Submission to Independent review of aid effectiveness (2010/2011): Australian aid program

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Interpretation of context for comments

The terms of reference for the review emphasise a scrutiny of the effectiveness and efficiency of the Australian aid program. The aim is to ensure that additional aid funding from Australia's intention to increase ODA to 0.5% of GNI 'is well managed and meets the Government's objectives'. This sounds sensible but fails to clarify not only what 'well-managed' means but more importantly which of the several objectives in the aid program's mission statement takes priority at any moment.

The 1996-7 review strongly recommended that the aid program focus on 'one clear objective' (Simons, Hart and Walsh 1997). However aid has long been viewed in Australia as a multi-purpose foreign policy tool (Lowe 1994) and the current policy narrative continues this bi-partisan tradition. My comments therefore assume that the over-arching criterion for assessing the aid program is that results are 'in line with Australia's national interests'.

This provides some transparency but leaves the meaning of 'national interest' as a diffuse and moving target. For instance, a well-managed pro-poor development programme in a partner country this year may not meet Australia's national interest next year if the population votes in a party and or national leader with aggressive anti-democratic objectives. Furthermore, Australia's standing as a 'good international citizen' and the government's capacity to maintain membership and influence in various elite policy communities can conflict with domestic policy directions or limitations. Environmental/ climate change and immigration/ refugee issues are well publicised examples of divergent trajectories. Then, for OECD members like Australia participating in the 'common aid effort', limitations to pursuing national interest are also provided by the need to maintain or improve ranking in published governance indicators and respond to evolving international civil society expectations about mutual accountability beyond aid (OECD 2005, 2009; OECD/DAC 2008b).

a. Structure of the program

There is a plausible argument for focusing most new development cooperation work on the existing geographic and sectoral areas of expertise. This assumes that there is a substantial and accessible knowledge base and existing set of relations to draw on to minimise transaction costs for new operations. In reviewing country strategy papers, less focus on how much extra money can be pumped in and more thought about the assumptions on which cause-effect chains are based in programmes would improve credibility. Since AusAID has used the logical framework approach for two decades it

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[1] This individual submission draws from my PhD research into the implementation of the good governance agenda in the international development arena. The research was carried out independently during 2005-2010 and included the Australian policy position in the case material.
As an Australian citizen, my RHD enrolment 'fee' at an Australian university is paid through Australian taxpayer support. I also received $1000 from my school research fund towards overseas fieldwork but have self-funded all other costs. I have not worked for AusAID nor received funding from Australian sources in any of the overseas development work that I have undertaken in the past.

may be instructive to re-visit earlier logical matrixes for validity in the light of both experience and changed circumstances.

Nevertheless, the development cooperation program should also invest in wider geographic and thematic research to keep abreast of new trends and opportunities if only to mitigate risk. It is entirely possible that existing clients may shift to more independent situations taking advantage of cheaper emerging donors such as China and Brazil.

Low income and island states are important long-term, if often poorly performing, clients. Assistance with service delivery usually predominates but 'gap-filling' from outside the system has been shown to be unsustainable. Where this is unavoidable there should be an explicit strategy/plan for moving out of the low/no capacity trap by helping nationals build on existing local resources. Such states in the Commonwealth of Nations as well as in Australia's 'neighbourhood' should be able to seek support from the program where a foreign policy case can be made for bilateral as opposed to multilateral aid.

Middle income countries often have better absorptive capacities and stronger systems for managing aid so are attractive partners in 'managing for results'. In-country development work here should be clearly demand-driven, focussed on capacity development (rather than service delivery) in civil society and the private sector as well as in the public sector. Most importantly, any aid program should have a clear (exit) strategy towards mutual exchange. Exchange of civil servants (eg 3 month 'learning' secondments from there to here as well as here to there), joint (Australian, recipient organisation/ country and other development partners) trade, research and development impact work are all possible forms of cooperation which can be made 'contestable' within a 'whole-of-government' approach.

