



# **INDEPENDENT REVIEW OF AID EFFECTIVENESS**

This submission is made by  
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## Executive Summary

This submission highlights how AusAID can further evolve into a strategic, forward looking organisation, with an intrinsic culture of evaluation and innovation and become the most efficient and effective overseas aid program in the world. To achieve this goal it is recommended that Australia's Aid Program be managed as portfolio of change. This would mean adopting world best practice, non-proprietary management methodologies in a way that brings together principles, processes and techniques to facilitate effective portfolio, programme and project management – namely, *Managing Successful Programmes* (MSP®). As a result, AusAID would have a stronger relationship with its stakeholders through delivery of better services, through greater involvement of these stakeholders and through a whole-of-government approach. This approach would also ensure that AusAID has a stronger focus on efficiency and quality. Thereby enabling it to become a more agile, capable and effective organisation reinforced by measures to improve planning and performance – both of these outcomes are crucial reform areas identified in the Blueprint for the Reform of Australian Government Administration which were accepted by the Commonwealth Government in June 2010.

## Background Information

Tanner James Management Consultants Pty Ltd is a dynamic and innovative company specialising in world best practice portfolio, programme and project management training and consultancy. We work with clients to understand their objectives & problems and to deliver a solution that adds value. As a result, our key focus is on skills transfer to enhance our clients' portfolio, programme and project management capability.

MSP is a non-proprietary, best practice management method for implementing strategic change and policy initiatives. It has been developed by the Office of Government Commerce (OGC) in the UK and is based on best-practice and practical experience. MSP is already being extensively used in the UK and Europe and is increasingly being adopted in Australia. Additionally, MSP is an OGC sibling to Gateway Review and PRINCE2®<sup>1</sup>.

The distinct advantages of well applied MSP ensures:

- Constant focus on getting value for money from a programme by understanding and driving through the achievement of real, practical and measurable benefits;

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<sup>1</sup> ® MSP and PRINCE2 are Registered Trade Marks of the Office of Government Commerce in the United Kingdom and other countries.



- Cross Departmental engagement through understanding and ownership of the programme's benefits which allows for wider, whole of government benefits to be achieved;
- A well managed framework for putting in place suitable levels of risk and quality management;
- The earliest possible “wins” for the programme with stakeholders not having to wait months or years for practical change; and
- A constant link between programme and strategy to ensure the programme remains aligned with government policy.

Over the last few years Tanner James has been assisting a large number of Commonwealth and State Government organisations to change the way “they do business” and to manage the process of change so that it becomes an ongoing in-bedded work practice. Some of these clients have been Australian Customs Service, Australian Federal Police, Australian Bureau of Statistics, Attorney General's Department, PM&C's Cabinet Implementation Unit, CrimTrac, Defence Material Organisation, Defence Personnel Executive, Department of Education, Employment & Workplace Relations, Department of the Treasury, FaHCSIA, Comsuper, IP Australia, Country Energy, NSW Dept of Lands, Qld Police Service, Qld Dept of Communities, Qld Dept of Disability Services, Rio Tinto, P&O Ports.

### **Recommendation: Australia's Overseas Development Aid Program be set-up as a Portfolio of Change**

The Australian Government has sought an independent review of its aid effectiveness. This review focuses on five key areas, namely the structure of the aid program, the performance of the program, an examination of the program's efficiency and effectiveness, the appropriate organisational structure and the program's ability to internally review and evaluate as well as manage fraud and risk.

Tanner James recommends that AusAID adopts a best practice approach to establishing a robust management framework for Australia's Overseas Aid Program. Given that the complexity, escalating pace of change, size and scope of the Overseas Aid agenda is extraordinary, it therefore represents a unique challenge in translating strategic Federal Government intent (through a large number of agreements and programs) into real-world benefits for overseas aid recipients.

To meet this challenge, the management framework should incorporate the following key components:



- Governance and organisational structure
- Stakeholder engagement & communication
- Benefits management
- Planning and control
- Financial management
- Resource management
- Monitoring and reporting
- Risk & issues management

To succeed, these elements must be implemented in a way that is embraced by Australia's intended aid recipients as useful and understandable, provides decision-makers with clear information, approaches the work in a flexible, segmented and interlinked manner and adds real value. In addition, the management framework must be able to continuously incorporate lessons learnt into its new approach for delivery aid and, as a result, the role of evaluation must also become an ingrained pattern of work practices.

The proposed robust management framework will ensure that efficiency and effectiveness are constantly being evaluated as well as identified key risks impacting on the delivery of the Aid Program. Other benefits of this approach include:

- maximizing the involvement of overseas stakeholders, communities and their representatives in the management framework;
- building on existing investments by government in management and organizational capability (whole-of-AusAID and whole-of-government); and
- empowers and up skills AusAID staff.

