TEAR AUSTRALIA

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Submission to the

Independent Review of

Aid Effectiveness

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1. TEAR Australia

1.1. TEAR Australia is a long term recipient of AusAID ANCP funding, in 2010-2011 receiving $2,995,752. In 2009-2010 TEAR Australia's income was $14,274,418. TEAR Australia works in 20 countries with 113 partners.

1.2. Rather than operating as an implementing agency, TEAR Australia supports the initiatives of Christian groups, including churches, relief and development agencies and community-based organisations, which are working with the poor in their communities. The groups TEAR Australia works in partnership with are primarily based in South and South East Asia, and East and Southern Africa. TEAR Australia seeks to build effective relationships with these partners, grounded in mutual respect, trust and accountability. Priority is given to those programs that strive to involve the most marginalised and exploited members of each community, regardless of their religious or political beliefs.

2. Key recommendations

2.1. TEAR Australia affirms the commitment to increasing aid to 0.5% of Gross National Income (GNI) by 2015 and encourages the government and opposition to announce a plan towards meeting the stated aspirational goal of achieving the internationally recognised benchmark of aid expenditure, i.e. 0.7% of GNI.

2.2. Focus Australia's aid program on poverty alleviation particularly emphasising work with the poorest sections of society in the Pacific and Indian Ocean rim.

2.3. Introduce an open accountability and accreditation process for private contractors similar to that adopted by and enforced for Australian development Non-Government Organisations (NGOs).

2.4. Recognise that conflict is a major driver of poverty and entrenches existing social and economic inequalities. Where Australia's aid program is implemented in conflict situations, development strategies and aid expenditure should not be integrated or linked in any way with military objectives.

2.5. Continue to enter into AusAID NGO Cooperation Program (ANCP) Partnership arrangements with high performing Australian NGOs aimed at achievement of development outcomes. There must also be a collaborative effort between AusAID and the NGO Partners to develop meaningful and reliable monitoring and reporting of the partnership funding.

2.6. Longer term funding windows and secured funding for several years would encourage program design and planning to be over longer timeframes and for more sustainable outcomes.

2.7. Australian aid programs should work to improve the involvement of, and accountability to, aid recipients through deliberate strategies of community participation and feedback in all stages of the project management cycle.

2.8. Effectiveness is a measure of change and therefore reporting and monitoring needs to be more outcomes and impact based and less focused on activity/output targets. There is a grave risk of linking effectiveness with efficiency if it leads to simplistic cost-benefit measures that don't take into account the complexities and contexts of development.

Responses to the Review's Terms of Reference

3. Structure of the program

3.1. In line with the Make Poverty History and Micah Challenge campaigns, TEAR Australia strongly supports and affirms the move towards increasing the aid program to 0.5% of GNI. In addition TEAR Australia urges the government to move towards a plan to meet the stated aspirational goal of achieving the internationally recognised benchmark of aid expenditure, i.e. 0.7% of GNI.

3.2. It must be realised that poverty will not be solved by a reliance on Official Development Assistance (ODA) by itself. Structural inequalities and systemic factors that drive poverty must also be addressed through policy initiatives and practice.[1] In this context TEAR Australia endorses fair, rather than free, trade.

3.3. Systemic inequalities are not just about where the bulk of resources are found, but also how they are utilised. For example, the United Nations Development Program (UNDP) estimates that Australians are using seven times their share of the planet's resources. It is neither in Australia's national interest nor in global humanitarian interests to further increase that level of resource use.[2]

3.4. TEAR Australia supports the aid program's focus on the Millennium Development Goals (MDGs) to 2015. TEAR Australia believes that orienting the aid program towards the achievement of the MDGs has resulted, and will result, in significant improvements in the lives of the poor around the world. The progress towards the achievement of the MDGs is, however, unequal. In particular, achieving the health MDGs will require additional resourcing. For example, the rate of progress towards MDG 5, improving maternal health, remains unsatisfactory and current estimations show that unless dramatic improvements are made it is unlikely that this goal will be achieved by 2015[3]. TEAR Australia therefore urges the government to support a scaling up of aid to the health sector to $1200m a year by 2012/13.

