Progress Statement on Aid Effectiveness

First Anniversary

August 2012

About ACFID

The Australian Council for International Development (ACFID) unites Australia's non-government aid and international development organisations to strengthen their collective impact against poverty. Our vision is of a world where gross inequality within societies and between nations is reversed and extreme poverty is eradicated.

ACFID's purpose is to provide leadership to the not-for-profit aid and development sector in Australia in achieving this vision and to fairly represent and promote the collective views and interests of our membership. With more than 45 years of experience working collaboratively with communities and governments, we bring a critical perspective on international development issues to discussions with the Australian Government.

ACFID currently has 86 members operating in more than 100 developing countries. ACFID's membership expends $1.2 billion on humanitarian and development activities and raised $850 million from over two million Australian households (2009–10). 86% of funding is from non-government sources. ACFID's members range from large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community based groups, with a mix of secular and faith based organisations.

The ACFID Code of Conduct is a voluntary, self-regulatory sector code of good practice that aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations. Covering over 50 principles and 150 obligations, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks. The Code has an independent complaints handling process. Over 120 organisations belong to the ACFID Code which can be viewed at http://www.acfid.asn.au.

ACFID represents an independent sector and the Australian community forms our supporter base. ACFID also receives funding from the Australian Government. In March 2009, ACFID and the Commonwealth, through AusAID (the Australian Agency for International Development), signed a partnership agreement in order to recognise long standing cooperation between the two organisations and to promote a robust and professional Australian international development NGO sector. AusAID funding under the partnership augments the core funding provided by ACFID members' fees. The agreement recognises that the NGO sector contributes significantly to Australia's overall international development outcomes.

Any advocacy undertaken by ACFID such as the development, publicising and dissemination of ACFID positions on development issues is fully funded by ACFID members' fees only and is not part of the ACFID–AusAID Partnership funding.

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Executive summary

Background

On 16 November 2010, the former Minister for Foreign Affairs, Kevin Rudd, announced an independent review of aid effectiveness. The objective of the Review was to examine the effectiveness and efficiency of the Australian aid program and to make recommendations to improve its structure and delivery.

ACFID welcomed the review, having previously called for such an assessment because of the challenges facing Australia's aid program as it increases to 0.5% of Gross National Income (GNI) by 2015–16.

The Review Panel, chaired by Sandy Hollway AO, received approximately 300 written submissions and consulted a range of stakeholders including government departments, parliamentarians, non-government organisations (NGOs), business groups, think tanks and statutory bodies. ACFID's Executive Committee met with the review panel and ACFID facilitated consultations with Australian NGOs. The Panel also undertook international consultations with partner governments, multilateral organisations, and in-country civil society.

The Review Report and Government Response were released simultaneously on 6 July 2011. The Government also launched a new aid policy – *An Effective Aid Program for Australia: Making a real difference – Delivering real results.* The Review Panel made 39 recommendations, of which the Government agreed, or agreed in principle, to 38. The recommendation it noted for further consideration related to changing the title of the Minister of Foreign Affairs to include reference to International Development.

ACFID welcomed the Government's response to the review. ACFID also committed to producing an annual Progress Statement to assess the extent to which the Government's major commitments in their Response are being implemented.

The Review recommended the development and implementation of a Cabinet-endorsed four-year strategy for the entire aid program, in order to improve clarity and predictability of policy and funding and to increase accountability. The Government developed a four-year Comprehensive Aid Policy Framework (CAPF) and released it with the 2012–2013 Budget. The 2012-2013 Aid Budget measures are the first steps in implementing this plan.

However, due to budget constraints, the Government has delayed the scale-up of aid to 0.5% of GNI to 2016–2017. The delay and the back-loading of funding could have a serious impact on the implementation of the Review recommendations. The application to join the African Development Bank has been delayed one year.

The Government changed the purpose of Australian official development assistance to 'help people overcome poverty', and adopted five new strategic goals to support this purpose (see chart below from page 4 of *An Effective Aid Program for Australia*).

Our purpose

The fundamental purpose of Australian aid is to help people overcome poverty.

This also serves Australia's national interests by promoting stability and prosperity both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.

