

Australian Volunteers International
Submission to the Independent Aid Review
2 February 2011



General comments re Aid Effectiveness:

Australian Volunteers International (AVI) has pursued an agenda of increasing the development effectiveness of international volunteering by adopting a 'programmatic approach' to the identification of volunteer assignments and the deployment of personnel. AVI's programmatic approach to international volunteering and development is based on a number of principles that reflect effective development practice. First and foremost among these is the need to promote local ownership of the development intervention, ensuring harmonization with, and alignment to, the strategic priorities of overseas communities.

AVI does this by developing partnerships with local organizations that reflect a joint commitment to develop the capacity of local peoples and institutions to plan, manage, and achieve identified development objectives. Building local capacity increases the likelihood of sustaining the outcomes of any particular development activity. Effective development also requires a joint commitment to learn from the experience and ensure that lessons learned are used constructively to improve ongoing program management and enhance impact.

A concrete example of the effectiveness and benefits of such an approach and of the contribution that skilled international volunteering can make to effective development is the Cambodian Mine Action project initiated and managed by AVI and supported by AusAID. Initiated in 2004, the purpose of the 'Capacity Building for Mine Action Planning' project was to work with Cambodia's five Mine Action Planning Units (MAPUs) to build responsive, transparent and holistic mine action planning capacity across mine-affected provinces.

Supported by a range of capacity development activities delivered largely through skilled volunteer assignments, the MAPUs were progressively able to engage all stakeholders in the mine action planning process to address both the immediate and ongoing needs of mine-affected communities, including future land use issues. The project also successfully increased the MAPUs' capacity to engage with the national mine action authority, the Cambodian Mine Action Authority (CMAA). This enabled the former to play a vital role in distributing information from the field to support Cambodia's national policy on mine action planning and land clearance prioritization.

Working from identified strengths and incorporating lessons learnt from earlier engagement in the sector, AVI was able to work with local institutions to scale up a range of activities into a

capacity development program that produced a range of sustainable outcomes at the local, provincial and national levels. The strength of the approach was recognized when the project was selected in 2008 by the Dubai International Award for Best Practices, supported by UN-Habitat, as one of the 100 'Best Practices' in sustainable development.

Comments in response to the specific Terms of Reference

A. Structure of the Program

i. Appropriate geographic focus

It is appropriate that the focus of the Australian aid program should be on South East Asia and the Pacific, where geographic proximity and existing political networks provide an opportunity for Australia to assume an active leadership position among donors. Eschewing conditionalities, Australia should seek to build respectful relationships with its neighbours to jointly pursue shared development objectives. Through a 'partnerships' approach, Australia would be able to pursue the better coordination of donor contributions, the growth of a learning culture, and the adoption of 'good development practice' by donors and developing countries.

As a good 'global citizen', Australia also has an obligation to provide development assistance to the poorest individuals and communities across the globe, and thus part of its development cooperation program should look beyond the above regions. In these other regions there is less scope and capacity for Australia to assume such a leadership position, and it is appropriate that Australian development assistance to these areas is channeled through others that have the expertise, experience, and capacity, such as multilateral institutions and NGOs, to deliver such assistance. Australian Development NGOs, including volunteer sending agencies like AVI, not only have the requisite experience and expertise to make an effective contribution in this regard. Their 'Australian identity' also ensures that the source of the assistance provided through them by the Australian government is appropriately recognised.

ii. Appropriate sectoral focus of the program

The sectoral focus of the Australian development cooperation program should be shaped by the priorities and needs of partner developing countries and by a consideration of Australia's particular comparative advantage. The range of sectoral priorities under consideration and the particular focus of the prospective activities under each priority should be shaped by the Millennium Development Goals

Australia's aid program needs to strike the right balance between creating an enabling environment for poverty reduction and ensuring the delivery of basic services for marginalized people. Basic education, health care, sanitation, clean water and food security are fundamental rights, identified in a number of international human rights agreements. While there is little doubt that development assistance can be an effective means of enhancing basic services, its utility in generating economic growth is far more limited. Accordingly, a focus on improved basic services and community empowerment should take precedence over improving conditions for economic growth.

While local country context should be allowed to shape the levels of aid provided to each sector in each country, it is important that Australia provides an adequate and equitable share of resources to multilateral agencies to address global development issues such as climate change and food security.

iii. Distribution to low and middle income countries

As suggested above, aid priorities should be based on the poverty needs identified in each country. Aid policy, however, also needs to recognize that poverty is increasingly a question of national distribution, which has implications for the delivery of Official Development Assistance (ODA) and its capacity to effect change. Recent estimates suggest three quarters of the world's poorest live in 'middle-income' countries.¹ This poses significant questions about the process of poverty reduction in heterogeneous contexts, the role of national inequality, and the need for structural societal change.

