of the poor and their interests and are flexible to specific country situations.[8]

e) Where a pro-poor approach is unachievable, or is not promoted by recipient Governments, **Australia must seek ways to more directly support and focus programming on the poorest sub sections of the community that are being bypassed in access to services or repressed by powerful organizations or political figures**. Otherwise Australian aid will not be effective in reaching the poor and helping achieve the MDGs.

> *Reform 2.6:* The AusAID ODE should be resourced to develop a greater capacity to work with partner governments to monitor the impact of development programs. Particularly,

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[5] *Promoting Pro-Poor Growth: Key Policy Messages,* OECD (2006), p.3. This report also notes that pro-poor growth policies should "remove the obstacles to the participation of the poor in growth.

[6] Jan Vandemoortele and Enrique Delamonica, 'Taking the MDGs Beyond 2015: Hasten Slowly', *IDS Bulletin*, (January 2010).

[7] AusAID, Tracking development and governance in the Pacific, (August 2008).

[8] Ibid.

> ODE should work with partner governments to monitor the rights and well-being of the poorest 20% in focus countries, and work with country strategies to enable partner governments and local organisations to better monitor the social impact of aid interventions.
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> **Reform 2.7:** The Government should communicate to the public how it will meet its September 2010 pledge to increase the proportion of ODA directed to the world's poorest countries to 0.15% of GNI by 2015, as well as the provision of at least 0.09% of GNI to the Least Developed Countries (LDCs) in 2011-12.

Step 5: Ensuring the aid program upholds human rights

Just as MDGS are a excellent public communications tool to explain the aid program and an internationally agreed set of goals for focusing development efforts, the international system of agreed standards, principles and investigation around human rights is an excellent tool to ground the development of AusAID country and thematic strategies. Human rights should inform design of programs with citizen participation and empowerment, and oblige Governments to be accountable for progressively realising the rights to health and education for their citizens.

Although there is no single strategy for pro-poor programming, experience internationally, and around CSO approaches coalesces around implementing a human rights-based approach. Adopting a human rights-based approach reinforces and reframes development work as fulfilling entitlements rather than needs or wants. Therefore, a human rights-based approach is more respectful of community members and their own agency.

Nobel Prize winning Economist Amartya Sen's capabilities approach focuses on positive freedom, a person's actual ability to be or do something, rather than on negative freedom approaches, which are common in economics and simply focus on non-interference. He argues that governments should be measured against the concrete capabilities of their citizens.

Many comparable donors to AusAID (Sweden, UK, Canada) have implemented a rights-based approach. A review by the UK Interagency Group on Human Rights Based Approaches (a consortium of NGOs and UK Department for International Development) analyses the value-add of such an approach from a donor perspective. [9] In 2010, the Joint Standing Committee on Foreign Affairs, Defence and Trade report on Australia's role in the Asia-Pacific recommended that AusAID 'adopt a human rights-based approach to the planning and implementation of development projects'.[10] This issue was raised at the recent Universal Periodic Review of Australia at the United Nations Human Rights Council.[11]

Adopting a human rights based approach for the Australian aid program would require several basic but important changes.

AusAID should better recognise that the value of the sixty-two year old international human rights system that all member states have acceded to, as part of signing the UN charter, is not peripheral to Australian aid policy and program strategies. There is a well-developed international architecture of obligations, standards, investigative mechanisms, and civil society watch dogs at a global and national levels whose job is to advocate and measure the progressive realisation of the rights to education or health services for citizens by Government, or to protest and investigate the immediate violations or curtailment of essential human freedoms, such as the ability to peacefully question Government decisions.

Beyond the administration of DFAT's Human Rights Small Grants Scheme, it is hard to find clear and current evidence of how Australian aid meaningfully engages with the human rights standards signed onto by the Australian Government. In early 2011, AusAID removed all specialist roles concerned with human rights in the agency from the UN and Multilateral Engagement branch, delegating responsibility to an already overburdened

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[9] The Value Add of Rights-Baled Approaches to Development, (2007).

[10] Available at http://www.aph.gov.au/house/committee/jfadt/asia_pacific_hr/report.htm.

