February 2nd 2011

SUBMISSION TO THE
INDEPENDENT REVIEW OF AID EFFECTIVENESS

INTRODUCTION

Quaker Service Australia is the international aid and development agency of the Religious Society of Friends (Quakers) in Australia. We have been in existence for 52 years and are a fully-AusAID accredited agency. We use several of the Millennium Development Goals (MDGs) to guide the sectoral focus of our work, which concentrates on poverty alleviation, food and water security, capacity building and environmental sustainability.   Our main geographic foci are Cambodia, Uganda and India.   We work with local community project partners and a central concern is to ensure that there are long-term benefits to those communities.

In our most recent financial year our total income was $757,518, of which $434,717 came from AusAID. We have two paid staff members and one unpaid finance officer, based in Sydney and no field based staff. There is a Management Committee to which the staff is responsible and this has representation from several States around the country as well as the core membership who are New South Wales residents.

Our submission to this enquiry will, therefore, concentrate on the lessons we have learned over 52 years with particular emphasis on the importance of clarity, the development of trust and long-term relationships, the value of careful monitoring and the need to develop an exit strategy, which enables continuity of benefits. We will also discuss the importance to the development sector of ensuring that those organisations, which receive government funding in any form are equipped to undertake the work in an efficient and professional manner.

THE TERMS OF REFERENCE

We applaud the establishment of this review and the Government's commitment to increasing the size of the aid program annually. We also welcome the opportunity to have input to its deliberations. Although QSA does not undertake emergency or humanitarian relief work, we are pleased that the Government is able to respond to and support those larger agencies that are competent to undertake such work.

Not surprisingly, we endorse the comments in the OECD DAC review of AusAID that it should increase the amount of aid channelled through Australian NGOs, as we believe that AusAID-accredited NGOs are a very effective form of aid delivery. We are also convinced that such NGOs are a low risk way of sending development dollars directly to those most in need, minimising administrative costs, avoiding unnecessary bureaucracy and, importantly, being better placed to identify and minimise the possibility of corruption. However, scaling-up with NGOs as with any other organisations needs to be undertaken carefully.   The laudable and substantial increases in aid funding that are

planned over the next few years need to carry with them recognition that starting small and building upon knowledge and experience is vital if long-term improvements are to be assured.

QSA included "environment sustainability" as a project selection criterion in 1985 and we are concerned that the Review's Terms of Reference (ToR) did not contain any mention of climate change and its impact on aid effectiveness. Climate change has the potential to undermine much of the long-term impact of development activities, by damaging costly infrastructure and food and water security programs and by creating large numbers of climate change refugees. Last year's disastrous floods in Pakistan is one such glaring example.

The other missing element in the ToR is that of MDGs. While AusAID itself is aware of the importance of using them to direct its aid budget, this is not so true of other arms of Government.

SCOPE OF THE REVIEW

We have the following general comments with regard to the Scope of the Review:

a) **The structure of the program**
It is important that the absorptive capacity of AusAID and the Australian Government is also considered alongside the absorptive capacity of the partner country. We should not be spread too thin and should not just act as a banker, with little capacity to ensure long-term aid effectiveness. In the recent Africa funding round AusAID hired, trained and placed a substantial number of staff in Africa in order to support those agencies that it proposed to fund. This is necessary but not always understood by other Government departments.

We question whether the Australian Government needs to limit its sectoral focus. Rather we would urge that there is a unified 'whole of government' approach that includes recognition of what development is and what is needed to ensure that it is effective. (See our example in "e" below).

As regards the relative focus on low and middle-income countries we would point out that even within middle-income countries such as India there remain vast disparities of wealth. Not only is there a marked difference in the various forms of aid but also to whom it is given. Government can provide infrastructure in the form of schools and hospitals but unless individuals can gain access to these services their impact is minimised. That often requires behaviour change, something that takes time, trust and repetition. NGOs are frequently better placed to work with and in communities in ways that can achieve such behaviour change.

b) **The performance of the program and lessons learned**
Later in this submission, we have included some examples from our own experience.

c) **Program's approach to efficiency and effectiveness**
We would urge that the examination of the program's efficiency and effectiveness includes the way in which other Government departments provide aid funding. We would also strongly recommend that AusAID adopt a consistent approach to funding community-based organisations. The accreditation system ensures that those NGOs who undergo it are well managed, with appropriate policies and systems in place and can demonstrate effective and long-term results. The same cannot always be said for other organisations, which receive funding from other sources either within AusAID itself or from other Government departments.

