

JTA International Submission for the
**Independent Review
of Aid Effectiveness**

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Complex Challenges. Innovative Solutions. Real Results.

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INTRODUCTION

We welcome the establishment of an independent public review of the aid program by the Australian Government and value the opportunity for our suggestions to be considered by the independent panel.

Our comments are naturally flavoured by our practical experience as a contractor currently implementing AusAID programs in the Pacific and our experience in health service delivery and systems strengthening. We offer these comments in good faith and with a genuine interest in seeing the Review of Aid Effectiveness contribute to a more effective Australian Aid Program. Our comments relate to four specific sub-points under sections A, C and D of the scope contained within the terms of reference. This document is structured accordingly. Rather than conforming to an overarching theme – or addressing all of the scope - our comments target areas where we feel we have something of interest and relevance to say.

TERMS OF REFERENCE SCOPE A

“The appropriate geographic focus of the program, taking into account partner country absorptive capacities...”

Geographic Scope

In relation to the appropriate geographic focus of the aid program, we believe Australian aid should be delivered where we have a comparative advantage. To put it plainly, there is plenty of work to do in our own backyard, and this is where our relative expertise lies. As a significant (and at times the *most* significant) donor in the Pacific, we have a greater opportunity to influence development policy here than anywhere else. Clearly, having stable and prosperous neighbours is in our national interest. Our geographic location ensures this will always remain the case. Given this, and the minimal footprint of many of the world’s other key donors in the Pacific, it makes sense for the geographic focus of the aid program to remain Asia-Pacific centered.

Further afield, in Africa and the Caribbean for example, our influence is – and will likely remain - limited. Not only that, our expertise is similarly limited and there is a risk of adding to the already heavy donor burden on the recipient countries in these regions. Notwithstanding these constraints, there are some examples of programs outside the Asia-Pacific that are effective and also advance our national interests – the African Development Scholarships program comes to mind – but even so, our key activities outside our immediate region should remain niche activities and contributions to multilaterals.

“The appropriate sectoral focus of the program...”

Millennium Development Goals

The MDGs remain an appropriate focus of the aid program. However, it will require a long term and concerted effort to achieve progress towards these goals. Historically, Australia’s development program has been subject to changing of policies and practices in relatively short timeframes.

In PNG and the Pacific, sustainable change will be slow and incremental, with necessarily long timeframes before significant and measurable impact is realised. Building the system and system capacity may take generations and expectations of development assistance impact must be realistic. Underpinning all work in the Pacific is the critical importance of building and maintaining relationships. The rapid turnover of AusAID posted staff and the habitual changeover of implementation agents every five years is an obstacle to continuity of relationships, nuanced contextual understandings and steady progress.

Increase Access to Basic Human Requirements such as Health

Health is a complex sector and a health system is necessarily multifaceted. The successful achievement of a health outcome requires the real time confluence of:

- An affordable intervention that works;
- Staff with the knowledge, skills and motivation to deliver the intervention (at all levels of the health system – from policy through to delivery);
- The logistical requirements to deliver the intervention (drugs, supplies, infrastructure, safe water, transport, communications etc);
- A cooperative target group (patients or communities) who are prepared to accept the intervention (how many times have we failed when our good ideas have been unacceptable to individuals and/or communities?); and
- Wide coverage (most public health interventions need to reach a large proportion of the target group before they are effective).

All of these elements must be in place for the success of any intervention, whether for reproductive health, maternal and child health, tuberculosis, HIV/AIDS or malaria. Each element must be simultaneously planned for during the design stage of development programs for the health sector, or the intervention will fail.

Ensuring the ongoing operation of good quality, accessible, basic health services is a vital contribution for the Australian aid program in the region, and especially in states where the legitimacy of government is compromised. Diseases which are most directly related to poverty, including under-nutrition, maternal mortality, major infectious diseases and HIV/AIDS, continue to deserve significant attention and resources. In recent years, AusAID has avoided infrastructure programs, yet infrastructure, equipment and drugs are fundamental to achieving health outcomes.