3.5. It is important that Australia participates in discussions with its international partners about the aid program's future once the MDGs cease to be an international focus after 2015.

3.6. The accountability of private contractors and for-profit companies within Australia's aid program must be strengthened through the establishment of a binding and comprehensive code of conduct or accreditation process. The Australian NGO sector has voluntarily submitted itself to, and systematically strengthened and improved, forms of accountability such as the ACFID Code of Conduct and it participates willingly with AusAID accreditation. The standards enshrined in these accountability mechanisms are much higher than those set for contractors who represent a significant component of Australia's aid expenditure.

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[1] These include international labour and economic policies and practices that exploit the poor, the rapidly widening gap between low and high wage levels that forces, among other things, labour migration, undermining local (developing country) markets with donated or low priced goods from elsewhere and investment practices that exploit the resources of poor countries to serve the needs of rich countries. See, for example, ILO (2008) *Global Wage Report* http://www.ilo.org/public/libdoc/ilo/P/09258/09258%282008-09%29.pdf pp 23ff

[2] UNDP (2007) *Human Development Report 2007/2008: Fighting Climate Change: Human Solidarity in a Divided World*. NY: Palgrave Macmillan. p 48

[3] WHO (May 2010) "Millennium Development Goals: progress towards the health-related Millennium Development Goals, Fact sheet No290" http://www.who.int/mediacentre/factsheets/fs290/en/index.html accessed 13 January 2011

3.7. Confidentiality clauses in contracts with for-profit organisations and private contractors should be removed and replaced with a requirement for full reporting, including profits made from work done. Contracts should be aimed at the delivery of outcomes rather than a number of inputs or outputs. This will encourage companies to respond to local conditions and needs.

3.8. Along with an increase in accountability for private contractors, AusAID should reduce its reliance upon contractors from developed countries and invest more heavily in using resources and skills from within the countries receiving the aid. While some skills-building programs may be required to have resources of the same quality as those that can be sourced from developed countries, this will encourage the development of a local skill base. Care must be taken with such a venture that payments are not over-inflated as this tends to distort the local market and lead to services being priced out of the reach of local people and organisations. Training opportunities must also be open to people from all sections of the community and the selection processes transparent and accountable.

3.9. TEAR Australia supports a comprehensive and integrated aid program that includes actors from a broad section of Australian government and non-government areas. Care must be taken, however, when technical assistance aimed at development outcomes is provided by actors such as members of the Australian Federal Police, governance specialists or trade consultants who have less understanding of the complexities involved in the development process. Societies and their economies are complex systems and consideration must be given to the inter-relationships between the factors that lead to development.

3.10. *Geographic focus*

3.10.1. TEAR Australia supports an aid program that is focused on alleviating poverty in the Indian Ocean rim and Pacific Region. Africa, in particular East Africa, should continue to be a focus of Australia's aid program. The pursuit of the MDGs necessitates a concerted effort to target the levels of poverty and health challenges facing African nations. In all measures of human development, Sub-Saharan Africa falls significantly behind the other regions of the world in health, income, gender inequality and most education indices.[4]

3.10.2. The emphasis of Australia's aid program must be on poverty alleviation and development outcomes focusing on the poor in low income or least developed countries. Many of these countries are found in the Indian Ocean rim and Pacific regions[5]. Australia has assisted in strengthening governance, security and infrastructure within its development partner countries. While these programs have, in some cases, been significant in contributing to the well-being of those countries' peoples, these sectors or areas of development cannot take precedence over the need to respond to the needs of the most poor in our region, in particular those in low income countries that are least able to respond to vulnerabilities without external assistance. An integrated approach to solving the root causes of poverty in least developed countries must be developed in cooperation with both state and non-government development actors in those countries as well as with global donor governments.