There have been several occasions when QSA has joined with another NGO to seek AusAID funding where expressions of interest have been sought for a particular country or region. The recent Africa initiative was one such example. We have never been successful on these

occasions and have now begun to doubt whether AusAID does in fact wish to deal with consortia comprised of smaller agencies even when those agencies have a long record of successful development in the region or sector. We wonder whether this is because large organisations are viewed as better able to manage major projects than a consortium of smaller ones. If so then this should be made clear as considerable time and effort is otherwise wasted.

d) The appropriate organisation structure for aid program
From the perspective of a small but fully-accredited agency, the high staff turnover within AusAID is frustrating and difficult to deal with. It results in loss of corporate memory, very superficial understanding of complex subjects and risks incorrect or costly decisions being made through failure to understand what is involved. It also breeds loss of trust within the NGO sector for all agencies except the very large ones who have sufficient funds and staffing to ensure frequent and regular contact with the many branches of AusAID.

Historically smaller agencies received funding on a year-by-year basis and this made long-term effective development very difficult to achieve. The more recently introduced multiple year funding is to be applauded and encouraged. It enables proper planning and allows for learning along the way, which then can ultimately produce better results. It also provides opportunities for starting small and building up based on lessons learned.

QSA was one of six agencies successful in obtaining funding from AusAID under the Innovations Program. This program is designed 'to assist in the implementation of NGOs own innovative development activities while supporting shared learning and collaboration across the international development sector'. While the initiative was very laudable, the year long timeframe has proven to be quite tight to allow for research, implementation of ideas, assessment and conclusions. In hindsight, paid design and research time with a year to implement and assess would have been more realistic and potentially more informative.

e) The appropriateness of current arrangements for reviewing aid effectiveness
We would urge that the criteria employed by AusAID in administering the ANCP program should be extended to other departments such as the International Seminar Support Scheme. Recently our Executive Administrator was identified by a Ugandan NGO (presumably using our website), which was seeking a grant of $45,000 to run a two day conference in Uganda on gender equality and women empowerment. QSA's staff member was identified as being crucial to the running of the event, listing her relevant work skills in a format that could only have come from the website, and not form any personal contact. The first time she heard of the organisation was when she was contacted by AusAID to ask whether QSA could oversee the disbursement of the grant which it was about to make to the Ugandan NGO and be responsible for the acquittal and reporting requirements. QSA contacted our major project partner in Uganda and learned that the CEO of this hitherto unknown organisation was in fact a senator standing for re-election in the upcoming Ugandan elections. Another Australian NGO was also similarly nominated, and they too have no knowledge of this organisation. QSA has since notified that branch of AusAID that we are not prepared to accept management of the funds and feel that to do so would be in breech of both our accreditation requirements and the ACFID Code of Conduct.

HOW QSA WORKS

QSA does not maintain a field office or field staff, but works through existing community based organisations to achieve clearly identified outcomes. Each project or program has specific objectives designed to bring about the desired changes.

In common with most other accredited NGOs we have clearly identified project selection criteria. These enable us to screen and eliminate many proposals that come to the office. For those which do meet the criteria there is often a lengthy process of consultation to refine the type of project that will be funded. Frequently, particularly with a new project partner, it will take the form of a small-scale or pilot scheme that may then be scaled-up based on experience. A Letter of Understanding with clearly defined intentions is then signed by both parties. This will include the reporting, monitoring and financial expectations involved. This system is in place regardless of whether QSA is intending to seek AusAID funding or not. All decisions regarding funding are considered by the QSA Management Committee based on advice from the staff.

Monitoring is a vital element of successful aid, and QSA sends a monitor to visit the larger programs, working to unique program related terms of reference. In-country monitoring visits are usually undertaken by the staff member responsible for the project. Terms of Reference are developed and agreed to by the Management Committee. (Copy of one such ToR is attached. This is for a visit to be undertaken to a fully funded one-year AusAID project). These visits are usually quite lengthy, between ten days and three weeks. Experience has taught us that this allows for problems and difficulties to be explored in an open and trusting way and possible solutions found. A detailed report including recommendations is then presented to the next Management Committee meeting.

