

Submission to the Independent Review of Aid Effectiveness

by the International Centre of Excellence in Water Resources Management
(ICE WaRM), through Richard Hopkins, Chief Executive

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This review is a commendable initiative of the Australian Government. We wish the review panel well in their deliberations, and offer the following comments and suggestions with a positive and constructive intent.

The panel requested that submissions be succinct and directed to the Terms of Reference which set out the areas of focus of the review. Accordingly, the following is a selective summary of key points only. Supporting detail can be provided on any or all the points raised, if desired.

The perspective presented in this submission reflects that ICE WaRM is wholly focused on water management, and key staff in the Centre have extensive international experience in the field. Although water management may appear to be a narrow interest, in fact sustainable water management is invariably trans-boundary in a very broad sense, and is at the heart of development in all country settings. ICE WaRM's particular interest is in building capacity, applying a partnership approach to the delivery of education, training and research.

Water management is a sector in which Australia is widely recognised as having a distinct competitive advantage. (Refer ToR Scope, part a, second point.)

Excellence is evident in most subdivisions of the sector, for example in both surface water and groundwater management, in urban and rural settings, for irrigation and drainage, drinking water supplies, sanitation, water quality and treatment, as well as serving environmental requirements. Australian water reforms, including economic and institutional aspects, are of considerable international interest and application.

For the Australian programme to be effective in the long-term (including addressing absorptive capacity constraints – see ToR Scope part a, first point), **capacity development should be a core feature of all activities.** This is not achieved by general scholarship programmes, though well-targeted and flexible scholarship schemes can be very effective long-term instruments, nor as an optional add-on to externally assisted interventions. Effective capacity building needs to be built on solid local foundations, based on long-term commitments, and integrated with all phases of mainstream development activities.

The form of **Australia's bilateral aid – as a grant – also provides a significant competitive advantage**, in many practical respects, and indeed is a major positive factor contributing to the effectiveness of the aid programme. (Refer ToR Scope, part a, fourth point, and part d, third point.) This advantage is sacrificed when Australian aid is delivered through the multilateral agencies. While there are benefits to contributing proportionally to multilaterally managed programmes, the ultimate beneficiaries are often far better served by bilateral grant aid which is appropriately coordinated.

For maximum effectiveness on the ground, **development assistance needs to be delivered in partnership, and to high professional standards.** Real partnership implies equality of the parties and two-way collaboration in decision-making; this is very difficult to deliver under donor-recipient and arms-length contractual relationships, and requires well-developed understanding, skills and systems, particularly on the part of the ‘donor’ agency. AusAID (or its successors) urgently needs to address the Commonwealth procurement guidelines with innovative intent, to be able to enter into and sustain effective multi-way partnerships, with Australian organisations involved in delivery, host governments and responsible delivery entities in-country. Such relationships provide for better management of risks than any other approaches. (Refer ToR Scope, part c, and part e, second point.)

It is suggested that effectiveness of the bilateral programme of development assistance (i.e. not including responses to natural disasters and acute humanitarian emergencies) would be enhanced by **maintaining a relatively tight geographical focus** (formerly PNG and the Pacific, South East Asia, and to a lesser extent in East and South Asia), with the possible expansion of programmes in selected sub-regions, for example in Pakistan and Bangladesh, and in the Mekong basin. While the emphasis should remain on the developing economies in the target regions, and **targeting the poorest segments of those populations**, the aid programme needs to have programmes and processes in place for ongoing relationships with so-called ‘transitional’ economies, especially those countries who may have (perhaps prematurely) ‘graduated’ in status, but where significant development issues remain and Australian assistance would be highly beneficial, for example, Thailand, segments of China and India. (Refer ToR Scope, part a, and part b.)

Our final selected comment refers to the **need for an effective whole-of-government approach within Australia in support of the aid programme.** (Refer ToR Scope part d.) This is highlighted in the water sector, where management responsibilities typically reside in the public sector, across multiple departments/ ministries and jurisdictions. The knowledge, skills and experience on which Australia’s very high international reputation in water management is founded are still largely in the public sector, but are only able to be accessed and applied through working whole-of-government mechanisms. These arrangements may need targeted facilitation, or managed formal partnership agreements, to service particular identified programme needs. AusAID (or its successors) would be better able to manage such relationships if it were of full departmental status within the Australian Government.

These comments and suggestions are presented as brief summary statements, without supporting arguments and references. ICE WaRM would be pleased to provide additional information and/or support to the panel in their examination.

ICE WaRM is an Australian Government initiative established to provide an international gateway, and a national focus, for Australian expertise in education, training and research in all aspects of water management.