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## **RESULTS International Australia**

### **Submission to Independent Review of Aid Effectiveness**

RESULTS International Australia welcomes the opportunity to make a submission to the Independent Review of Aid Effectiveness.

This review is timely for the following reasons:

- Australia is one of a minority of countries which is continuing to increase aid strongly, as a result of many other countries facing economic and budgetary difficulties.
- The priorities for Australia's aid will have an influence on the further progress that countries in the Asia-Pacific region can make towards achieving the Millennium Development Goals (MDGs).
- If Australia is providing leadership in increasing and improving elements of its aid program, this would also influence the priorities of other donors.

Overall, the RESULTS International Australia submission proposes the following directions for Australia's aid in the coming years:

- The growth in Australian aid to 2015 should at least match, or slightly accelerate, the growth rate to which the Government has committed (to reach 0.5% of gross national income by 2015).
- In its response to the Review of Aid Effectiveness, the Australian Government should also indicate a time by which it would increase aid to 0.7% of GNI, which should be before 2020 to maintain momentum in taking action to reduce poverty.
- The Government's stated commitment to using aid to promote progress towards achieving the Millennium Development Goals (MDGs) should be supported by committing to increased funding to basic education, health, rural incomes and development, and water and sanitation.
- To ensure that AusAID has the capacity to deliver the expanded program, it will be important to hire and provide training and development to key staff to manage the programs, including specialists in particular sectors who can provide advice and support to staff managing the country programs.

- An increase in the proportion of aid provided through multilateral agencies would assist in increasing the geographic reach of the aid program and could reinforce the impact of Australian aid to particular sectors. However, it would be important for AusAID to monitor and review the performance of particular multilateral organisations, and be willing to reallocate funding among multilateral organisations based on their performance.

Specific responses by RESULTS International Australia to the terms of reference for the Independent Review are set out in the following sections.

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

While Australia's aid is expected to increase substantially in the coming five years, it is still important to ensure that Australian aid is not spread too thinly. In view of country needs, and the focus on other donors, Australia's aid should continue to have a focus on South Asia, South-East Asia and the Pacific. While some increase in aid for Africa would also be warranted, a high proportion of this increase could occur through multilateral assistance.

**The appropriate sectoral focus of the program, taking into account Australia's area of comparative advantage and measured development effectiveness results.**

The sectoral focus of the aid program should reinforce the Government's stated focus on supporting achievement of the MDGs. Specific sectoral assistance with the greatest impact on achieving the MDGs would be:

- *Basic education and literacy* – the current proportion of aid for education (18-20%) should be at least maintained, and the proportion for basic education increased to at least two fifths of education aid. Basic education is defined as primary and early secondary education, as well as early childhood education and adult non-formal education.
- *Health* – total aid for health would need to be increased towards 20% of total aid, with priorities in this total for maternal and child health, control of infectious diseases (AIDS, TB and Malaria) and developing health systems to deliver these services effectively. In the case of control of infectious diseases, increased assistance should be delivered both bilaterally and through increased contributions to the Global Fund to fight AIDS, TB and Malaria.
- *Rural incomes* – the proportion of the aid program for food security and rural development should increase to reduce vulnerability to food shortages and increased prices. The Government should build on the recent increase in aid for microfinance (which is primarily for the poor in rural areas) to enable diversification of income for rural families, as well as the urban poor.

- *Water and sanitation* – Aid for water and sanitation should increase to \$350 million (Australia's share of the estimated cost of universal access to clean water and safe sanitation), and then be maintained at 6% of the aid program. Increasing access to clean water and safe sanitation will contribute to achieving the MDGs related to health.

### **The relative focus of the aid program on low and middle-income countries**

Low-income countries have the lowest prospects of obtaining funding for development from domestic sources, so Australia should devote an increased proportion of aid to low-income countries, as the overall aid program increases.

However, per capita income can be a poor indicator of the human development levels of a country, so it would be important for the Government to consider other human development indicators when deciding allocations in aid. For example, Timor Leste may experience significant growth in per capita income due to development of oil and gas resources, but would still have significant needs for assistance in providing basic services and economic opportunities for its population.

### **The relative costs and benefits of the different forms of aid, including the role of non-government organisations and the appropriate balance between multilateral and bilateral aid funding arrangements.**

It would be desirable for Australia to increase the proportion of its aid provided through multilateral agencies. As Australian aid expands into additional countries (such as in Africa) and into programs which have received little attention so far (such as combating tuberculosis), it would make sense to use the expertise of multilateral agencies to obtain the best results from this additional aid.

The performance of the multilateral organisations that Australia supports needs to be subject to regular scrutiny to ensure Australia's multilateral contributions are used effectively. Based on reviews of the performance of multilateral agencies, the Australian Government would need to be willing to reallocate funding among multilateral agencies to ensure multilateral aid complements bilateral aid.

### **The appropriate future organisational structure for the aid program, including:**

- **AusAID's organisational structure for aid delivery**
- **arrangements for the coordination of ODA across the public service**
- **coordination of Australia's ODA with other donors and institutions.**

The Review is an opportunity to revisit the proposal to establish AusAID as a Government Department, working to a Minister for International Development. This would reinforce the capacity of AusAID to focus on the purposes of the aid program, rather than other diplomatic objectives. This change may also enable AusAID to increase its capacity to deliver a larger aid program (as a Department may be able to seek additional staff resources more readily than an agency which is part of a larger portfolio).

AusAID would also need to have advisers on aspects of policy and service delivery to ensure country programs supported service delivery priorities. For example, to fulfil the Government's commitment in 2010 to double aid for microfinance, it would be important to establish a specialist unit in AusAID (with at least two full-time staff) to support implementation of the increased program.

While other Government agencies may be involved in delivering Australian aid, it would be important for AusAID to coordinate delivery, through regular meetings at senior levels of the aid delivery agencies.

**Contact:**

**Maree Nutt, National Manager, [nationalmanager@results.org.au](mailto:nationalmanager@results.org.au)**

**Mark Rice, Research and Advocacy Coordinator, [markhr@optusnet.com.au](mailto:markhr@optusnet.com.au)**