Our strategic goals

Saving lives

Improving public health by increasing access to safe water and sanitation

Saving the lives of poor women and children through greater access to quality maternal and child health services; and supporting large scale disease prevention, vaccination and treatment

Promoting opportunities for all

Giving more children access to school

Empowering women to participate in the economy, leadership and education

Enhancing the lives of people with disabilities

Sustainable economic development

Improving food security

Improving incomes, employment and enterprise opportunities

Reducing the negative impacts of climate change and other environmental factors

Effective governance

Improving governance to deliver better services, improve security, and enhance justice and human rights

Humanitarian and disaster response

More effective preparedness and responses to disasters and crises

Delivering aid efficiently and effectively

A clear strategy

Four-year, whole-of-ODA budget strategy

Regular reviews of the aid program

Value for money and consolidation

Value for money in designs, procurement and grants

Greater selectivity and larger average program size focused on where Australia can make a difference

Risk management and performance oversight

Strong fraud control

Enhanced evaluation programs

Transparency and results

Transparency Charter with clearer and more accessible reporting of aid activities

Budget reporting linked to results

Decisive action on non-performing programs

Involving the Australian community

Increased volunteer and NGO support

Partnerships with business and academia

Methodology

ACFID's objective is to increase external stakeholder understanding of the rapid changes in the aid portfolio since the Review, and hold the Government accountable to implement the accepted recommendations of the Independent Review of Aid Effectiveness. ACFID will release a similar report each year until 2015–16. This First Anniversary Progress Statement aims to provide independent and evidence-based analysis to external stakeholders about how the implementation of key recommendations is proceeding.

ACFID decided not to examine the implementation of all 39 recommendations, but rather look in depth at a dozen key areas and assess progress as a means of understanding advancement, or lack thereof, overall. In assessing the implementation of recommendations, ACFID took an approach of appreciative inquiry, examining publicly available information and clarifying with the Government where data was not available or was unclear. The Government was forthcoming in providing information. One area we examined, value for money, was not a formal recommendation, but is important as it permeates both the Review and the Government's response.

Five of the twelve areas for review were undertaken by authors external to ACFID and each addresses the questions: What did the Aid Review recommend? What was the Government's response? How has implementation progressed? What recommendations are there for a way forward?

The 12 areas reviewed were:

1. Hurdles to reaching 0.5%

2. A whole-of-government approach to official development assistance

3. Civil society engagement framework

4. Value for money

5. AusAID resources

6. Country versus sectoral focus

7. Humanitarian response

8. Private sector engagement by the Independent Development Contractor's Association

9. Increased transparency by Garth Luke, Senior Researcher, Policy and Research, World Vision Australia and ACFID Committee Advisor

10. Aid evaluation by Linda Kelly, Director, Praxis Consulting and ACFID Committee Advisor

11. Multilateral organisations by ACFID and Garth Luke, Senior Researcher, Policy and Research, World Vision Australia and ACFID Committee Advisor

12. Gender by Joanne Crawford, Policy and Research Advisor, International Women's Development Agency Inc., Research Associate, Australian National University and Co-Convenor, ACFID Gender Equality Working Group.

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Summary table of key findings