On occasion expert advice for particular aspects of a project is important to ensure maximum effectiveness. On these occasions QSA engages a consultant with specialist skills who will then spend up to a fortnight working in-country with the project partner and may make repeat visits or continue the support by telephone and email. One such example is financial and business support for the Vocational Training project in Pursat province in Cambodia to enable the centre to reach financial self-sufficiency over a five-year period. Again, the consultant would have ToR that had been approved by the Management Committee and their recommendations would be brought to the Committee, once they had been discussed with the staff.

Some years ago, in addition to poverty alleviation and food and water security, QSA was funded through AusAID to provide English language teaching in Cambodia from 1985-93 during the period when government-to-government relations were not possible, and an HIV/AIDS education program in 3 provinces in Cambodia from 1994-2001. Both these enterprises were successfully handed over to local organisations and are still in operation. The English language teaching now forms part of the University of Phnom Penh English Department, and the HIV/AIDS work is carried out by the second locally registered NGO in the country and is about to have its tenth birthday. Two examples of effective exit strategies.

LESSONS LEARNED OVER THE YEARS

As we have made clear, our experience relates exclusively to development work, and what follows is not applicable to emergency aid and humanitarian relief. However, we believe that there are a number of lessons that can be applied to most if not all development work. These are:

- Start small, often with very basic infrastructure (with our major project partner in Tamil Nadu our first form of support was a windmill to help regulate the water supply). This recognises that real development cannot begin out of nothing.
- Develop local relationships and trust. This allows for mistakes or problems to be acknowledged and changes to be made without fear of penalty or punishment. It also allows for project partners to share learning and minimise the risk of making the same mistake again.
- Modify project activities as needed. This can only usefully be achieved if trust and understanding exists between partners.
- Ensure knowledge and skills are shared. QSA has a firm policy of involving women in any general project activities. This has sometimes been seen by community elders as

- Recognise political realities in the communities in which we work. One example is that several of our project partners in Cambodia are staff of the provincial departments of Women's Affairs. During the run-up to any elections all training ceases to avoid any suspicion that attending courses carries with it party political support.
- Know when and how to leave. This is in some ways the most important point but often the hardest to plan for.

IN SUMMARY

Although this submission is based on the experience of a small NGO, we believe that the approach is one that can and should be used by other funded bodies. Certainly without input from local communities the chances of achieving sustainable results are slight indeed. Accordingly we urge the Review Panel to:
- Recognise that sustainable and effective aid cannot be achieved by just writing cheques,
- Scaling-up takes time and planning,
- Consistent standards and expectations within and across government departments are vital,
- Climate change WILL have an impact on sustainable aid delivery and cannot be overlooked.

We would welcome the opportunity to discuss any aspects of our submission with members of the Review Panel if that would be useful in your deliberations.

Regards
Jackie Perkins for Quaker Service Australia Management Committee

TERMS OF REFERENCE
Monitoring visit to Innovations Program, Tamil Nadu, S India

- Meet with key program staff to discuss their sense of the program's achievements and difficulties, and learning points for future programs of this type.
- Discuss new technologies explored as a result of this program and how they can be effectively incorporated into future programs where relevant.
- What aspects of the program remain incomplete and why?
- How can this program be linked more closely to existing and planned programs by PBRC in the area?
- What has been the response from the Tamil Nadu Government to these innovative building designs and materials used, and what progress has been made in having them incorporated into government funded housing?
- Meet with program participants and discuss their impressions of changes brought about by this program.
- Meet with the Village Development Committee if possible and hear what they view are the program's successes and difficulties. What plans do they have for the future of Devikulam.
- Explore the various locations of innovative building changes and discuss them with key program staff.
- Meet with the school children monitoring water quality, the trainees of solar power equipment repairs, and some of the women's groups associated with the program to discuss the program and its changes to the community and themselves.
- Begin preparation of a funding proposal to be put to QSA for funding consideration of a small project to link the Innovations Program to the ANCP program activities.
- Conduct a random 10% sample of financial transactions, ensuring that the documentation is completed for all stages of the transactions.