[11] UN Human Rights Council Draft Report of the Working Group on the UPR: Australia, (31 January 2011), A/HRC/WG.6/10/L.8.

generalist team concerned with the management of NGOs. AusAID lacks a conceptual framework or policy for how human rights assist with development effectiveness. The fact is that if the endeavour of human development is the enlargement of human freedoms, then using an internationally agreed system of standards that articulate those freedoms to inform programming in each country, and to be used as a discussion point with Governments about their obligations to deliver service and protect and enlarge freedoms, is essential for Australian aid programmers.

If AusAID does not demonstrate the capability to conceptually use the internationally agreed human rights principles and system to protect and enlarge human freedoms, then we risk diminishment of these human freedoms.

Australian aid policy makers must take consideration of the international standards and obligations that a Government has signed onto internationally, and Australia has agreed to uphold, when developing country strategies. These should be used as a base line measure for assessing the overall progress in expansion or contraction of human freedoms and sub strategies should then be developed accordingly.

Such strategies should take the following features into account:

a. Developing a AusAID human rights policy
b. Promoting accountability and transparency among host governments about their role and duty to deliver services in areas like education and health
c. Designing programs that reach the poorest and support participatory education that fosters citizen empowerment over time. In specific case, at a local, provincial and national level, Australian aid should be supporting the capacity development of citizens to be more confident and better able to hold Governments to account for delivery of essential services in health, education or respecting and protecting political space of poor or marginalised groups to raise their concerns and voice without fear of reprisal, but rather with a response of listening and positive response. Use should be made of programs that involve citizens at a local level in monitoring health and education such as participatory budgeting, social auditing, human rights costing and monitoring of human rights violations
d. The Australian aid program needs to work with recipient Governments at a local, provincial and national level to be receptive and capable in positively responding to citizen demands for better services
e. Establishing processes for grievances and issues relating to the aid program for recipients
f. Fostering and supporting legislative reform by government aimed at protecting and promoting human rights

A model for considering human rights in the aid program is its own *Development for All* Disability Inclusion Strategy which is conceptually based on the Convention on the Rights of Persons with Disabilities and the obligations that flow from this for Australia within the aid program. The thrust of the strategy looks different from many other AusAID because it privileges the involvement and empowerment of disabled people as participants in delivery of services and decision-making.

> ***Recommendation 3:*** That AusAID adopt a human rights approach that focuses on participation in decision-making, and tackling inequality and insecurity for the poorest members of target populations. Australia should clearly measure progress by reference to externally agreed targets such as the Millennium Development Goals and the legal standards set out in international human rights instruments.
> ***Reform 2.8:*** The Government should develop a Human Rights Policy for its aid program to demonstrate how it intends to assist partner governments realise human rights, particularly in the areas of health and education and protection for rights to free speech.
> ***Reform 2.9:*** The Government should require AusAID Country Strategies to reference the legal standards set out in international human rights instruments that recipient Governments have acceded to by virtue of signing onto the UN Charter, and any associated conventions and protocols, and how these commitments will be progressively met and supported by Australian aid.
> ***Reform 2.10:*** The Government should require that AusAID country delivery plans and program designs show how any aid intervention will assist the realisation of citizen's

human rights and identify the ways that Australian aid will involve citizen participation in decision-making, monitoring and evaluation of government delivered services and Australian aid delivered programs.

Step 6: The geographical focus of the Australian aid program and why Africa matters

The expansion of Australian ODA into new geographic locations including West Africa, Latin America and the Caribbean, is a new trend for Australian aid. The geographic expansion of the aid program raises new opportunities for Australian ODA to address poverty with development partners in some of the poorest regions in the world, including sub-Saharan Africa. There are risks however for the Australian Government in terms of effectiveness and efficiency, including increased dispersal and fragmentation of the aid program; and a loss of focus on the Pacific and South East Asia where Australia is more influential and brings a strong understanding of regional development challenges and responses.

