



CPSU-AusAID SDC submission to the Aid Effectiveness Review

4 February 2011

The Community and Public Service Union (CPSU) and the AusAID Staff Delegates Committee (SDC) are pleased to provide a submission to the 2009/2010 independent review of Australia's Overseas Development Assistance.

Our recommendations focus on issues associated with agency and people management. In particular we make a number of recommendations that we believe will improve the effectiveness of Australian aid programs through a greater focus on program and service delivery in both operational structures and the organisation's skills profile. These changes would also assist in improving staff retention.

Summary of recommendations

Recommendation 1 – The criteria for senior management performance bonuses should be modified to achieve a more appropriate balance between the need to deliver a portfolio of activities of increasing quality and serving the government of the day.

Recommendation 2 – A more appropriate external benchmark for assessing the quality of the portfolio of aid activities should be developed based on the current internally applied Quality Reporting System.

Recommendation 3 – The Review should analyse the benefits of specialised structures to determine the most effective structure for delivering the different components of the aid program.

Recommendation 4 - AusAID develop a strategy to become a “preferred APS agency for employment” by women. As part of that strategy, it should take positive steps to increase the number of women recruited into the SES. These targeted actions should continue until an equal gender balance is achieved at the SES level.

Recommendation 5 - The AusAID Consultative Forum should be more systematically involved in the establishment of the staff-related policy agenda, be more genuinely consulted on policy being developed, and be used to promote staff understanding and ownership of future policies that directly and indirectly (through effects on morale) significantly influence the overall performance of the aid program.

Recommendation 6 – AusAID, in the interest of cost-effectiveness and improving staff retention, needs to increase the emphasis on developing, retaining and recruiting additional sectoral, thematic and other technical specialists and promoting specialised careers within the agency.

Recommendation 7 – The Review should determine an appropriate international benchmark for aggregate staffing numbers or a ratio of staff per program million by comparing aggregate staffing numbers and staffing formulas with other international bilateral aid agencies (in the same business).

Recommendation 8 – AusAID should take measures to reduce staff turnover that include:

- publically releasing the analysis of historical data on staff turnover;
- standardising future reporting on staff turnover data;
- consulting with the AusAID Consultative Forum (ACF) to develop a comprehensive strategy to reduce staff turnover and improve staff retention; and
- involving the ANAO in monitoring the implementation and outcomes of the strategy.

Recommendation 9 – AusAID needs to develop appropriate strategies for addressing the main workforce diversity issues that are undermining the performance of the aid program.

Recommendation 10 – AusAID needs to be transparent to its staff about management responses to staff-related recommendations made in significant external reports, staff surveys and major internal reviews.

Recommendation 11 – AusAID needs to be given an adequately increased Departmental budget to enable it to provide significantly increased professional opportunities, secondments to more strategic partners and, most importantly, foster a greater emphasis on sectoral, thematic and other specialist careers.

CPSU-AusAID SDC submission to the Aid Effectiveness Review

1. Introduction

1.1. The pre-eminence of the AusAID workforce as an aid effectiveness issue

There is no more important factor influencing the performance of the Australian aid program than its workforce. It is the primary resource in serving the Government of the day and delivering effective outcomes for the poor. It follows that the establishment of an efficient, effective and adequately resourced AusAID workforce is a priority issue for any analysis of how to improve the performance of the Australian aid program.

The recent (22 November 2010) Draft AusAID Workforce Plan provides a useful basis for discussing the context, its core challenges, any suggested solutions and the recommended priorities. However, there are many aspects of that Plan which should be subject to independent scrutiny. The CPSU-SDC are submitting just a few of the critical issues which, from our collective experience, are considered central to any credible effort to efficiently and effectively improve the overall performance of the Australian aid program.

The CPSU-SDC stress that we understand AusAID senior management recognise the majority of the issues raised and may agree with many of the points made. However, due to the state of the Departmental Budget, AusAID's management is seriously constrained in being able to appropriately address the key staff-related issues affecting performance of the inherently complex Australian aid program.

1.2. The inherent complexity of the Aid Program

Australia's aid program is complex by nature due to:

- being delivered in over 40 countries and regions;
- the unique position of Australia, as developed country and aid donor, geographically surrounded by developing countries;
- involving interventions in almost every socio-economic sector;
- utilising a diverse range of delivery mechanisms or modalities;
- working in partnership with different Australian government and non-government organisations, regional organisations, other strategic bilateral agencies and international multilateral organisations; and
- pursuing a range of often disparate humanitarian, development and national interest objectives.