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[4] UNDP (2010) *Human Development Report 2010.* See HDI and inequality adjusted HDI tables, and Multi-dimensional poverty index tables.

[5] See list of Least Developed Countries at
http://www.unctad.org/Templates/Page.asp?intItemID=3641&lang=1

3.10.3. The Australian Government should announce a clear timetable to show how it will meet its September 2010 pledge to increase the proportion of ODA directed to the world's poorest countries to 0.15% of GNI by 2015, as well as the provision of at least 0.09% of GNI to Least Developed Countries (LDCs) in 2011-12 (equating to approximately $1254.3 million).

3.10.4. The 2010 *Human Development Report* shows that while significant improvements have been made in many countries and development areas, the rate of development continues to be unequal and disparities between sections of the population within countries exacerbates the contributing factors to poverty. Such inequalities in development result in the needs of the most marginalised and vulnerable being masked by undifferentiated statistics showing development improvements and achievements. Specifically, the following inequalities exist which should be part of a focused strategy in Australia's aid program:

- Women in general, particularly those at high risk of vulnerability including widows, illiterate, those in conflict, and those who are exploited through trafficking or formal migration systems;

- People with disabilities;

- Rural versus urban communities;

- Ethnic minorities;

- The displaced.

   Australia's aid program should include specific strategies to address the inherent inequalities existing within populations and communities, and work with partner country governments to develop mechanisms for measuring the impact of development efforts among the most vulnerable and poor sections of their population. Such efforts must include in their design the contribution and voice of those for whom the projects are planned.

   In addition, care needs to be taken so that socio-economic inequalities are not exacerbated by the creation of a "development economy" or the growth of an "elite" who gain great financial and social benefits by being part of the development sector.

3.10.5. In middle income countries, Australia's aid focus should be on enabling country governments to have long term capacity to be responsible for their own development. In many of the countries in this category, the development achievements in the past decade have been significant. These gains must not be lost through precipitant withdrawal of developing nation status. Rather, these nations' governments must be assisted with building sustainable local development mechanisms and strategies. For example, deep and lasting changes can be strengthened through encouraging and enabling Indian government initiatives and legislation for poverty alleviation and development programs.

3.10.6. Countries emerging from or dealing with conflict are especially vulnerable. Australia has a responsibility to support development, reconstruction, peace-building and the building of a strong and stable civil society in such countries, especially in countries in which the Australian government is actively involved in the conflict, such as Afghanistan. In countries where there is ongoing conflict, development strategies and aid expenditure should not be integrated or linked in any way with military objectives. Linking aid with military targets is counter-productive and dramatically increases risks for those involved in long

term development; conflict does not increase security for local populations. In all such situations the long term development of the country and its people should be the primary interest rather than short term military objectives.

It must be recognised that conflict is a major driver of poverty and entrenches existing social and economic inequalities. Building a war economy directly through armed intervention or indirectly though paying local warlords for "protection services" makes peace building, a critical element of reconstruction and rehabilitation, more difficult thus further strengthening inequalities.

3.11. Sectoral focus

A comprehensive and flexible aid program is essential in achieving the MDGs and in making a significant contribution in alleviating poverty. There is a growing understanding and appreciation of the multi-dimensional nature of poverty. As such, development programs must be multi-faceted and project design must be done with an understanding of how project inputs will impact upon other factors contributing to poverty and a community's development. Nevertheless, some refinement and sectoral focus will provide a strategic edge to the aid efforts of Australia's government and NGO aid program. The following three sectoral focus areas are recommended to the Review.

3.11.1. Millennium Development Goals

The MDGs represent an easily measurable set of targets and provide for a coordinated and coherent international focus for aid. The Goals also prioritise the development sectors that are core to alleviating poverty and bringing about significant improvements in people's well-being. Within the goals there is the potential to further target the most poor and vulnerable communities to address inequalities and disparities that are apparent in more general development statistics. For these reasons, TEAR Australia supports the continued focus on the achievement of the MDGs and the sectors which they represent.