This is not to suggest that development assistance to middle-income countries should be curtailed, rather that different approaches to, and modalities for, poverty reduction will be required than those appropriate in low-income countries. In low-income countries, for example, a greater emphasis on resourcing basic services would be warranted, while in middle-income countries it might be more appropriate to focus on broader capacity development or governance issues that could improve equitable access to, and the quality of, services.

International skilled volunteering programs offer flexible and scalable responses to the desire for both improved delivery of basic services and nuanced capacity development approaches that transcend traditional 'technical assistance'.

iv. Relative costs and benefits of the different forms of aid

Identifying the most appropriate modality for the delivery of development assistance is a key element of effectiveness. Selecting the correct distribution channel requires consideration of a number of contextual factors: the coordination and administrative costs relative to the volume of aid, the availability of sectoral expertise, the ability of particular agencies to deliver assistance where it is most needed, etc. In certain contexts, choosing between multilateral, bilateral, or civil society mechanisms will have an enormous bearing on the efficiency and effectiveness of the intervention.

The Australian aid program and its supporting policies needs to be able to articulate a valid rationale for the selection of certain distribution channels over others. Recent attempts by AusAID to understand the role of civil society organizations (CSO) in development and the parameters for effective engagement with CSOs marks a positive step. The same critical analysis should be applied to develop an understanding of the most appropriate circumstances for the use of multilateral agencies, national government systems, managing contractors, volunteer agencies, and the various forms of bilateral assistance.

¹ Andy Summer, *Global Poverty and the New Bottom Billion: What if Three Quarters of the World's Poor Live in Middle-Income Countries?*, IDS Working Paper 349, Brighton: Institute of Development Studies, November 2010.

In this regard, a number of recent trends in the delivery of Australian ODA should be noted. Over the past decade, Australia's contributions to multilateral agencies have fallen, from a comparatively low level, even further. Although there are mitigating factors affecting Australia's comparative standing, there is still scope for the aid program to make greater use of multilateral agencies for delivering assistance. The benefits of doing so in specific circumstances are many, including lowering the administrative burden and providing greater reach for the program. Any significant increase in contributions to multilateral institutions should also be accompanied by an increase in Australia's involvement in the management of such institutions. Another recent trend has been the growing 'fragmentation' of Australian aid, as the number of projects delivered annually has increased significantly while their average size has fallen. This trend poses the risk of dramatically escalating transactional and administrative costs within the overall program. Stated as such, this might appear as a rationale for reducing the number of entities involved in delivering the Australian aid program and for increasing the size of individual projects. However, there is a need to provide adequate space for smaller initiatives and interventions that are able to be both flexible and innovative in their response to developing trends.

Many Australian NGOs (ANGO) are the perfect vehicles for pursuing such a flexible and innovative response, and greater support should be available within the aid program for partnerships with ANGOs. Indeed, AusAID has recently adopted a more defined 'partnership' approach in this regard and that should be applauded and encouraged. Such an approach can also accommodate the desire to reduce the risk of escalating administrative costs. Mechanisms like ANCP accreditation enable AusAID to reduce risk while maintaining a relatively light administrative touch. Accredited ANGOs are able to combine their funds with AusAID's and use them in an effective and efficient manner, bringing additional resources and greater diversity to the delivery of the aid program. NGOs, and CSOs more broadly, are development actors in their own right, and through their own priorities, partnerships, and programs, can add significant value to the Australian aid program.

In a similar vein, greater use should be made of skilled volunteers to deliver development assistance in particular contexts. As noted previously, skilled international volunteering programs offer scalable and flexible responses to improved service delivery and organizational and institutional capacity development. Their greater use would allow Australia to reduce its reliance on highly paid consultants in its aid program, put downward pressure on consultancy rates, and maximise the transfer of development budget resources to developing country economies.

B. Performance of the aid program and lessons learned from Australia's approach to aid effectiveness

In recent years, there has been a considerable improvement in the overall focus of the Australian aid program, as the MDGs and poverty reduction have assumed a greater prominence within the structuring framework of the program. The elevation of the MDGs combined with an increased emphasis on effectiveness and greater transparency within the program are considerable improvements, generally well-regarded by Australian development NGOs. The establishment of the Office of Development

Effectiveness (ODE) was a watershed moment in AusAID's approach to development effectiveness, and it needs to be well resourced into the future.

Recent collaborations between the ODE and ACFID members in the evaluation of civil society programming and engagement have demonstrated the clear advantages of partnerships to the processes of mutual learning and policy development and, ultimately, effectiveness. Such partnerships should be further encouraged into the future and appropriately resourced.