The CPSU-SDC has structured its submission around the key staff-related factors influencing the performance of Australia's aid program, i.e., Agency Management and People Management.

2. Agency Management:

2.1. AusAID's dichotomous raison d'être

AusAID has a responsibility for both policy development and for program and service delivery. The CPSU-SDC recognise that it is a challenge balancing these twin objectives in an agency of the size and complexity of AusAID. The CPSU-SDC are strongly of the view that the agency does not have the appropriate balance between its twin objectives to optimise the performance of the Australian aid program. The imbalance results from a combination of factors, including, but not limited to:

- the apparent emphasis on policy development at the expense of program outcomes in senior management performance incentives;
- relatively weak downwards accountability for the performance of the portfolio of aid program activities;
- the clear preference in the staff resource allocation for generalist staff at all levels; and
- the lack of distinction between the demands of varying program types.

2.1.1. Senior management performance incentives

The CPSU-SDC recognise that incentive systems require considerable thought and ongoing evolution in recognition that quality is a subjective concept and the need to address potentially perverse outcomes. However, the agency's Quality Reporting System (QRS) seeks to assess and improve the quality of the agency's portfolio of aid activities. Hence this Quality Reporting System provides the basis for such an incentive system. If it is considered appropriate to broaden this Quality Reporting System into program strategy level work then this system could easily be modified to cater for this need.

Recommendation 1 – The criteria for senior management performance bonuses should be modified to achieve a more appropriate balance between the need to deliver a portfolio of activities of increasing quality and serving the government of the day.

2.1.2. Enhancing external accountability for the quality of our aid program's activities

External reporting on the performance of the agency's portfolio of activities (under the Administered Budget) is currently primarily assessed against the benchmark of "75% of activities/initiatives are achieving a rating of satisfactory or better in meeting their objectives". This assessment is derived from the annual Quality at Implementation (QAI) report rating of effectiveness of individual activities. This single effectiveness-based criterion assessment ignores the other equally important aspects of activity quality.

The agency's Quality Reporting System is based on the internationally established (for over 20 years) Development Assistance Committee (DAC) evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability

sensibly supplemented with the requirement for adherence to the agency's gender equality policy and other cross cutting policy issues, and evidence of learning and ongoing improvement.

As a consequence of using the current single criterion approach, the Agency is significantly overstating the quality/performance of AusAID's portfolio of activities. Raising the bar for assessing quality/performance of the Australian aid program will require greater attention by all and will subsequently lead to improved performance rather than a sense of comfort with our achievements against the current inappropriate benchmark of portfolio performance. This is closely linked to the issue of senior management performance bonuses.

Recommendation 2 – A more appropriate external benchmark for assessing the quality of the aid portfolio should be developed based on the current internally applied Quality Reporting System.

2.2. Basic structural options

Donors have taken different approaches to manage the inherently complex and heterogeneous nature of their aid programs that requires a range of experiences and specialist skills in addition to generic public administration skills. Some donors split their agencies into two to deal with humanitarian and development issues. USAID and the Office for Disaster Assistance, and the European Union with the European Commission's Humanitarian Office (ECHO) are examples of this. Others, like Germany (until recently), separated the functions of government policy development (BMZ) from sectoral and thematic analysis and program delivery (GTZ/GIZ). Still other governments, like Australia, keep all functions together.

Recommendation 3 – The Review should analyse the benefits of specialised structures to determine the most effective structure for delivering the different components of the aid program.

2.3. Gender equality within the agency

One of the central objectives of the Australian aid program and the international aid community (through the Millennium Development Goals (MDGs)) is gender equality and the empowerment of women. This is an important focus because about 70% of the world's poor are women.

According to AusAID's policy, "*Gender Equality in Australia's Aid Program – Why and How*", a key objective is the "**equal participation of women in decision making and leadership**". AusAID requires its implementing partners and partner governments to promote gender equality as a means to achieving good governance and effective states. AusAID have been actively encouraging and even been critical of some of our multilateral agency partners that do not proactively implement gender equality in their senior executive.

However, AusAID is not meeting this same objective within its own corporate operations. AusAID's SES level is comprised of 50 staff; of who 36 are men (72%) and 14 are women (28%). Of the most senior three levels of the SES – the public face of AusAID – eleven of twelve staff are men (92%). As 62% of AusAID's total staff are women, AusAID's SES is not representative of the overall gender balance of the agency, and this is not a good example of either gender equality or women's empowerment.