AID COMMITMENT – IMPACT ON AID REVIEW IMPLEMENTATION	This year's budget caused a major political setback to the promised scale-up of the aid program to 0.5% of Gross National Income, by delaying it until 2016–17. There was no increase in GNI % of ODA this year. An effect of the government decision was to lose bipartisanship around the 2015 timetable. The Coalition has said that it places them in an impossible fiscal position, if they were to win power, to implement the 2015 promise in the first budget in 2014. **ACFID notes: While there has been a delay in achieving the intended scale-up, proposed reforms as a result of the review have proceeded.**
HURDLES	In ACFID's view, the 2011–12 hurdles set by the Review Panel have been met. Generally, it appears that AusAID's results set out in the Comprehensive Aid Policy Framework (CAPF) represent a much more ambitious plan than the hurdles set out by the Panel. We will see how well this is implemented by the first Independent Annual Review to be completed in October 2012, but will have a better picture in 2013. However, the fact that a question was raised about 'the hurdles' in the most recent Budget Estimates session (June 2012) means that there is still some residual uncertainty or lack of bipartisanship about what the hurdles are, or what benchmarks AusAID should be expected to meet. **ACFID recommends that the Government:** 1. **publishes annual goals under the Results Framework in order to ensure a concrete and realistic set of performance benchmarks for each annual review** 2. **makes a statement in Parliament clearly outlining the hurdles/results/ benchmark process so that any argument should focus on the substance of how we can most effectively help people overcome poverty.**
WHOLE-OF-GOVERNMENT APPROACH	The CAPF makes it clear that all Federal departments and agencies dealing with ODA fall under **one uniform strategy**, which is set out by the CAPF. It also provides a Results Framework by which all Federal departments and agencies delivering ODA will be measured. **This is a significant achievement which will require significant socialisation. ACFID welcomes new Whole-of-Government branch within AusAID.**
CIVIL SOCIETY ENGAGEMENT	**ACFID and the broader Australian NGO and civil society sector welcomed the release of the Civil Society Engagement Framework (CSEF).** A Framework Steering Committee has been formed, made up of AusAID and ACFID staff to implement 20 action items associated with the Framework, and will meet monthly until July 2014. Some methodological and implementation issues will need to be worked through. ACFID welcomes the 'Principles of Engagement' in the CSEF, which include consultation, respect for independence, a shared commitment to learning, and other important understandings about ways of working. The Government has made a strong statement about the positive lessons learnt in engaging with NGOs over three decades, as well as recognising the wider Government commitments made under the Commonwealth Government's National Compact with the Third Sector. **These principles are positive, useful and should be operationalised to the fullest extent possible in the proposed guidelines of engagement via country programs.**
VALUE FOR MONEY	The CAPF outlines key principles on the way that Value for Money will be implemented. ACFID would like to see greater clarity on how AusAID will consider **partner government and local community understandings of 'value'.**
RESOURCES	AusAID has been restructured and the new organisational chart shows a variety of new features implementing the Aid Review recommendations, such

	as a Whole-of-Government branch, a branch focused on Value for Money, and the sectoral areas gathered in one division. The investment in increased departmental capacity in the 2012–13 year is $325.3 million. The CAPF also contains several results relating to workforce issues, including gender equity. In our view, **this investment is appropriate for an executive agency charged with operating at a much more strategic level with increasing resources.** But it does require good communication with existing stakeholders about the staffing changes and a concerted effort to allow new relationships with partners to develop. **International development is about people, and AusAID will succeed in managing the scale-up if it puts its people first.**
COUNTRY VERSUS SECTORAL FOCUS	The great advantage of using country areas as the central organising budget principle is the flexibility and attention to *context* that this should provide to AusAID. Context is often all important to good development programming. However, advocates for inclusive development who focus on gender equality, or disability-inclusive development, Indigenous peoples, people living with HIV/AIDS, children or migrant workers have often argued that in the absence of budget control or other methods of accountability within an aid donor's organisational structure, commitment to cross-cutting issues or important issues for the poor such as poor public health services can become rhetorical only, and **'policy evaporation' can occur**. ACFID will monitor this issue over the following year.
HUMANITARIAN INCREASE	**Identifying total humanitarian spending more clearly, and disaggregating its component parts simply,** will be critical for demonstrating that the Government is on track to meet its commitment to scale-up the share of ODA spent on humanitarian assistance.
PRIVATE SECTOR ENGAGEMENT	This is clearly a new approach for AusAID and it is encouraging to see that a start has been made through the scheduling of **the first annual Business Consultative Forum and the establishment of the NGOs and Business Branch, which includes a dedicated Business Engagement Section.**
INCREASED TRANSPARENCY	AusAID's Transparency Charter is **a very good initiative and a work-in-progress.** A major test of the Charter will be if it meets its timetable by the end of 2012. **Other government departments that administer ODA should meet AusAID's high transparency standards.** ACFID believes that there is a need for a simple printed document that effectively summarises the whole program, its outcomes and plans, each year. At present there is no short and easy to read document that provides such an overview for the public and for members of parliament.
AID EVALUATION	The Independent Evaluation Committee (IEC) will report directly to the Development Effectiveness Steering Committee (DESC). The experience and learning of the Committee, through its reflection upon AusAID and the **whole-of-government evaluative work** will be valuable for the wider aid sector. A significant question is how the Office of Development Effectiveness, with the advice of the IEC, selects the topics for high-level evaluation. **ACFID recommends that: The Independent Evaluation Committee should share its broader findings and observations about assessment of aid effectiveness to contribute to improved understanding and debate about these issues across the aid sector and by the Australian public.**
MULTILATERALS	ACFID welcomed the Australian Multilateral Assessment. The Government should also annually review its own performance in **influencing multilaterals** as we have a responsibility not only to rank their performances, but also to help improve their performance where necessary, especially in relation to accountability to beneficiaries.
GENDER	**The primary challenge for AusAID in relation to gender equality is at the level of implementation.** Accountability for performance on gender needs to be treated in the same way as responsibility for budget and financial management. It is hoped that the upcoming ODE evaluation of gender across ODA will lead to improvements.