Australia's development program in the health sector should be focused on working with Partner countries to ensure they have:

- Access to the latest evidence on available and cost-effective interventions;
- A workforce equipped with the knowledge, skills and motivation to deliver the intervention, along with a workforce plan to ensure the continued availability of an appropriate health workforce;
- The logistical requirements to deliver the intervention (drugs, supplies, infrastructure, safe water, transport, communications etc);
- Informed and educated communities who understand and are willing to accept the intervention; and
- Wide coverage for public health interventions.

Health Workforce Crisis

Australia and many countries in the region are facing a health workforce crisis. Indeed, this is a global problem. A key element of Australia's development program should be to support countries to understand and map their health workforce issues, address shortages and imbalances, generate a future workforce through education and training, and match demand with supply through development and support of health training institutions.

Both the Australian Government as well as contractors to the Government should be held accountable to the highest standards of ethical practice in terms of who they recruit to staff their own offices and programs and to ensure that Partner governments are not stripped of the very capacity that the aid program is trying to build. At the same time, other government agencies are actively recruiting health workers from the region. A whole-of-government approach is needed to ensure that there is an overarching ethical framework for Australian health workforce planning that does not contribute to the depletion of developing country workforces, limiting their potential for growth and development.

At the first Global Forum on Human Resources for Health, the world agreed that "The growing crisis in the global health workforce is now the biggest roadblock to improving health outcomes¹". This was followed by the adoption of the WHO Global Code of Practice on the International Recruitment of Health Personnel² at the World Health Assembly in 2010, where Ministers for Health adopted the code which:

1. Aims to establish and promote voluntary principles and practices for the ethical international recruitment of health personnel and to serve as a reference for all Member States.
2. Is global in scope, and sets out to guide governments of all Member States and interested stakeholders in matters relating to the international recruitment of health personnel.
3. Discourages the active recruitment of health personnel from developing countries facing critical shortages of health personnel.
4. Encourages countries like Australia to implement effective health workforce planning, education, training and retention strategies to sustain a health workforce that is appropriate for the specific conditions of each country and to reduce the need to recruit migrant health personnel.
5. Encourages collaboration between destination and source countries so that both can derive benefits from the international migration of health personnel.
6. Encourages Member States to provide technical assistance and financial support to developing countries or countries with economies in transition that are experiencing a critical health workforce shortage.

The review of aid effectiveness should consider how the code can be reflected in the future Australian aid program.

¹ Kampala Declaration and Agenda for Action, 2008

² http://www.who.int/hrh/migration/code/code_en.pdf

Participation of Women

Rather than focussing on gender analysis, the Australian Aid Program should focus on supporting programs that are proven to benefit women such as basic education, health and credit programs that target women. These are discussed further below.

Education

The elimination of gender disparity in primary and secondary education is a very important target. Education is a powerful instrument for the empowerment of young women. It increases their knowledge and skills base, and it opens new opportunities and choices such as the potential to earn better incomes and to make decisions that will improve their health and status. Ensuring women's access to education has important macroeconomic benefits as well. The World Bank estimates that an increase of 1 percentage point in the share of women with secondary education would be associated with an increase in per capita income of 0.3 percentage points³.

Investing in the education, health, safety, and economic well-being of adolescents, especially girls, is a priority. This should include access to sexual and reproductive health information, education, and services and protection from violence. HIV infections are twice as high among young people who do not finish primary school – if every boy and girl received a complete primary education, at least 7 million new cases of HIV/AIDS could be prevented within a decade⁴. A concrete example of a major barrier to education of women is the cost of school fees in PNG, a largely subsistence economy. Developing a partnership with the Government of PNG to remove this barrier would be a significant step towards improving women's education.

Labor-Saving Devices

In low-income countries, the lack of adequate infrastructure forces women and girls to spend many hours in tasks such as collecting fuel and water. Investments in electrification and healthy cooking fuels that are an alternative to biomass - such as LPG and kerosene, along with improved cooking stoves - would assist with freeing girls to go to school and women to participate in other productive activities.

Women and Children's Health

The issue of women's health comes on and off the global agenda. However, what is clear is that all women need access to essential obstetric and gynaecological care. Every minute a woman dies from complications related to pregnancy, childbirth and postpartum complications – almost all of them in developing countries. Maternal mortality statistics reflect the largest disparity between the developed and developing world of any health indicator. Around 600,000 women die each year because they do not have access to the most basic health care which women in developed countries take for granted⁵. Three quarters of maternal deaths can be averted by proven cost-effective interventions. More than 80 per cent of the deaths are caused by conditions which can be easily prevented or treated, such as bleeding, obstructed labour, eclampsia, infection and unsafe abortions.