The SDC considers this a potential risk to Australia's reputation, credibility and eventual effectiveness on the issue of promoting gender equality. At best AusAID's development partners could perceive that Australia is not genuinely committed to achieving gender equality and at worst Australia could be seen as hypocritical on this issue.

To reduce the current gender inequality in the SES, AusAID needs to make active, targeted changes to current human resource practices, beginning with an analysis of the barriers that are preventing more female staff from accessing SES roles. Specific mentoring programs, leadership training and talent development schemes for female staff could be considered. Improving family-friendly practices, such as access to local childcare and the provision of baby feeding facilities in AusAID offices will improve the retention and return of female staff members after parental leave or returning from posting.

Recommendation 4 - AusAID should develop a strategy to become a "preferred APS agency for employment" by women. As part of that strategy, it should take positive steps to increase the number of women recruited into the SES. These targeted actions should continue until an equal gender balance is achieved at the SES level.

2.4. Consultation and Communication with staff on policy issues that affect them

The management of AusAID needs to improve its consultation with staff and include them in the development of policies that affect staff and influence the performance of the aid program. One of the more important issues is the *raison d'être* of the agency (as discussed above). There is a disparity between what the staff considers is the primary objective of AusAID, which they believe is consistent with what most Australians believe is the main objective of the aid program, and the signals they receive from senior management. As discussed above, this has resulted in a focus of senior management that CPSU-SDC maintain is not consistent with optimal performance of the Australian aid program.

The development of the Workforce Plan is a useful illustration of consultation issues in AusAID. After approximately two years of preparation and a reported three major drafts of AusAID's recent Workforce Plan, during which there was no formal, systematic and genuine consultation with staff of the agency, staff were initially given one week to comment. After formal complaints senior management agreed to extend the period for responses

Consultation on many important policy issues and decisions that affect staff often occurs too late and at the discretion of senior management. Consultation is something that too often happens at the end of the process and seeks to inform rather than to consult. Genuine consultation is too often not part of a normal and good practice policy development process when the scope and content of that policy can be significantly influenced and often improved for the benefit of all. However, under the current Agency leadership, the CPSU-SDC believe the recently formed AusAID Consultative Forum (ACF) has signalled a possible improvement in this area and may be able to demonstrate the value of earlier, more genuine and effective consultation in the developing of policy and even setting the agenda.

Recommendation 5 - The AusAID Consultative Forum should be more systematically involved in the establishment of the staff-related policy agenda, be more genuinely consulted on policy being developed, and be used to promote staff understanding and ownership of future policies that directly and indirectly significantly influence the overall performance of the aid program.

3. People Management:

3.1. Specialist skills

The CPSU-SDC notes that there has been an ongoing debate within AusAID about the appropriate balance between the numbers of generalist and specialist staff. One aspect of the debate has been that the vast majority of those recruited with particular technical specialities have had to largely let those specialist skills “go cold” while they sought promotion to higher level generalist positions. This frustrates staff as they are then required to act as contract managers to recruit numerous expensive consultants (i.e., costing 2-3 times the cost of the top salary scale of Directors) to undertake potentially core business associated with aid activity management. CPSU-SDC stress that this is not suggesting an effort to substitute for the majority of consultants; rather that we maintain we have the balance wrong from an efficiency perspective. This is an important contributing factor in the high external separation rate, the unacceptable level of internal “churn” as staff seek their preferred sectoral area or career, and our dependency on more expensive and inefficient processes of supplementing internal resources with external consultants for our core technical business of delivering an aid program. The CPSU-SDC also considers that knowledge of the international aid development industry is required at all levels, including by the AusAID Senior Executive Service.

Recommendation 6 – AusAID, in the interest of cost-effectiveness and improving staff retention, needs to increase the emphasis on developing, retaining and recruiting additional sectoral, thematic and other technical specialists and promoting specialised careers within the agency.

3.2. Staff numbers

While emphasis is given in the Workforce Plan to the need for greater efficiency and improved workforce performance the document, bar one line, is silent on the issue of staffing levels. There is no comparison with international bilateral aid agencies that are in the “same business” as AusAID. Staff have maintained that they have sighted partial international comparative analysis of funds under management per officer that demonstrates AusAID is one of the most efficient or under staffed international agencies. While the complexity of making “like for like” international comparisons is recognised, such an approach and the interpretation of the different international development agency contexts is required. The vast majority of the staff who have contributed to this submission have worked overseas and have made unfavourable relative staff resource comparisons with our international peers and some of our whole of government partners. There is a general consensus amongst staff that AusAID are grossly under-resourced in terms of aggregate staff numbers at the development “coal-face”. Another aspect of this problem of inadequate numbers is the unacceptably high vacancy rate; reported to be as high as 10%. This under-staffing of the aid program is:

- adversely affecting the visibility of Australian aid;
- increasing workloads and staff stress levels;
- reducing staff retention rates (especially after returning from postings); and
- consequently undermining the overall performance of Australia’s aid program.

