

Submission to Independent Review of Aid Effectiveness

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Dear Secretariat

Thank you for the opportunity to provide comment to this important review.

The recently released 2010 Human Development Report (HDR), *The Real Wealth of Nations: Pathways to Human Development*¹ provides useful background information on the current state of global development. The report shows that international aid focused on development can be effective.

Within the report, the Human Development Index (HDI) proved a useful composite multi-dimensional indicator of income, health and education, and demonstrated the impact of international aid on global development. In an analysis of the HDI it was found that only three of the 135 countries in the 1970 – 2010 comparisons – the Democratic Republic of Congo, Zambia and Zimbabwe – had a lower HDI today than they did in 1970.² There was encouraging progress amongst poor countries that were effectively narrowing the “HDI gap” with rich countries.

According to the HDR people are healthier, wealthier and more educated than they were twenty years ago, but the averages can conceal residual inequities. While there was overall progress, inequalities between and within countries remain large in all dimensions. There is an incontrovertible association between population health status, absolute income levels and income inequality.³ Income inequality has an established deleterious effect on health and wellbeing, so the HDR report finding that income inequality has increased in many more countries than it has fallen, is very disappointing. In the Asia-Pacific region, most countries have higher income inequality now than they did a few decades ago.

In a ranking of countries by the HDI, Australia is second highest but all of our closest neighbours are in the bottom half of this ranking. Australia's closest neighbour, Papua New Guinea, is in the bottom 20 percent. Apart from Indonesia and Timor Leste, the HDI of our remaining neighbours has not improved. Four countries have shifted further down the index, with PNG remaining static since 2005.

We are working with a number of our neighbours to help reduce the burden of a range of infectious and tropical diseases such as Tuberculosis and parasitic diseases. The rates of these diseases of poverty in many of our closest neighbours are startling and tragic. This work has provided first-hand experience of the remaining development challenge facing Australia to effectively support our neighbours in the areas of health and the environment.

Our engagement using a capacity building approach, that seeks to train and support local people to better understand their situation through operational research, appears to promote local innovation and initiative supported by Australians, with a resulting reduction in the burden of disease. Our colleagues in developing countries have expressed their support of the strategy compared to a perceived “fly in-fly out” development model often adopted by Australian consultants with much of the funding targeted for development disproportionately enriching consultants/consultancy firms rather than directly benefiting local communities.

The 21st century ushered in a new era of global social justice awareness that found expression in the Millennium Declaration with 189 heads of state, including Australia’s prime minister, endorsing eight goals, which, if achieved by 2015, would reduce poverty, hunger, ill health, gender inequality, lack of education, lack of access to clean water, and environmental degradation⁴.

Progress towards meeting the Millennium Development Goals (MDGs) has been encouraging but for many of the goals, including Goal Four, which aims to reduce under-5-year mortality by two thirds, will not be achieved unless rich nations that committed 0.7% of their GDP to development invest this fully. Australia unfortunately does not meet this commitment.

Thus the current development investment and approach by Australia by any measure is not enough or not effective enough.

With this as background we provide the following comments specifically to the Terms of Reference:

a. The structure of the program
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1. Appropriate geographic focus
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The focus of Australia’s aid program should be our near neighbours, particularly the western Pacific and South-East Asia. It is in these areas that Australia must lead in providing enhanced, respectful and engaging aid programs. Supporting our neighbours not only makes common sense, it is a core value held by Australians.

Aid programs to South Asia, Central Asia and Africa do not need to be decreased, particularly if Australia fully meets its Millennium Declaration obligations, but must be implemented through multi-lateral arrangements or NGOs.
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2. Appropriate sectoral focus of the program

The MDGs need to drive the sectoral focus. We would argue that meeting the MDGs and achieving poverty reduction is strengthened when there is strong and sustainable development of the public health sector. That is, safe and adequate drinking water, food safety, food security, sanitation and immunisation. Along with education and
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housing these factors are the building blocks of development. Progress in this area provides encouragement that further investment will be well placed.

A particular focus should be on MDG4 and the achievement of reduction in child mortality. This is an excellent whole-of-community measure of the impact of other strategies. It will only be achieved where maternal education is valued, health service access is guaranteed, gender equality is assured, maternal and child health services – including immunization provision - are of an acceptable standard and coverage, and basic sanitation and safe water provision occurs and reaches the most vulnerable.

3. The relative focus of the aid program on low and middle-income countries

We support the World Vision submission to the review and agree that overall the country priority setting should be based on the poverty needs in each country, our capacity to improve things and our regional responsibilities.

Programs to address income inequality ideally work from a bottom-up approach and do not “trickle down”. Innovative and targeted aid programs that help to the build capacity of the poorest people in low and middle-income countries are required.

4. The relative costs and benefits of the different forms of aid

Increasing the proportion of the aid programs working through multi-lateral arrangements and NGOs will assist in reducing overheads and reduce the risk of being considered an “aid bully” with our neighbours.

In particular Australia must reduce the proportion of funds expended on consultants from developed countries. Instead Australia needs to increase our work in close partnership with local organisations and institutions, to build local capacity and opportunities. Investment in local community development leaders and teams is more likely to achieve sustainable development.

b. Performance of the aid program and lessons learned from Australia’s approach to aid effectiveness

Australia’s approach to aid effectiveness needs to rely more on a multi-dimensional system that includes input from the people on the ground in the target countries. The HDI and the Multi-dimensional Poverty Index are useful but still do not allow the aid recipients a clear voice in describing program effectiveness. An enhanced measure, that includes clear community voices, needs to be developed.

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

The aid program should retain its overall objective of poverty reduction and supporting the MDGs but with a stronger focus on reducing inequality, building capacity and increasing opportunities for local people. It should also live up to international development funding commitments.

In addition to impact targets, which are a much better measure of success than process monitoring alone, beneficiaries of development funding should have a greater voice in describing the effectiveness of the program.

Using Public Health as an example, we note that most of the world's experts in public health live and work in developed countries but most of the world's public health challenges are in developing countries. Australia's aid program could work towards addressing this inequity by:

- enabling in-country training up to tertiary level
- supporting local and regional public health investigations and research that strengthen local and regional systems (eg through the Secretariat of Pacific Communities)
- increasing funds to address issues prioritised through locally based research are addressed
- providing opportunities for sharing of the understandings and insights gained by local researchers with their peers in neighbouring developing countries.

d. Future organisational structure for the aid program

We would strongly support the establishment of a separate aid department and ministerial position.

In addition we would argue that the recipient countries and key NGOs must be represented on the boards and panels that decide on the direction and approach of the program. The structure and the approach of aid programs needs to be better informed by people on the ground where the development is being targeted.

e. Review and evaluation of the aid program

Reviews and evaluation of the aid program needs to be weighted towards the views and understandings of the recipients of the aid. Program delivery viewed with the dominant Australian cultural perspective may not deliver an impartial measure of effectiveness.

The best people to evaluate effectiveness are those receiving the aid. If the countries we are supporting do not have the capacity to evaluate the aid program then this is an important deficiency demanding in-country capacity building.

As reported by a recent review of the aid program to Solomon Islands most donors take a “deficits” approach to capacity and prospects, rather than a more positive “strengths-based” approach.⁵ In a developing community context, it is particularly crucial for joint recognition of existing strengths (such as prior knowledge and skills, resources, networks etc.) and cooperatively identifying the means to build on these strengths for achieving sustainable change.

We advocate for a respectful and engaging strengths-based capacity building approach focused on the issues faced by the poorest peoples in our international neighborhood.

We would be happy to provide further comment on these points if required.

Yours sincerely

Peter D Massey & David N Durrheim

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