A robust overseas aid management framework should be strategic, empowering, cohesive, innovative, practical and realistic.

### Strategic

The strategic focus of this management framework is the delivery of benefits. The methods are practical and proven, having being adopted by more than 20,000 organisations in 150 countries. They are also compatible and useable with international best practice for NGO project management (PM4NGOs). This approach immediately overcomes the problems of how multiple entities from the



government, private sectors and overseas organisations can work together. It is a common, teachable, repeatable and understandable management framework. The governance strategies and role-based organisational structures that are key components of this framework offer an unequalled degree of precision with flexibility and are ideally suited for managing the delivery of strategic change on the scale needed for Australia's Overseas Aid Program.

Ultimately, what matters most is whether or not the expenditure results in measureable improvements, arising from outcomes that are perceived as advantageous by the aid recipients.

### Empowering

The proposed management framework incorporates effective stakeholder engagement and communication - at the same time, it incorporates the appropriate involvement of overseas aid communities and their representatives. Training in this type of management for overseas communities would be part of the overall portfolio of change, particularly in a way that directly seeks to find solutions to local challenges and issues, and will enable people in other countries to better engage with Australian agencies and personnel.

Using OGC methods as the foundation for the proposed management framework would also up-skill AusAID's APS officers. The methods are internationally renowned and non-proprietary. Australia has an established market of third-party accredited professional service providers who deliver training and consulting services. The recommended approach would ensure a focus on external providers helping AusAID, rather than seeking to do all the work for AusAID.

### Cohesive

Cohesiveness will be achieved by the use of the proposed management framework. A Portfolio of Programmes and Projects will provide line-of-sight accountability right across the Overseas Aid Program from the Millennium Development Goals to community infrastructure projects in remote African or Asian areas. This framework would use role-based organisational structures to overcome the inherent challenges associated with delivering cross-functional change across multiple government agencies and other entities. It would also provide AusAID with a single management framework to effectively guide its separate but interwoven responsibilities as an agency in its own right and as the lead agency for whole-of-government delivery of the Aid Program.

### Innovative

Using the portfolio of change methodologies will create an enhanced focus for AusAID. It will sharpen attention on envisioning and creating a better future –identifying benefits, mapping,



managing risks, eventual benefit realisation and on designing and delivering a coherent solution. This approach is innovative because it takes disciplines for delivering strategic change and applies them in a new way – to the whole-of-government implementation of government policy. This is a key element for the Panel to consider in terms of AusAID’s performance, its effectiveness & efficiency and its future organizational structure.

Whilst this approach is innovative, it is nevertheless a well-proven and safe management framework. The methods are tried and tested as suitable for all types and sizes of agencies, programmes and projects. This methodology is referenced in the Australian National Audit Office Better Practice Guide (June 2010).

### Practical

It is one thing to document a set of management methods and another to bring them to life in a way that adds value and creates order and clarity. Australia’s Overseas Aid Program is already a substantial initiative involving multiple governments, hundreds of organisations, thousands of people and billions of dollars – with an expected doubling of its budget in the next few years. All of which takes significant work just to collect and report the data required to track global progress in Australia’s overseas aid program. The proposed Portfolio of Change management framework will achieve this lofty ambition.

Communication of the methods is based on need and can range from a conversation explanation, through to formal training or executive briefings. Internationally recognised qualifications can be attained by AusAID officers, APS and on-the-ground staff, NGO staff, as an assurance of professional capability. Tanner James would welcome the possibility of having “a conversational explanation” of this management framework with the Panel members.

### Realistic

AusAID needs to ensure that its future management structure is in-line with the adoption of the Federal Government’s Blueprint for the Reform of Australian Government Administration, “Ahead of the Game”, March 2010. This should also ensure that future internal audit reports don’t highlight these issues as an area of concern.

A realistic approach to future management requirements cannot be piecemeal. Adopting a management framework based on OGC methods is a holistic and strategic response that will ensure remedial actions in a way that will clearly establish a robust overall aid development management framework for the 21<sup>st</sup> century. The proposed methods are structured in a way that enables practical



implementation for the overseas aid management framework. The nested nature of portfolio management would enable AusAID to pilot the approach to minimise risk and to demonstrate results, then control the timing of further implementation based on how rapidly executives and stakeholders wish to see similar results across all delivery elements of the overseas aid program agenda.

## **Conclusion**

Tanner James believes that the Independent Review of Aid Effectiveness offers the Australian Government an opportunity to adopt world best practice in relation to portfolio, programme and project management methodologies and, as a result, to establish AusAID as one of the most innovative, efficient and effective aid providers in the world.

I would welcome the opportunity to clarify and demonstrate the proposed management framework to the Panel and to elucidate the advantages of this approach.