Recommendation 7 – The Review should determine an appropriate international benchmark for total aggregate staffing numbers or a ratio of staff per program million by comparing aggregate staffing numbers and staffing with other international bilateral aid agencies (in the same business).

3.3. Staff turnover

Unacceptably high rates of staff turnover, assessed in terms of both the external separation rate and the internal “churn”, have been a formal concern of staff for almost two decades. The Simons’ Review, ANAO Reports and numerous internal activity and agency-level reviews have noted the situation with staff turnover. AusAID, in response to ongoing SDC complaints about high levels of staff turnover, has been through periods of formally banning discussion of the issue at the annual senior management forum and statistics becoming unavailable to the SDC. It is important to recognise that AusAID would appear to have problems with both elements of the staff-turnover challenge.

AusAID’s external separation rate of 8.7% is almost 25% higher than the most recently reported 7% average for the APS. This is a significantly higher level than the APS norm and should be very worrying in terms of its most likely negative effect on aid program performance.

Internal staff “churn” is the other important element. While the SDC cannot access the “official” analysis, it is reported that an estimated 20-25% of staff have been in their current position for an estimated 4-5 months and that the

average time-period that staff have been in their current position is approximately 7-8 months. The 2009 ANAO report states that only 49% of all staff, 44% of Canberra-based staff and 38% of country program staff started and ended 2008 in the same position. The CPSU-SDC is not aware of how this situation compares with the APS average and are not able to cite detailed trend information. However, the CPSU-SDC is aware of claims that the average period of position occupancy was reported to be over 13 months in the mid 1990s and higher in the early 1990s.

Irrespective of the trend in the internal churn and external separation rate data, the CPSU-SDC maintains that the staff turn-over rates are far too high for the long-term development nature of aid work. It is having an adverse impact on the performance of the aid program (partly resulting from the loss of corporate knowledge about the activities being managed with its impact on the quality of the aid portfolio and partly due to the adverse effect on individual stress levels) as far too many staff are unnecessarily on the “steep part of the learning curve”. The CPSU-SDC wish to make it very clear that the agency’s new leadership has recognised this situation and commenced addressing the problem. However, the current blunt application of the two-year rule will aggravate other issues like staff retention.

Recommendation 8 – AusAID should take measures to reduce staff turnover and internal staff churn that include:

- releasing publically the analysis of historical data on staff turnover;
- standardising future reporting on staff turnover data;
- consulting with the AusAID Consultative Forum (ACF) to develop a comprehensive strategy to reduce staff turnover and improve staff retention; and
- involving the ANAO in monitoring the implementation and outcomes of the strategy.

3.4. Staff Diversity

A diverse workforce is needed to reflect Australian society, partly to reflect the nature of our overseas work and partly to address long-term demographic trends in Australia. While AusAID is publically committed to maintaining a diverse workforce, the CPSU-SDC are not confident this important issue is being systematically addressed. There is no cultural diversity policy/strategy, such as attracting to the agency Australians who may have a heritage in the countries in which AusAID work and there is no policy/strategy to attract staff that may be living with a disability. AusAID has not finalised policy work, started in the mid 2000s, on mature age workers, that would seek to optimise the potential and contributions of more experienced staff. It has not systematically addressed, through the development of appropriate strategies:

- the retention of staff returning from posting (that makes use of their valuable skills and experience);
- the return of parents back from parental leave; and
- the return of mature aged staff (usually women) back to workforce after raising a family.

As a result the average staff member is reported to be 31 years of age and has been in the agency for less than three years, and AusAID lose far too many staff on return from postings. The CPSU-SDC are concerned that this may be undermining the performance of the aid program.

Recommendation 9 – AusAID needs to develop appropriate strategies for addressing the main workforce diversity issues that are undermining the performance of the aid program.