Other forms of ODA provided by Australia, such as multilateral contributions and that delivered by managing contractors, should also be subject to the same level of scrutiny regarding their development impact. It is no longer adequate or appropriate to assess development interventions solely through an 'aid management' lens; good project management is important, but quality, sustainable outcomes – impact - are the desired ends.

C. Program's approach to efficiency and effectiveness and whether the current systems, policies and procedures in place maximise effectiveness

The direction and orientation of recent shifts in policy and procedures aimed at program effectiveness have been undermined by their *ad hoc* application in practice. The emphasis on 'partnerships' that has emerged over the past couple of years recognises the importance of investing in relationships. They are crucial in creating an environment of mutual learning, policy coherence, and strategic collaboration, leading to enhanced development outcomes. Nevertheless, too often the rhetoric fails to translate into practice.

The same is true of AusAID's approach to strategic planning. Strategic alignment between the different implementing agents supported by the aid program is also critically important to effectiveness, and is rightly promoted by AusAID. However, in many instances AusAID strategies are absent, or out of date, or fail to address the role of important development actors, such as civil society organizations. Failure to maintain a complete and up-to-date suite of country program strategies is indicative of the growing strain on AusAID's staff capacity, as new ways of working require more intensive resourcing and more inclusive and participatory processes.

A number of actions aimed at enhancing the performance of the current systems are suggested below:

- address the issue of high AusAID staff turnover, and ensure that they are adequately trained and resourced to enable them to work in accord with articulated policies and procedures, where good development practice is fostered in hand with competent contract management
- involve communities that are affected by the aid program in the planning, implementation and evaluation processes, by supporting stakeholder groups in developing countries to hold both their own governments and donors to account for the provision and delivery of aid
- extend the 'Partnerships for Development' model adopted in the Pacific across the bilateral program to ensure mutually accountable programs with all partner countries

- provide much longer-term and more predictable aid flows
- provide adequate time-lines for AusAID consultations with NGOs and other development partners
- increase the availability of information about all funded activities, including up-to-date publication of project and sector evaluations
- coordinate better with other donors and take a lead in the Asia-Pacific to ensure the effective coordination of aid to each recipient country
- improve country ownership by using country systems, including budget support and SWAPS, more
- make greater use of the skills and networks of NGOs to build civil society action increasingly shape the program, its priorities and procedures in accord with human rights principles
- use the Development Effectiveness Steering Committee better to ensure government policy coherence around development objectives

D. Appropriate future organisational structure for the aid program and coordination with other donors

A number of suggestions are offered below to enhance Australia's aid coordination with other donors, especially in the Asia-Pacific region:

- develop an independent leadership role in global and regional *fora* to promote 'good practice' and better coordinated development efforts
- examine the benefits of a separate aid department and minister for development cooperation
- enhance cross-government efforts through an enhanced DESC which considers not just aid policies, but the coherence of all government policies in the promotion of development
- consider establishing a permanent parliamentary committee on development to improve parliamentary involvement and increase the spotlight on development

E. Appropriateness of current arrangements for:

i. Review and evaluation of the aid program

As suggested above, the Office of Development Effectiveness is a fundamental element in the Australian aid program's approach to evaluation and impact. However, the recent release by ODE of its '2009 Annual Review of Development Effectiveness', some 16 months behind schedule, points to serious shortcomings in its operation. To ensure that its work is appropriately incorporated into planning cycles and program reflections, AusAID needs to increase the mandate, authority and resourcing of the ODE.

In particular, greater effort is needed to ensure that:

- the annual review of development effectiveness is published each year, on time

- major sector reviews are published at least each 2 years
- country program strategy mid-term reviews are undertaken and published
- all evaluations should incorporate civil society input from affected communities to improve downward accountability
- relevant ODE evaluations are incorporated in all aid planning

The ODE's work should also seek to increase the transparency of the aid program and facilitate the greater circulation and contestation of ideas and perspectives concerning development effectiveness. Providing up-to-date information about all funded activities in an online project database, engaging in collaborative research with other organisations to improve the quality of research and dissemination of results, and building the capacity for research in developing countries would contribute greatly to this objective.

ii. The management of fraud and risk in the aid program

AusAID's current approach to risk management seems 'fit for purpose', with a range of approaches dependent on context. In relation to the NGO sector, AusAID needs to place much greater value and importance on processes like ANCP Accreditation and the ACFID Code of Conduct as rigorous and effective risk management tools. Often, it appears that these processes are sidelined, as AusAID seeks to manage risk through additional layers of contract and compliance measures. This leads to greater administrative and other transactional costs and undermines the flexibility and other benefits brought to the program by development NGOs.