Hurdles to reaching 0.5%

What did the Aid Review recommend?

One of the achievements of the Government's response through a new aid policy – *An Effective Aid Program for Australia* – was to gain a Cabinet-endorsed four-year strategy for Official Development Assistance. This is an achievement in public policy that goes beyond the aid and development portfolio, as budget allocations are typically an annual process. The Review Panel states in Part 5 of its report that it has 'presented a vision of an aid program to which Australia should aspire in 2015–16 and beyond'. This 'vision' covers 'the geographical allocation of Australian aid, sectors and flagships, and the use of the various channels available'.[1]

To achieve the scale-up, the Aid Review recommended a series of steps and results that should be achieved progressively over five years, linked to a new Cabinet-approved four-year rolling Budget strategy which will be oversighted by the current interdepartmental Development Effectiveness Steering Committee (DESC).

The Aid Review said that these steps, mainly architecture reforms in nature, 'should also be regarded as hurdles'.

> The Review Panel believes it is in the interests of the Australian public, the government and its partners, that these steps be mandatory and completed as the aid program scales up to 2015–16.[2]

Relevant Recommendations:

Recommendation 24: The government should develop and implement a Cabinet-endorsed four-year strategy for the entire aid program, for policy and funding clarity.

Recommendation 25: There should be a Cabinet discussion of an annual review of progress against the four-year strategy and predetermined hurdles, with consequences if hurdles are not met.

Recommendation 39: The scale-up of the aid program to 0.5% of GNI should be subject to the progressive achievement of predetermined hurdles.

The Aid Review laid out four reasons for this approach:[3]

1. An annual review would help to make decisions about whether or not hurdles had been achieved at the strategic level. 'It is designed to enable the government to make high-level judgements on aid expenditure during the annual budget process … It is not an external review.'
2. Establishing hurdles 'is not to introduce doubt, but to introduce discipline'; in other words, sticking to the plan to help coherence, planning and the ability to track results over time, with the hurdles acting as 'safeguards'.
3. 'Failure to achieve a hurdle, or to fully achieve it, must have consequences.' The Panel states that the Cabinet could reduce the rate of increase or withhold all or part

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[1] Hollway, S, Denton, JWH, Farmer, B, AO, Howes, S, & Reid, Hon M, AO, April 2011, *Independent Review of Aid Effectiveness,* p. 313.
[2] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*.
[3] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 314.

of the funding unless and until the hurdle is achieved by AusAID, or could adjust the use of modality, giving more core funding to multilateral organisations.

4. The Review Panel advocated a 'single, coherent annual review process and not multiple processes using multiple methodologies'.

In ACFID's opinion, point No. 4 is the most attractive aspect of building program decisions around steps/hurdles.

The Aid Review detailed the hurdles for each year in a table, reproduced on the next page.[4]

In the period that we are examining (2011–2012) there were ten hurdles to be completed – essentially involving the design of new processes or architecture reform rather than any specific program results.

What was the Government's response?

Recommendation 24: The Government agrees. The Government will develop a comprehensive aid policy framework, linked to a four-year budget strategy, which would be a rolling strategy.

Recommendation 25: The Government agrees, with the following comments.
An annual review of effectiveness will be presented to Cabinet before the end of each calendar year that will report on:

i. Whether ODA is being delivered in line with the comprehensive aid policy framework

ii. Whether ODA is achieving development results

This will give Cabinet an annual opportunity to respond to changes in priorities, including consequential changes to the comprehensive aid policy framework. This would then feed into the budget process each year through the whole-of-ODA budget submission.