The selection of partners and actual way of delivering aid has to be determined according to the country situation. Good ideas often carry high risk. In some places especially at district/local government levels NGOs or other contractors can work very effectively, not only with service delivery but also with capacity development. However, in my experience this work must be co-ordinated with any central level (eg government-to-government) programme support and policy dialogue. For instance capacity development for district budgeting and programming must fit into the context of and be 'timed' with the legal and institutional development for decentralisation at central state level. Institutional reforms in say health must also tie in with development work in other sectors such as agriculture. Country strategy reviews should in any case draw on a wide range of stakeholders including other donors and members of the local development community. The repeat message from poverty reduction strategy paper implementation is that there is no single solution.

b. performance and lessons learnt
The changes over the past decade in 'best practice' forms of aid delivery, ie country-led priorities, joint-working, sector and budget support, all require extensive background knowledge of the people, place and institutions in the field where a programme is being delivered. Focus on existing (geographic) partnerships can draw on institutional knowledge where this has been treasured. One risk is that existing partnerships have established routines and relations for strategically managing

Australian aid and technical cooperation support to free up 'own' resources for objectives not linked to aid conditions.

A key tool for managing this dilemma is stronger local situational or political economy analysis including the array of Australian 'interests' during regular country strategy reviews. It is pointless for instance to contract an NGO or other organisation to help implement an improved health delivery system in a district or state without taking account of the wider context, such as who (from Ministry of Finance down) controls the budget for fuel and maintenance of local government transport. Or the agreements those people have with other actors/players in the field. These folk are implicated and often critical 'policy dialogue' partners. Frequently ignored issues here are time for building trust and acknowledging mutual on-the-job learning across many 'partners'. Taking an 'illuminative' analytical approach to programme design and evaluation is also an effective way to develop a shared agenda from within the operational area.

There is a similar need for local knowledge in humanitarian or disaster relief work. Many dollars are wasted sending inappropriate or unnecessary supplies while there is not enough cash to cover actual needs. Where there is no Australian local post or good information help can be guided and sent via a trusted partner who has the appropriate local knowledge. This has equally good promotional potential.

c. program's approach to efficiency and effectiveness
Policy narratives and plan of action transcripts are often less transparent than first appearance indicates even when published. The main instrument for planning, monitoring and evaluating funding and contracted implementation work in AusAID is said to be the logical framework approach. The key theoretical benefit of this tool is claimed to be transparency of links between objectives and the logic of action. The tool requires clear statements about objectives, cause-effect chains and risks (the working assumptions on which the activity is based). Very little of this mythology holds in practice.

i. See introductory comments regarding diffuse objectives.

ii. Key terms are ambiguous. One person's effective use of freedom of information legislation may be another person's efficient censorship. What terms like human rights, accountability and participation actually mean in the field or even in Canberra have to be inferred from other sources eg Senate committee hearings, National Audit reports and OECD publications.

iii. Public access to or engagement in discussion and evaluation of 'aid' processes and impacts is limited in this country especially via AusAID. Development 'education' comes across as much lower in priority than the 'commercial-in-confidence' aspect of government aid delivery. Despite some improvement eg opening 'contestability' to wider participation and publishing the work of the ODE there is little obvious work on distinguishing 'aid' from 'development'.

This situation has been a major handicap for AusAID in dealing with community engagement 'at home' as well as expectations in the industry over performance of a whole-of-government development program in other countries. For instance, the last

survey carried out by AusAID on public support for development aid showed that while many people believed that government aid was effective only 6% of respondents could spontaneously nominate AusAID 'as the name of the Australian Government's overseas aid agency' (OECD/DAC 2008a: 30). This situation also casts doubt on what 'open government' means in this country and how credible Australian development practitioners can be in assisting other countries in public sector or governance reforms.

The Australian government /AusAID urgently need to develop a more effective and efficient strategy for both 'flagging' the assistance it gives if this is a priority and how this is communicated to 'stakeholders' including the general Australian public.