As a result, Australia should take a principled approach to decisions about any geographic expansion of the aid program and these should be underpinned by a strong emphasis on ensuring effectiveness, be motivated by poverty reduction rather than broad foreign policy objectives, and be focused on where Australia can add real value and have impact. In this regards Australia can improve the predictability of new Australian aid allocations in new countries (as obligated by signing the Paris Agreement) by:
   a. Providing full information on annual commitments and actual disbursements so that the new countries targeted by Australian aid are in a position to accurately record all aid flows in their budget estimates and their accounting systems
   b. Provide regular information on their rolling three to five-year forward expenditure and/or
   c. Implementation plans, with at least indicative resource allocations
   d. Use country systems in all forms of development assistance
   e. Focus scholarships on intra continent opportunities i.e. developed intra- African & intra-Asian educational exchanges and support local tertiary institutions as part of the Australian scholarships program, and
   f. Ensure scholarships to Australian institutions have a greater focus on retaining local and nationally educated citizens in their country of origin once their Australian subsidized education is complete.

Benefits of working with the existing Australian NGO presence in Africa

The Australian community provides considerable support to Australian NGOs for development programs in Africa In 2008, for example almost 35% of funds donated by the Australian community to Australian NGOs were directed to programs in Africa, representing over $280 million. This clearly shows the very high levels of Australian public support for development activities in that region.

By way of contrast, since 2002, around 3 per cent of Australia's total annual Official Development Assistance (ODA) has gone to Africa, representing $200 million in 2010-11. The OECD DAC has also recommended Australia increase the amount of aid channelled through NGOs in Africa where they are actively engaged.[12]

Australian NGOs have traditionally been key development partners for Australian development assistance to Africa. Supporting a robust NGO program will give depth, greater reach and a stronger Australian identity to Australia's presence in Africa. Australian NGOs work directly with local organisations and communities strengthening capacity to address development needs and engage with government duty bearers. This is not only effective in ensuring sustained change at the community level but provides an environment in which localised government can implement pro-poor policies. With the increasing emphasis on decentralisation, civil society needs to have the capacity to engage with government. The work that NGOs do to create environments in which the most marginalised and vulnerable have a voice is critical.

NGOs have achieved much in the recent past working in Africa (with both AusAID and Australian public funding). This is evident in the recent evaluations of the AusAID-funded Australian Partnerships with African Communities (APAC) NGO programs.

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[12] OECD DAC, DAC Peer review of Australia, (2008).

It is through long-standing involvement of NGOs with the communities in which we work that we are able to achieve these levels of understanding and participation at the community level. NGOs contribute to building relationships between the state and citizens by fostering demand for good governance, which can have a greater impact on building effective governance than direct donor support for state institutions.

ACFID has recommended to the Joint Standing Committee on Foreign Affairs, Defence and Trade 'Inquiry into Australia's Engagement with Africa', that a number of countries where AusAID funding, through the forthcoming expansion of Australia's development assistance, could be targeted. The following countries in Eastern and Southern Africa were prioritised for reasons of existing long standing relationship between Australian NGOs and local CSOs, and common Anglophone heritage with Australia which facilitate more effective communication (with the exception of Mozambique) Kenya, Lesotho, Malawi, Mozambique, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

Other countries ACFID mentioned in regards to humanitarian need and rebuilding after conflict were: Ethiopia, Sudan, Democratic Republic of the Congo and Rwanda. ACFID remains concerned about the humanitarian impacts of long term displaced people from Somalia and Darfur.

> *Reform 2.11:* With the increased geographical expansion of the Australian aid program, the Australian Government should:
> - Consider the role of civil society organisations in an expanding aid program
> - Recognise the value of promoting Australian identity through support of Australian NGOs, and
> - Ensure greater value for money by designing development programs in new countries that engage with the Australian NGOs and volunteer programs which already have an active presence.

Step 7: Why a more transparent aid program is needed

Currently, there is only limited information available to the public on Government aid funded activities. The aid budget book gives high level information and the AusAID website provides information about some activities but not all. Detailed aggregated statistics (the 'Green Book') is at least two years old at the time of publication. This is also the case for detailed activity information which is published through the OECD DAC Creditor Reporting System. This means that stakeholders outside government are not able to obtain a clear picture of current expenditure priorities. [13]

There is a need for improved mechanisms to allow greater public access information about the effectiveness of Australian ODA, including ensuring independent regular assessment of ODA and impact and the communication of findings to the general public. It is important that such mechanisms enable partner governments and local organisations to monitor the impact of aid themselves.

Such review mechanisms should minimise any administrative burden and disruption to aid activities (particularly to communities and partner governments in countries in which the activities are being implemented) and move away from a focus solely on gathering more information. This should mean a focus on self-reflection, analysis and active use of results to improve program performance through regular engagement with partner governments and civil society.