The annual review will be developed by AusAID in consultation with other agencies.

Recommendation 39: The Government agrees in principle with program performance to be assessed through the annual review of the aid program, noting that development is a long term process and results will be incremental.

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[4] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 34.

Increasing Australian Aid–Steps and Hurdles: A High-level View[5]

2010–11 Preparation	*2011–12 Setting the Foundations*	*2012–13 Year One of Strategy*	*2013–14 Year Two of Strategy*	*2014–15 Year Three of Strategy*	*2015–16 Year Four of Strategy*
Panel report	*Four-year strategy adopted (2012–13 to 2015–16) by Cabinet*	*First annual review by Cabinet, including assessment (scorecard) of ODA effectiveness*	*Second annual review by Cabinet including assessment (scorecard) of ODA effectiveness*	*Third annual review by Cabinet, including assessment (scorecard) of ODA effectiveness*	*External review of aid program and fourth annual review considered by Cabinet*
Response	*Reform budget process*	*First products from new evaluation arrangements*	*Spread three-tier system across government*	*Enhanced whole-of-government coordination (DESC, three-tier measurement, clusters) working well*	*New four-year strategy adopted 2016/17–2019/20*
AusAID corporate reforms to continue and be reported on by Director General as part of annual reviews of aid effectiveness	*2012–3 budget adopted with three-year forward estimates to conform with four-year strategy*	*Policy statements on private sector and civil society*	*Partnerships with multilateral organisations, NGOs and business upgraded*	*Appoint independent panel and commence external review*	*0.5% target achieved*
	Budget to agree on phased scale-up of AusAID resources	*Commence community engagement (small grants, schools outreach)*	*Africa program consolidated*		
	Three-tier measurement adopted	*Complete process of joining African Development Bank*			
	Transparency Charter	*AusAID Workforce Plan substantially implemented*			
	New evaluation structure	*Scale-up research program in medicine and agriculture*			
	Enhanced oversight role for the Development Effectiveness Steering Committee				
	Multilateral organisation strategies				
	Key consultations with NGOs and multilateral organisations on core funding, Pacific microstates.				

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[5] Adapted from Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 316.

How has the implementation of the response proceeded?

During the 2011–2012 period, after the Government Response to the Aid Review in July 2011 but prior to the release of the new Comprehensive Aid Policy Framework (CAPF) on 8 May 2012, there was considerable confusion about what exactly comprised the hurdles. Were they new program performance indicators? Did the Government accept the 'hurdles' specified in the Panel report (see above)?

Politically, as well, there seemed to be a difference of opinion whereby the Coalition was not convinced that the Government had accepted the recommendation of establishing 'hurdles', and the Government felt that it was clear both in deed and comment, that they had.[6] Whether the Coalition was focused on outcome benchmarks, rather than process hurdles, was unclear from public statements, and further confused the issue.

More clarity around the issue of the recommended adoption of 'hurdles' and how the Government was addressing this recommendation was not forthcoming until the CAPF, linked to the Budget process, was released in May 2012. It is noteworthy, however, that AusAID released several interim reports that corresponded to the hurdles. AusAID stated in its July 2012 [Implementation Report](#) that it had met all the hurdles from the previous year and would meet all the 2011–2012 hurdles by 30 June 2012.

It was hoped that the release of the CAPF would answer any residual questions.

The CAPF offers some clarification about the hurdles:

> The Results Framework reflects the intent of the 'hurdles' outlined in the Independent Review of Aid Effectiveness (Independent Review) but is much more comprehensive. The Independent Review suggested an indicative performance plan for the aid program, with milestones to be met every year from 2010–11 through to 2015–16. The Government has met all of the suggested hurdles for 2010–11 and 2011–12, and those suggested for 2012–13 will also be met. However, the Results Framework shown in Diagram 7 goes much further – it establishes milestones and benchmarks for the effective delivery of aid (Tier 3) and signals the anticipated impact of our aid on the lives of poor people by 2015–16 (Tier 2).[8]

Future directions

If we go back to the original intent of the Review Panel in specifying the achievement of pre-determined hurdles to guide the scale-up, it is clear that the hurdles were meant to focus the mind of the Government and provide some rigour to decision-making. The hurdles therefore represent the architecture and systems required to help those decisions be made – budget planning, evaluation, strategy and internal resources. Most of the hurdles for the early period were building blocks for later reforms. However, adequate outcome performance is inferred in the Aid Review's recommendation of annual aid effectiveness reviews by Cabinet.