³ http://www.unis.unvienna.org/pdf/factsheet_women_2008_e.pdf

⁴ <http://www.campaignforeducation.org/docs/reports/GFE%20paper.pdf>

⁵ <http://www.un.org/Pubs/ourlives/unfpa.htm>

Australia's aid program should focus on improving the quality of antenatal, delivery and postnatal services and help make these increasingly available to poor women in the region.

Two thirds of all child deaths can be prevented using existing low technology, low cost tools and interventions. Neonatal deaths constitute around 40% of all child mortality⁶. The outcome for these babies is directly linked to care received by women during and after pregnancy and childbirth. There is increasing international recognition of the importance of this critical interface. When women are able to access health care, it is primarily during the time of pregnancy and childbirth and these contacts should also be optimally used to combat HIV/AIDS, malaria and other diseases.

Effective interventions to combat these unnecessary deaths include: Increasing awareness: making 'visible' to politicians, professionals and the public the need for more effective use of knowledge and tools to impact on maternal and child health indicators; and developing capacity: strengthening health systems to facilitate the implementation of good practice.

HIV and AIDS and other Communicable Diseases

The HIV/AIDS epidemic is a powerful illustration of the destabilising effects of premature morbidity and mortality. By striking especially at the young adult population, it devastates the family and support structures that hold communities and societies together. The disruption caused by so much death and disability, as well as the legacy of orphans and vulnerable children, makes the prevention of HIV one of the most important challenges of our time. Furthermore, it is one where a sustained and reasonable investment in prevention will have possibly the greatest impact for each dollar spent of any global issue in any sector currently facing us. There are vastly different patterns of HIV transmission in different contexts and cultures. Programs therefore need to take these variables into account, even more so than for other communicable disease programs due to cultural sensitivities surrounding the two primary HIV transmission modalities of sex and drugs.

Australia should continue and intensify its support for HIV/AIDS prevention and control in the region and ensure, through vigorous monitoring, that the focus of the efforts is achieving results. The support for the Asia Pacific Business Coalition Against HIV/AIDS should be continued in order to create advocacy, awareness and action among the private sector. HIV/AIDS education and prevention programs for young people should be intensified in all parts of the region. For Australia's and the region's benefit, investing in partnerships between Australian institutions and regional institutions to support surveillance and monitoring of communicable diseases would be an important strategy.

Globalisation and Technology

The health sector presents unparalleled opportunities to realise the potential benefits of new global information technologies. Small island states face particular challenges in terms of communication and human resources and improved connectivity offers enormous potential benefits to the region at a relatively modest cost. This could be a focus for a regional Pacific activity. In particular, there is potential for a PPIP to build on investments already made by AusAID in hospital information systems and to develop an application

⁶ http://www.globalhealth.org/child_health/child_mortality/causes_death/

service provider web-enabled system suitable for mid sized hospitals in developing countries.

TERMS OF REFERENCE SCOPE C

“An examination of the program’s approach to efficiency and effectiveness and whether the current systems, politics and procedures in place maximize effectiveness...”

A brief review of the latest listing of AusAID contracts of a value of \$100,000 or more gives a snapshot of AusAID’s preferred delivery partners. There is an increase in funding for NGOs, universities and multilaterals, and relative to previous periods a decrease in funding for contractors. This change does not seem to be accompanied by any transparency, or evidence of the benefits of one modality or another.

Multiple approaches should be pursued. It is important to break away from a “public sector fixation” as a whole range of modalities, and an understanding of when and where to use them will be required for scaling up the aid program.

Multilaterals

Multilaterals offer the capacity to channel large amounts of the Australian aid dollar. Multilaterals are often favoured on the basis that they enhance aid efficiency for recipient countries in line with principles of aid effectiveness. However, multilaterals no longer enjoy a major advantage in having low transaction costs. Their compliance procedures have arguably become more cumbersome and costly.