3.5. Transparency of key staff-related processes and the resultant adverse affects on morale

The ANAO, in its 2009 report on AusAID, made it very clear there were practices in AusAID's recruitment policy that lead many staff to believe there are too many occasions where open and transparent processes come second to operational requirements. The management of AusAID should be held accountable and address these practices noted in several aid reviews, ANAO reports and staff surveys. This is another area where the AusAID Consultative Forum can play a role in the development of policy and processes that will improve staff confidence in Agency procedures.

Recommendation 10 – AusAID needs to be transparent to its staff about management responses to staff-related recommendations made in significant external reports, staff surveys and major internal reviews.

3.6. Improving the quality and effectiveness of existing staff

The AusAID Workforce Plan gives considerable emphasis to improving the efficiency or productivity of staff. The CPSU-SDC largely agrees with the analysis of and direction of the recommendations on this important issue. However, the CPSU-SDC would like to emphasis a few different perspectives and reinforce a few existing suggestions.

3.6.1. AusAID needs to be able to foster a number of **distinct sectoral, thematic and other specialities** required in delivering a more effective aid program. CPSU-SDC maintain that the AusAID is grossly under resourced in specialists as clearly demonstrated by the need to recruit so many consultants to help it undertake core program delivery business. Staff suggest that the main implication of this is the need to promote a number of **specialised careers**. This requires a change in corporate human resource policy and Administered budget resourcing that currently forces AusAID to fill the vast majority of its positions with generalist staff and to then buy-in the vast majority of technical expertise. This results from serious constraints under the Departmental Budget that force the agency to employ essential human resources, in the form of consultants, through the Administered budget.

3.6.2. Another significant concern relates to the availability of **formal professional development opportunities for staff**. It is the impression of

staff that AusAID is preoccupied with the development of its new graduate recruits and its Overseas Based Staff. In recent years there has been a welcomed added emphasis on enhancing “leadership” and management skills. However, outside of these ongoing human resource development programs, staff have the strong impression of a piecemeal and inadequate human resources program for the other 60% plus of staff.

3.6.3. An important part of the **formal professional development program** is assistance to undertake tertiary post-graduate specialised courses. It is the impression of staff that the number and generosity of study assistance for formal tertiary post-graduate specialised courses has not kept pace with the agency’s expansion. Nor do the levels of investment in study awards reflect an agency adequately investing in its staff so that it can substitute for some of the external consultant expertise which is arguably undertaking core program delivery business. Instead, the agency is forced to recruit consultants paid 2-3 times the salary of a Director to undertake this core program delivery business. This represents a serious lack of value for money in delivering the Australian aid program, caused by an inadequate Departmental budget. Other Australian Government Departments offer ‘in-house’ training towards academic awards (such as the Department of Health). The CPSU-SDC recommend that in the interest of delivering a more efficient and effective aid program, AusAID needs to be allowed to better ‘cultivate’ its own workforce through greater emphasis on a series of specialist careers which will reduce the numbers and expense of some external consultants.

3.6.4. **Secondments** (as an adjunct to the 3 year diplomatic postings) to work for key technical international organisations, regional organisations and strategic bilateral aid agencies are a potentially important means of simultaneously building strategic influence, operational links and individual staff skills. All of these benefits will enhance the performance of the Australian aid program. With the scale up of the aid program increasingly significant amounts of funds are being delivered through or in cooperation with these partner institutions. AusAID needs to learn from and build understanding, personal level links and influence with these partners to operationalise the growing list of formal written agreements. Staff are under the impression that some other donors, especially Japan and the Nordics, provide funds with the proviso that these agencies receive secondees at various levels of seniority (APS6 through to First Assistant Secretary / First Assistant Director General levels). Australia could do more to “exploit” this extremely important and growing part of the program through strategic positions within these key partners.

Recommendation 11 – AusAID needs to be given an adequately increased Departmental budget to enable it to provide significantly increased professional opportunities, secondments to more strategic partners and, most importantly, foster a greater emphasis on sectoral, thematic and other specialist careers.

4. Conclusion

AusAID staff believe AusAID management would be supportive of many of the above recommendations. However, due to the constraints on the Departmental budget adequate progress can not be made on many of these initiatives. If the Effectiveness Review accepts the recommendations made in this submission, then the Review will need to ensure the agency has adequate resources and will need to make a case for additional Departmental funding, to enable the agency to implement the recommendations.

The CPSU-SDC appreciates the opportunity to contribute to the process of improving the performance of the Australian aid program and looks forward to the opportunity to further discuss these issues.



Borhan Ahmed
A/g Co-chair
For Simon Buckley
Co-chair
AusAID Staff Delegates Committee



Michael Tull
CPSU National President