TEAR Australia also supports Australia's involvement in initiatives for post-2015 development targets.

3.11.2. Civil Society

Civil society actors such as NGOs, churches and community based organisations are essential and influential in the development process. Civil society has shown itself to be highly successful in strengthening local level accountability and improved participation in development[6], both of which are critical to an effective development process. Promoting the development of strong a local civil society environment in recipient countries should therefore be a focus of Australia's aid program.

To promote strong civil society in aid recipient countries, TEAR Australia believes that it would be beneficial to include broad based civil society capacity building within the ANCP program. Such programs will require a more patient and flexible approach as the changes will be over longer timeframes. Reliable measurement of change in this area will also require new and possibly more innovative and participatory tools and methods which will be different to standard activity based target reporting. Adjustments to or

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[6] AusAID Office of Development Effectiveness (2008) *Annual Review of Development Effectiveness* and (2010) *Working with the state alone is not enough*

flexibility within ANCP reporting will need to be made to accompany any civil society sectoral approaches.

3.11.3. Working with the poorest of the poor and most marginalised groups

For the benefits of development to be experienced by all sections of society, special focus must be given to ensuring that the poorest of the poor and most marginalised groups are included. These are the groups for whom participating in development activities is high risk as it takes them away from traditional sources of income and takes time that could be used to provide for their families. Enabling the most poor to gain the first step onto the ladder of development requires specific targeting of activities, careful involvement of the people themselves in a way that doesn't increase their risk, and monitoring systems and processes that can measure how closely the project is working with the poorest.

Activities that target the poor but don't have effective monitoring can have a "drift" so that the less poor, and those with greater power and autonomy, end up receiving the bulk of the benefits of the process.

Australia's aid program must ensure that it does not leave behind those who are at the very bottom rungs of development and society. Special emphasis must be put into programs that work with the most poor. It may be that separate funding facilities are made available for these programs with stringent monitoring to ensure that they are, indeed, working with the poorest members of society.

AusAID needs to work with recipient countries to develop reliable and accurate monitoring and statistical analysis of development activities to ensure that the poorest members of society are being positively impacted by development interventions.

3.12. Role of NGOs

TEAR Australia affirms the many changes that have occurred within AusAID in the past few years that have resulted in a strong and positive relationship with the Australian development NGO (ANGO) sector. The assistance provided to organisations seeking accreditation for the first time, the pioneering of initiatives such as the ANCP Partnership relationships with a smaller number of ANGOs and the openness of AusAID to engage with the ANGO sector through ACFID, the Office of Development Effectiveness (ODE) and on an individual basis has led to stronger and more collaborative relationships between the government and non-government aid efforts. Any changes in AusAID approaches and structure must not be allowed to lose these gains.

3.12.1. ANGOs are a critical component of the aid program, providing the following attributes:

3.12.1.1. **Efficient use of resources.** TEAR Australia, for example, spends 7% of its expenditure on administration and support. Staffing, asset purchase, travel and budgeting decisions are made within a policy framework of ensuring that the maximum amount of funds can be directed at projects and managing the international development program. Like other not-for-profits, there is no tension between development and profitability objectives.

3.12.1.2. **Strong accountability to supporters, government and communities.** Australian NGOs have strong accountability systems to both Australian private supporters and to the Australian Government. These are set in the accountability provided through the ACFID Code

of Conduct that provide internationally recognised standards for development NGOs[7].

Donors, AusAID and ANGOs need to operate with a better understanding of the need for development delivery organisations to be accountable to participating communities as the primary stakeholder. This will mean development of more flexible approaches to project cycle management as delivery organisations develop ways to maintain their accountability to donors while improving their accountability to communities.

To this end, efforts of a growing group of ANGOs, strongly supported through work carried out by ACFID's Development Practice Committee[8], are directed at exploring the network of accountability relationships of which organisations are a part. A key focus is to develop and strengthen accountability to recipient communities to ensure that development interventions are relevant and effective in achieving positive outcomes for those to whom the projects are directed.