Greater transparency of Australian aid is also needed to support an increasing expectation on Australian partners in the aid program (including NGOs) to demonstrate the linkages and value-add of their government funded initiatives to Australian government programs and priorities.

Since the establishment of the Office of Development Effectiveness the implementation and publication of evaluations has improved significantly,[14] however, sectoral reviews appear to have faded out and the number of publicly available program evaluations has been quite limited.

In the area of statistics, for example, detailed information for funding to NGOs is not available beyond 2003-4 and this makes it difficult to assess trends of funding through NGOs.[15]

> ***Reform 2.12:*** The Government should provide a searchable list of all current aid activities (projects of all Government agencies and departments) on the AusAID website.

Such project browsers are already provided by some other donor country aid agencies (such as Canada's CIDA[16] and the UK's DFID[17]) and allow stakeholders to obtain a detailed, comprehensive and up-to-date picture of activities at the global, country and sector levels. The data is already collected on AusAID's activity management system and provided to the OECD DAC for its Creditor Reporting System. However, it is not released in real time.

The provision of such a project browser would meet the draft International Aid Transparency Initiative (IATI) requirements for the regular publication of project details as well as Australia's commitments under the Paris and Accra agreements. It would be one of the most important steps that AusAID could take to improve the transparency and the quality of stakeholder analysis and input. The World Bank mechanism of uploading feedback from local CSOs/individuals should also be considered.

> ***Reform 2.13:*** The Government should provide mechanisms to allow greater ability for the public to access information about the effectiveness of Australian ODA.

This system should have responsibility for ensuring independent regular assessment of ODA and impact that encompasses expenditure by other government departments, plus has the capacity to communicate findings to the general public. Such mechanisms should focus on self-reflection, analysis and active learning via regular engagement with partner governments and civil society.

The Office of Development Effectiveness

The mandate, authority and resources for the Office of Development Effectiveness should be increased to ensure that:

- The annual review of development effectiveness is published each year
- Major sector reviews are published at least each second year
- Country program reviews are published at a midpoint through the country strategy
- All evaluations incorporate civil society input from affected communities
- Relevant ODE evaluations are incorporated in all aid planning
- Partner governments and local developing country organisations are enabled to undertake impact evaluation themselves
- Analysis and evaluation is conducted on the impact of policies or activities conducted by Australian Government departments other than AusAID that may impact on the sustainable development objectives of the aid program.

> ***Reform 2.14:*** The mandate, authority and resources for the Office of Development Effectiveness should be increased.

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[14] Evaluation Reports: www.ausaid.gov.au/publications/pubs.cfm?Type=PubEvaluationReports&FromSection=AidProgram
[15] Statistics on NGO activities, http://www.ausaid.gov.au/ngos/sts.cfm
[16] See CIDA website: http://les.acdi-cida.gc.ca/servlet/JKMSearchController?desTemplateFile=cpoSearchEn.htm&desClientLocale=enUS&AppID=cpoEn
[17] See DFID website: http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Project-information/

Independent Commission for Aid Impact

The UK Government has pledged to increase aid spending to 0.7 per cent of GNI alongside a concomitant commitment to greater transparency and increased scrutiny. The Terms of Reference of the Commission sum up the reasoning as follows: "The British taxpayer should have confidence that the Government's development work has been shown *independently* to have produced results and saved lives. Retaining public confidence in the credibility and impact of our aid programme necessitates tougher, independent evaluation. That is why the ICAI is being established." [18]

The mandate of the ICAI will be to provide independent scrutiny of any UK ODA. The UK's Independent Commission will be independent from Government. It will have separate decision-making powers, staff and location from the Department for International Development.

The ICAI will be headed by a Chief Commissioner, leading a small Board of Commissioners who will be independent from Government and report directly to Parliament, through the International Development Select Committee. The Commissioners will have a small secretariat and also be supported by a contracted-out service provider that will undertake independent evaluations, reviews and investigations, as directed by the Commissioners.

The Commission will report directly to Parliament. Independent Commission reports will be published on their website directly—with no interference from Government. This means their findings will be immediately available to the UK taxpayer and recipient countries.