- Leaving development education to local NGOs may be cheap and apparently 'non-political' in the short term but is high risk over the longer term. It reduces 'development' to a question of person-to-person charity.

  This can have domestic repercussions e.g. individual acts of generosity to 'people' conflated with on-going responsibility to contribute to overall community infrastructure as reflected in debates on aftermath of Queensland floods.

- The newer 'best practice' aid modalities are gathering considerable strength and will require much more 'consolidated' or pooled work by donors in the run up to evaluation of 'gaps' in meeting MDGs. This should not be tagged for 'parliamentary audiences' only.

- Competing domestic claims for development and reconstruction funding to deal with climate shocks (such as fire, flooding, cyclones) and associated man-made disasters are likely to be bigger and more frequent. This will place strain on ODA funding.

Australia needs to be visibly engaged in broader dialogues and partnerships to mitigate the impact of questionable traditions of governance. Greater investment in joint public evaluations of key multilateral agencies such as World Bank and UNHCR is worthy of consideration. 'Joint' here does not mean restricted to trusted technical experts from other donors but could include members of aid recipient research communities or 'civil society' more generally. The 'lessons' learnt from exercises such as these may help to develop greater and more coherent understanding about the consequences of the institutionalisation of elite organisational cultures. Living off old arguments for equating domestic change as 'development' and 'aid' as sovereign gifts across borders will do little to confront complex issues such as corruption, elite capture and other rent-seeking behaviour hiding behind simple lists of MDG targets (see for instance 'Fighting poverty: High Life', The Economist, Jan 29th 2011, p 57).

d. organisational structure
From 2005 I have collected 6 different organisational charts for AusAID and I probably missed one or two reorganisations while I was looking elsewhere. In the Simon's Report (Simons, Hart and Walsh 1997) and all the DAC Peer Reviews that have been published on Australian aid policy, staff turnover has been a concern (OECD/DAC 1999, 2005, 2008a). There has also been some questioning of the

quality of institutional knowledge. I would suggest that these issues are connected and some sort of moratorium on re-organising every few months is needed.

It is worth reiterating that short-term, high-turnover staff postings and consultancies do not encourage uptake of the sort of institutional knowledge required to manage 'modern' aid arrangements in a responsive and responsible manner with due consideration to long-term sustainability. Better attention to and investment in long-term human resource policy may be more productive of desired results.

The positioning and terms of reference of the Development Effectiveness Steering Committee seems a reasonable solution to whole-of-government coordination. Whether it works as depicted in the latest DAC Peer Review would be good to know.

e. current arrangements for evaluation

The best things about ODE are that it has a public program of work, working papers and evaluations are published quite soon after being completed, and there is now somewhere clearly identifiable to direct questions and commentary on impact of various overseas 'development' programmes funded by the Australian government. Whether they are more able than AusAID to respond to a wider 'civil society' interest in dialogue is worth following up.

There is clearly room for 'synergy' between the evaluation work undertaken by ODE, the internal AusAID induction and staff development programme and local and international researchers. A strategically positioned 'open governance' approach to evaluation, development education and community engagement could produce non-zero-sum capacity building at home as well as in partners abroad for 'better' results.

Conclusion

The emphasis placed on good governance in the aid program over the past two decades has also had a domestic impact. Untying aid, the establishment of the ODE and more importantly the publication of evaluations, devolving more responsibility to country level, and strengthening whole-of-government mechanisms can be argued to be 'results' of this policy focus. Personally I approve and looking ahead feel that it is critical for the **Australian development cooperation program** and the institutions and agencies responsible for delivering 'results' to continue to open policy, delivery and evaluation processes to wider participation and discussion. Development is a risky business since partners (aid recipient governments, existing and emerging donors, contractors and civil society organisations etc) are likely to on the one hand imitate your bad habits and on the other start demanding you perform to the standards you expect of them. A more proactive approach to developing a transparent, interactive, and learning-focussed culture in the official program and wider 'industry' would lend greater credibility in advancing Australia fair.

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