3.12.1.3. **Partnership with local organisations with local knowledge and contacts.** Many ANGOs such as TEAR Australia do not implement their own activities but rather work through local partner organisations. As well as saving costs through not having in-country offices and staff, there are development advantages to working through local partners. The vast majority of these organisations are locally based and therefore well integrated within the communities, knowledgeable about local issues, power structures, community needs and aware of services available through government and other line agencies. Investment in partner training and capacity building that is included in program funding doesn't just provide short term project outputs, but also serves to increase the skills and abilities of local agencies and staff to provide long term development inputs into their own communities.

3.12.1.4. **Participation and involvement of local communities.** The close relationships arising from organisations being based in their project communities enables projects to be planned and designed with local community engagement and to be monitored by community members. This ensures that development outcomes are relevant to local needs, promotes accountability to communities, and allows resources to be used in communities rather than in large centralised offices or in travel, vehicle purchases and monitoring costs.

3.12.1.5. **Good absorptive capacity of funding through NGOs.** Many ANGOs have a high absorptive capacity by virtue of their network of partnerships with developing country NGOs.

It is therefore recommended that as Australia's development expenditure grows an increasing share of the overall ODA will be mobilised through ANGOs; both community based organisations and not-for-profits who rely on government funding and which could scale their activities as available funding increases.

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[7] One World Trust (2010) *An Analysis of Sector Level Quality Initiatives: Identifying Common Lessons to Inform Bond's Effectiveness Framework*, London, pg. 7ff
[8] Roche (2010) *Promoting Voice and Choice*, ACFID, Canberra

It is recommended that AusAID works to develop proactive ways with Australian development organisations to ensure that competitive grants are spread more evenly through the Australian NGO sector and not concentrated on a few larger organisations.

3.12.1.6. **Possibility for innovation through NGOs.** NGOs are parts of wide and diverse networks within Australia and in recipient countries. Their lower overheads and generally flexible processes allow NGOs to take advantages of innovations that arise from sections of their networks, or ideas to respond to the particular needs in an area, develop them and share them across their programs.

3.12.2. TEAR Australia strongly supports the continuation and development of ANCP Partnerships with ANGOs which have demonstrated long term effective development approaches and reliable use of AusAID funding.

Along with an expansion of the Partnership approach that maintains the possibility of flexible and longer term outcome level program design, there must be a collaborative effort between AusAID and the NGO Partners to develop meaningful and reliable monitoring, and reporting of the partnership funding. The resulting monitoring and reporting systems and mechanisms must provide AusAID with the accountability and information that is required for government processes as well as be useful for the NGO's own measuring of program progress. It is likely that a range of different mechanisms will be required for the different ANCP Partners.

3.12.3. Faith based development organisations are a major sector of civil society groups both in Australia and in developing contexts. They have close relationships with a significant section of the communities in which they work, carry a strong value of social action and of working with the poor, and are often found in more remote and difficult locations. There have been valuable partnerships between faith groups and AusAID in, for example, Papua New Guinea, and with Australian faith based NGOs. The importance of faith communities in development needs to be acknowledged and must continue to be a part of Australia's aid program.

4. Program's approach to efficiency and effectiveness

TEAR Australia endorses the sector wide efforts of both government and non-government actors in improving development effectiveness. There is a concern, however, that demands for efficiency will result in a narrowing of the focus on effectiveness.

TEAR Australia recommends the following measures to the aid review:

4.1. TEAR Australia supports the current review of the ANCP monitoring and evaluation framework and the engagement of NGOs (through ACFID and its Development Practice Committee) in that process. The current ANCP reporting targets are simplistic and do not contribute to a longer-term view of progress or development.