ACFID believes that the main advantage of an independent body such as this would be its ability to build confidence amongst the public and MPs that Australia's aid program is maximising effectiveness. The establishment of such an independent commission would reduce the need for expansion of the current Office of Development Effectiveness.

> **Reform 2.15:** The establishment of Independent Commission for Aid Impact (ICAI) should be considered.

Australia has joined the International Aid Transparency Initiative (IATI) which aims to make information about aid spending easier to access, use and understand in order to improve aid planning, coordination, transparency and effectiveness. [19]

Publish What You Fund urges donors to disclose their aid information regularly and promptly, and in a standardised format that will be comparable with other countries and accessible to all. ACFID urges that the Australian Government sign onto Publish what you Fund so as to ensure greater disclosure of aid information in line with its commitments under International Aid Transparency Initiative (IATI) Standard

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[18] Draft (10/09/2010) Terms Of Reference Independent Commission For Aid Impact: Contracted Out Service Provider, http://www.dfid.gov.uk/Documents/procurement/Tors-icai.pdf

[19] IATI was launched in September 2008 in Accra, Ghana and commits Australia and other members to the following:

1   We will give strong political direction, and our agencies will invest the necessary resources, to meet in full existing nationally and internationally-agreed reporting standards and to availability of aid information.

2   We will share more detailed and more up-to-date information about aid in a form that makes information more accessible to all relevant stakeholders.

3   We will, to the extent possible, provide more reliable and detailed information about intended future aid.

4   We will be transparent about conditions attached to aid and expected project outputs and outcomes.

5   We will build on and extend existing standards and reporting systems, consulting partner governments, civil society organisations, parliamentarians and other users of aid information, in order to agree, by end 2009, common definitions and a format to facilitate sharing of aid information. .

6   *We will urge all public and private aid donors, including bilateral and multilateral organisations, and philanthropic foundations, and those who deliver aid on our behalf, to work with us to agree and then implement these common standards and format.*

7   We will give priority within our organisations to implementing and adhering to these standards and format when they have been agreed.

8   To the extent possible we expect that organisations that deliver aid on behalf of our respective organisations should adhere to the same standards of transparency.

Reform 2.16: Australia should sign on to the Publish What You Fund initiative – and actively pursue its existing commitments under the International Aid Transparency Initiative (IATI).

Step 8: Ensuring AusAID can draw on the right expertise and skills

As the aid program grows, it is critical that AusAID has the staffing, skills and knowledge to manage the expansion effectively.

A greater investment is required in cross-cutting thematic issues for a more effective aid program. Currently, many of AusAID's country strategies and implementation plans lack comprehensive analysis about how to achieve the programs objective of poverty reduction.

ACFID sees a real need for improved staff retention strategies within AusAID to assist in achieving this analytical capacity in house. AusAID needs to take steps to ensure greater preservation of thematic knowledge and expertise. Incentives for staff to develop thematic specialization are needed, and clear career paths to support the utilization and retention of thematic expertise should be put in place.

AusAID should look at further developing its professional thematic cadres to support an effective aid program, as is the case in the World Bank, UK's DFID and other major aid donor organisations. AusAID needs to see itself as a development agency with the requisite in-house thematic expertise rather than a Government agency relying solely on generic public service skills. The environments in which AusAID staff work are increasingly complex and it is critical that they have the expertise to succeed.

Reform 2.17: AusAID should strengthen thematic focus in the following areas:
- Develop a whole-of government policy on protection of civilians. Establish a dedicated Humanitarian Protection Unit within AusAID to strengthen contribution to Australia's international commitment to protection.
- Ensure that gender equality is a top priority across all sectors and support this through research and gender balanced decision-making structures at all levels, as well as increased funding to implement the AusAID 'Gender Equality strategy' (see also reforms 3.1- 3.11 below).
- Incorporate disability considerations into all relevant activities and increase funding for disability inclusive development, including for the strategy 'Development for All: Towards a disability-inclusive Australian aid program 2009-2014'.
- Incorporate climate change considerations into all relevant activities, restrict the level of ODA diversion to climate change and follow the UK government commitment to restrict the diversion of ODA for climate change purposes to no more than 0.07% of GNI.
- Incorporate biodiversity protection and environmental sustainability into all relevant activities of the aid program to better recognise the link between the environment, poverty and sustainable development.