The 2011–12 hurdles have been met, although there is limited public information about some of them, such as consultations with Pacific micro-states. The publicly released version of the CAPF itself is a very simple headlines document, rather than something that looks like a performance plan. In its three-level Results framework, the Tier 1 results are represented merely by Millennium Development Goals (MDG) icons. Australia will presumably report on its

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[6] The Hon Julie Bishop, MP, [Shadow Ministerial Statement - Foreign Aid Budget](#), 23 November 2011. See also, The Hon Kevin Rudd, MP, then Foreign Minister, [media release](#), 27 November 2011.
[8] Australian Government, May 2012, *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015–16*, Box 3, p. 21.

contribution to the achievement of these goals.[9] It is against this three tier results framework that the aid program will be assessed on an annual basis by Cabinet.

The Tier 2 results focus on specific AusAID program goals and take the form mainly of numerical targets. They are intended to be concrete and measurable although the timeframes for each goal could be more clearly articulated as do they presume incremental steps in order to allow annual review by Cabinet.

A similar problem applies to the Tier 3 results which focus on program processes and architecture. These look most like the Panel's hurdles, but some do not have a clear timeline in terms of sequence for their realisation. Without such a timeline, it will be difficult for AusAID to demonstrate that it is achieving these hurdles each year. Identifying the timelines for achieving these results should take into account the fact that development is a long-term process which often has incremental results. These increments and performance criteria should be specified for each year, increasing the ease of assessing progress.

The delay of the scale-up by one year to 2016–17 added a degree of uncertainty to the CAPF before it had even begun. The CAPF refers to the four years to 2015–16; delivery against the CAPF is not affected by the postponement of the 0.5% target. However, the premise of the Aid Review, that certain steps should be taken to achieve the scale-up by 2015–16, has been affected by the delay. Fortunately, the proposed results should be achievable according to volume of aid shown in the current forward estimates.

Generally it appears that AusAID is meeting a more ambitious plan than the hurdles set out by the Aid Review, and we will see how well this is implemented by the first Annual Review of Aid Effectiveness to be completed in October.

It should not be ignored, however, that the most recent Parliamentary Budget Estimates session in June 2012 reflects residual uncertainty about the hurdles. ACFID believes that it is important that there be a level of objectivity and transparency around the achievement of results and hurdles, as well as a sense of genuine learning from unexpected setbacks and a sense of proportionality. The hurdles and benchmarks should serve to ensure an effective aid program, not be used as an excuse for delays in meeting Australia's promises. The situation would be helped if the Government published annual goals and made a statement to parliament outlining hurdles and benchmarks.

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[9] Most of the UN's reporting on the MDGs is produced by drawing on existing data from developing countries and donors.

A whole-of-government approach to official development assistance

What did the Aid Review recommend?

Recommendation 24 of the Aid Review recommended that the Government develop and implement a Cabinet endorsed four-year strategy for the entire aid program.

> The proposed four-year plan was to 'provide clarity at the highest government level on: the aid program's unifying vision and top-level objectives, for all Official Development Assistance (ODA) and across all agencies (not just AusAID)'.[10]

While the specifics of the four-year strategy are discussed elsewhere in this document (see the section titled 'Hurdles to reaching 0.5%'), it is important to note here that the Aid Review recommended a high level of cohesion across the whole-of-government for Australia's ODA. The Review suggested that the four-year strategy itself should be coordinated across the whole-of-government through the Development Effectiveness Steering Committee (DESC),[11] in order to elevate the importance of cross-department coordination on development assistance, considering that 'no one agency or minister will have all the answers'.[12] A new model of determining ODA through the budget process was proposed, which would focus less on new policy proposals each year and more on indicative funding based on the four-year strategy. Indicative funding targets across all Australian government agencies that deliver ODA were to be incorporated into this four-year strategy.[13]

The Aid Review also called for uniform standards across the government for planning and reporting of ODA:

> **Recommendation 30:** A 'whole-of-ODA' approach should be strengthened by creating uniform standards across government departments to planning, delivery, monitoring and reporting, overseen by the Development Effectiveness Steering Committee (p. 273).