The ability of multilaterals to mobilise sufficient funds for large-scale ‘development’ projects is often cited as one of their key advantages. However in many countries where the technical expertise necessary to manage large-scale programs is absent, some of the aid money is channelled to companies, consultants and technical experts that oversee the projects anyway. Will this be a problem with the strong commitment from Australia to reduce TA? Will Australia be able to understand and account for the proportion of multilateral funds that are channelled to TA?

A long-standing issue surrounding aid from multilaterals is conditionality. Clearly, Australia has less opportunity to consider and form views on conditionalities in multilateral programs its funds. Similarly, effectiveness of multilateral activities is difficult to establish (and contributions therein even more so). Will this cause a problem for Australia’s greater accountability focus?

NGOs

Supporters of NGOs argue that NGOs are more flexible, creative, and closer to the needs of those they serve than either private business or government programs. Despite this inherent value, it is nevertheless important that they conduct their work responsibly and that they indeed do with their funding what they said they would. Since the mid-1990s, private and public funders of NGOs have emphasized two aspects of NGO work in assessing the effectiveness of their funding: accountability and transparency. A growing body of

literature is devoted to assessing the role, value, and shortcomings of NGOs, and consensus has emerged that NGOs should be reasonably accountable and transparent.

It is worth considering the DFID NGO Program Partnership, which is a highly competitive and transparent process and requires NGOs to report against:

- Transparency and Accountability;
- Results Delivery;
- Value for Money;
- Partnership Behaviour;
- Monitoring, Evaluation and Learning.

Public Private Partnerships

The Global Health Initiative (GHI) defines a PPP as a voluntary collaboration that builds upon the strengths of each partner, optimising equitable resource contribution and allocation to achieve a shared agenda which produces sustainable results for the benefit of all involved. There is growing evidence of the potential to establish beneficial partnerships with the resources sector to achieve social outcomes. In Papua New Guinea (PNG) and many other poor and middle income countries, the resources sector operates in poorly serviced areas. There are potential benefits in looking at future resource developments as having social sector potential, as well as economic potential. While many will question the sustainability of engaging third parties in the provision of services, this should be seen in the context of the long life cycles of most mining operations, which can be longer than 20 years.

The benefits are:

- Expansion of the reach of public health services;
- Strengthened financial, logistical and in-kind support;
- Improved infrastructure capability to support operation and maintenance;
- Strengthened public health programmes for priority issues such as HIV and AIDS;
- Capacity development of the health system;
- The presence of a viable partner who can guarantee delivery of strategic health priorities in districts over a long period.

There is a role for donors in these partnerships especially in the early stages, when government is not yet receiving revenue and the companies are focussed on getting their operation up and running.

Contractors

We are aware that the role of contractors in development is a contentious one, and has been for a long time. For-profit companies are, by their very nature, obliged to earn profits for their shareholders, and many see this as the antithesis of what development is. We see this as a positive; we are obliged to deliver services in a way that is efficient in a competitive market environment. If we are not seen to deliver, we will not survive. We have conducted in-house research that shows our margins are relatively similar to many NGOs, and that our overheads are significantly less.

We strive to inform ourselves of key debates, and participate in them. We aim to secure in-house staff with technical and contextual understanding of development. Australian managing contractors are one of the largest repositories of knowledge and practical experience of delivering the Australian aid program. Contractors are an important modality at AusAID's disposal to effectively deliver its aid program.

Some advantages include:

- AusAID can ensure efficiency by making the transfer of finance to contractors conditional on specific outputs or outcomes;
- Purchasing can be used to target the poor with effective targeting;
- Competitive bidding for contracting the delivery of services is feasible and can be carried out efficiently and transparently with stakeholders consultation;
- The risks of contracting are relatively low and competitive bidding can attract sufficient competition;
- Governments can contribute to design and monitor and manage contracts to ensure that all parties focus on critical outputs and outcomes;
- Contracting can be evaluated to provide information on the effectiveness and efficiency of various approaches;
- Contracting can offer advantages of cost, quality and management convenience.

The Tendering Process and Perverse Incentives

AusAID's tendering process is transparent and is continually improving. Nonetheless, we note that the process sometimes creates perverse incentives that impinge upon the value for money achieved by the aid program.