ACFID supports elements of AusAID's current approach to operational reform under its Operational Policy and Management Framework (OPMF) including the gradual devolution of general project management and implementation to in-country officers and greater development expertise and professional cadres located at central office.

Step 9: Planning for disasters and conflict

There are an increasing number and greater scale of intra-country humanitarian crises around the world, with an upward trend in climate change induced environmental catastrophes such as droughts and extreme weather

events. Uneven economic development and conflict for natural resources is leading to food shortages and future potential conflict over food supplies and water. Relatively weak global and regional governance has an impact on the international community's capacity to respond effectively. Many conflicts have humanitarian consequences that spill across borders with flows of refugees.

Conflict and disasters unravel development gains and heighten social inequality within an affected community. The effectiveness of the whole aid program in achieving developmental outcomes, therefore, relies on effectiveness in conflict and emergency response. However, investing in conflict-sensitive approaches to humanitarian responses and development programming is enormously challenging, takes time and expertise, and will only succeed if driven by local stakeholders and grounded in a complete understanding of fragile local realities and the needs of local populations.

As the risk of humanitarian emergencies grown, much more should be done by donors to support disaster risk reduction. Recognizing the early warning signs of disasters and working to reduce their likelihood is generally far more cost effective than responding after an emergency has occurred.

Recent studies indicate that upwards of 60 per cent of overseas humanitarian aid response to major emergencies is delivered through NGOs. Despite the large role of non-government agencies in managing humanitarian responses, the Australian government channels around 80-90% of its available humanitarian funding to UN agencies according to UN data. UN agencies overwhelmingly use NGOs to deliver their humanitarian funding, and although there have been UN-led Humanitarian reform efforts, responses to major emergencies are frequently hampered by slow disbursement of funds to the frontline humanitarian NGOs by the UN. AusAID's new Humanitarian Partnership Agreements offer the opportunity to rapidly support substantial NGO responses to emergencies and we welcome this very positive move.

In particular, the Australian Government needs to have a broad understanding and consistent, whole-of-government approach to Protection of Civilian (PoC) issues and at present, AusAID's role in protection issues is not clear. From an NGO perspective, AusAID's role would be to strengthen the focus of community-based humanitarian protection programming in armed conflict and the protection of disaster affected populations.[20] Recognition and a strong commitment to 'humanitarian protection', clear standards and indicators and dedicated funds and funding guidelines could be key areas within the new focus.

The ADF often provide critical assistance during humanitarian emergencies. While the ADF's capacity for logistical assistance in the first stages of response to humanitarian disasters is invaluable, ACFID research found that there is an absence of effective monitoring and evaluation and risk assessment for civilians by the Defence Department in regards to ADF delivered aid projects in Afghanistan, where aid activities are being expanded in the war zone of Uruzgan. ADF aid activities are linked to a larger PRT military strategy of counter insurgency. [See Attachment].

Our decades of development experience and recent empirical studies in Afghanistan testify to the fact that an approach located on Provincial Reconstruction Teams (PRT) in conflict areas will result in ineffective development and poor value for money for the taxpayer given heightened security costs. Other studies point to the increased risk to civilians from PRT-led aid activities that become targets for the Taliban.

> **Reform 2.18:** The Australian aid program should focus on insecurity. The rising aid budget should be used to support long-term strategies to enhance stability and prosperity in both fragile states and more stable poor countries and avoid short-termism. To do this, the Government should:
> - Provide increased funding to disaster risk reduction activities
> - Ensure rapid responses to humanitarian emergencies and fund organisations with the capacity to respond quickly and effectively
> - Recognise that ensuring communities recover from disasters requires a long-term commitment to funding recovery and rehabilitation

- Build upon Australia's existing ability to respond to fast-onset emergencies and protracted crises. Increase investment in stakeholder linkages in the Asia and Pacific regions.
- Ensure Australian agencies (ADF, AFP, AusAID) pursue context specific approaches to fragile states and actively seek out the participation and empowerment of marginalised stakeholders, including people living with a disability, children and women as mandated by UN Security Council Resolutions 1325 and 1889.

Step 10: Make gender equality mission critical to development effectiveness (see Evidence Brief 3)