4.2. Longer term funding windows and secured funding for several years would allow for sustainable impact to be incorporated into the program design and planning. This applies to ANCP agreements as well as competitive funding facilities that are open to NGOs. Except for specific projects such as infrastructure development, and activity or output driven projects, most community development processes that involve behavioural, cultural or cognitive shifts in communities, or sustainable impact on chronic poverty, require longer time periods and funding facilities should reflect this reality.

4.3. Longer term planning should be linked with the reporting and measurement of outcomes and impact over longer time frames with annual reports on progress.

4.4. Australia's aid program should include the involvement of the poor and participating communities in its planning and design of projects and monitoring frameworks as well as in defining what effective development looks like.

4.5. Australian aid programs should work to improve accountability to aid recipients through deliberate strategies of community participation and feedback. This should apply to governments receiving bilateral aid as it does to more direct approaches to aid such as the ANCP or AusAID implemented projects.

4.6. The aid program needs to continue to inform and educate the Australian public about issues concerning poverty, justice and aid and the provision for this in ANCP funding should be maintained. People need to understand that development is a long process and that by improving the lives of those in other countries there will be a better life for all.

4.7. Measuring effectiveness

4.7.1. Effectiveness is a measure of change and therefore reporting and monitoring needs to be more outcomes and impact based and less focused on activity/output targets. Implementing monitoring and measurement around an effectiveness framework will require added flexibility in design and reporting as outcomes are more difficult to demonstrate, particularly in the short term.

4.7.2. TEAR Australia, with other Australian agencies, shares a deep concern of an understanding of effectiveness being linked with efficiency if it means simplistic measures of cost effectiveness. While some measure of efficiency is important, this must be tempered with an understanding that working with the most poor, including those in remote and marginalised areas and those in conflict situations or in humanitarian emergencies will be more expensive than other programs in urban areas or in contexts that are easily accessible or which have a greater level of facilities and services available. Any notion of efficiency must therefore take into account the range of operating contexts and program approaches that are necessary to address chronic and multi-dimensional poverty.

4.7.3. Thought must be given to ways that the effectiveness of Australia's aid program can be measured and assessed by the communities within which it is working in addition to current methods that are more donor specific.

5. Organisational structure for the aid program

5.1. TEAR Australia encourages AusAID to consider enabling a greater level of stability within its functions and positions so that effective working relationships can be developed between AusAID staff and their NGO counterparts. In past years, collaborative relationships have been disrupted by regular rotation of staff within AusAID.

5.2. TEAR Australia supports the expansion of AusAID country offices to engage with local development actors, including those who received ANCP funding, and inform central policy and practice.

5.3. TEAR Australia supports an increase in the number of development specialists within AusAID posts to provide skilled and knowledgeable personnel who can contribute to the strengthening of AusAID's development effectiveness and to enable AusAID to be an effective development partner.

6. Current arrangements

6.1. TEAR Australia supports the creation of a separate ministerial position for Aid and Development within the Cabinet. This is justified by the size of the expenditure that the aid program represents within the government's overall budget along with the corresponding importance of aid and development in forming and characterising Australia's relationship with its neighbours and in the global community.

6.2. TEAR Australia affirms the role of ODE in providing reflection and learning from the Australian aid program and accountability to AusAID, the government and the Australian public.

6.3. It has been very encouraging to experience ODE's willingness to engage with the NGO sector and to work with ACFID and members to improve the overall quality of the aid program. As TEAR Australia was developing its own effectiveness function, ODE provided useful assistance and ODE staff were helpful in aiding TEAR's staff in learning about and reflecting on issues of effectiveness and how they can be incorporated within TEAR's international development program.

6.4. It is recommended that AusAID continues to work on a review of the aid program's Monitoring and Evaluation framework.

Within this process it is important to work closely with the NGO sector in developing the ANCP M&E framework.

It is recommended that ANCP reporting be linked into more useful mechanisms for encouraging learning across the program and into enabling outcome based reports and measures to be produced to explain to the Australian public and other stakeholders the effectiveness of Australia's aid program.