Firstly, many contracts are still structured whereby managing contractors derive much of their profits from margins on TA personnel. In light of AusAID efforts to weaken the reflex to use TA to solve development problems, they should also look at the incentive structures in contracts which reward deployment of TA.

Secondly, extensions to multi-year contracts are sometimes inevitable. Nonetheless, they invariably impinge upon the ability of a program to continue effective operations. Stakeholders are uncertain and less likely to cooperate, project staff and advisors are difficult to retain, and progress made – particularly relating to institutional strengthening - is jeopardised. A multi-year 'interim' phase not only impacts value for money due to lost investment opportunity, it also reduces the value of the return on the investment already made. If extensions are to be granted, they should be given for a significant period of time (a 2 year extension is far better than four six-month extensions) with predictable resources to enable medium term planning.

Thirdly, it would solve many problems if there were standardised rates for living allowances for all personnel deployed on AusAID programs. Regularly monitored, indexed living allowances would prevent advisors seeking arbitrage opportunities and would provide contractors with a more level playing field for recruitment.

Reporting - Saying is Believing?

Particularly recently, there has been a noticeable increase in demand from AusAID to have measureable, tangible results reported. We support this focus, and agree that it is important to highlight achievements in the aid program. Nonetheless, the reporting of ‘good news stories’ cannot come at the expense of receiving honest feedback.

Honest feedback should be more valued, particularly when coupled with alternative suggestions and solutions. It is not always a result of poor performance, and – oftentimes – is precisely the opposite. In any case, many programs have such high-level objectives that realising them is not realistically possible, at least on an attributable basis. Outside, uncontrollable factors, such as political will, mean that the success of a program is contingent on much more than the combined performance on contractors and AusAID.

The centrality of service level standards to the performance management of contractors on the recently released deployee support services tenders is relevant in this respect. If a contractor implements a program as it is designed, it is implausible to hold them accountable for unrealised development outcomes.

TERMS OF REFERENCE SCOPE D

“Coordination of Australia’s ODA with other donors and institutions...”

Alignment versus Effectiveness

Aid alignment and harmonisation are good things, to be pursued and advocated. We have noticed, however, that these elements of effectiveness are more and more becoming ends in and of themselves at the expense of other more practical measures of ‘effectiveness’. ‘Effectiveness’ is now often more equated with how aligned a donor is with ‘Paris’/‘Accra’, rather than whether aid is achieving the development objectives its programs are aiming at. The attention being paid to the *process* (architecture) of aid delivery means the focus is too often taken away from the fundamental objective of reducing poverty.

Of course, ‘effectiveness’ is really a descriptor which can only be measured in relation to the precise nature in which aid is deployed. If a nation deploys aid as a tool for reducing poverty, then its effectiveness should be measured in terms of reduced poverty. If a nation deploys aid as a bulwark against the influence of another nation, then its effectiveness should be measured against this criteria. The reality is that aid is usually deployed for a myriad of reasons. We believe, however, that reducing poverty is central to the aims of the Australian aid program.

Where this theoretical discussion becomes practically applicable is in understanding that the ‘aid effectiveness’ agenda must necessarily be broad enough to encompass the many objectives of its adherents. Thus ‘alignment’ and ‘ownership’ (although undoubtedly important) often take on a significance greater than their achievement warrants, at least in relation to their *relative influence* on poverty alleviation. Aid effectiveness should focus on improving the lives of poor people and increasing their access to education, employment, quality essential services and protection against poverty induced vulnerabilities.

The Government should continue aligning with international donor practices of accountability and impact assessment with reference to DAC principles, the MDGs and the Paris Declaration on Aid Effectiveness. However, we caution against a wholesale rejection of traditional approaches in the enthusiasm for innovation. Much that needs to be done simply requires hard work and long-term commitment. No snappy innovation will change this.

CONCLUSION

Australia is in a position where, through proper planning, long-term commitment and the development of strong working partnerships with neighbouring governments and partner agencies, it can make very and real and positive impacts on the development of countries within the region. Countries in our region face significant health challenges, but many of these challenges can be met through the implementation of practical and cost-effective interventions. Australia has the resources to support these countries to meet these challenges, but the provision of these resources must be underpinned by a commitment to long term interventions that are adequately monitored and evaluated and implemented in partnership with the recipient countries.