As the Review noted, in 2009–10 there were 55 Australian Federal Government departments and agencies delivering ODA, along with a further 37 State Government departments and agencies.[14] Given this, it is unsurprising that the Review Panel felt they were unable to make a thorough evaluation of departments other than AusAID involved in aid delivery. What was the Government's response?

The Government agreed to both Recommendation 24 (and associated Recommendations 25, 26, 27 and 28) and Recommendation 30 in their Response to the Aid Review.[15] The Government committed to developing a Comprehensive Aid Policy Framework (CAPF), linked

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[10] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 245.
[11] The DESC is a cross departmental committee chaired by the AusAID Director General and includes the Deputy Secretaries from the Treasury, Prime Minister and Cabinet, Finance and Deregulation and Foreign Affairs and Trade, as well as the AusAID Chief Operating Officer and Deputy Director General with responsibility for the aid budget.
[12] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 246.
[13] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*.
[14] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, pp. 259-261.
[15] Australian Government, July 2011, *An Effective Aid Program for Australia, Making a real difference – Delivering real results,* pp.62-63.

to a four-year budget strategy[16] and to the CAPF forming the basis of new policy proposals in the future.[17]

The CAPF was to be a 'single, integrated strategy that outlines the key results we aim to achieve and the way that these will be reported'.[18] Consistent approaches across the whole-of-government were committed to, for performance reporting and evaluation of ODA spending.[19]

What was the Government's response?

Recommendation 30: The Government agreed with the recommendation stating '… we will work to adopt consistent approaches to performance reporting evaluation of ODA spending across all government departments. This will build on reforms made in recent years to strengthen coordination across Government in the strategic planning and delivery of our aid. Such reforms include the strengthening of the cross-agency Development Effectiveness Steering Committee (DESC) to advise the Government on major aid policy and aid budget priorities and concerns'.[20]

How has the implementation of the response proceeded?

The Government has developed the CAPF, which was released on 8 May 2012 along with the Federal Budget. The CAPF includes an indicative four-year budget strategy and funding allocations, and 'encompasses the aid spending of all federal agencies'.[21] The DESC oversaw the development of the CAPF, with input from across government departments.[22]

The CAPF does make it clear that all Federal departments and agencies dealing with ODA fall under the uniform strategy of the CAPF. It also provides a Results Framework by which all Federal departments and agencies delivering ODA will be measured.[23]

The CAPF is a clear, directional policy document for the aid program over four years, as committed to in the Government's response to the Aid Review. It was released in a timely fashion and is true to the overall spirit of the commitments of the Government in the Aid Review. All this is to be commended.

However, the document provides neither focus nor detail on how the aid program will be coordinated across government. The CAPF does not include indicative funding targets across all government agencies that deliver ODA, as the Aid Review suggested,[24] instead giving indicative targets for the entire aid program sectorally and geographically.

In *Effective Aid*, the Government agreed that the budget process should be reformed to provide greater funding certainty, with the following comment:

- A comprehensive aid policy framework, which includes a four-year budget strategy, will be developed by Government.

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[16] Australian Government, *An Effective Aid Program*, p. 62.
[17] Australian Government, *An Effective Aid Program*, p. 63.
[18] Australian Government, *An Effective Aid Program* 19.
[19] Australian Government, *An Effective Aid Program*.
[20] Australian Government, *An Effective Aid Program*.
[21] Australian Government, *Helping the World's Poor,* p.23.
[22] Australian Government, *Helping the World's Poor*, p. 9.
[23] Australian Government, *Helping the World's Poor*, pp. 22-23.
[24] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 246.

This framework will form the basis of future new policy proposals, which will be brought forward annually in the whole-of-ODA budget submission consistent with whole-of-government budgetary processes.

While ACFID has learned[25] that all new policy proposals are now managed through the Minister for Foreign Affairs, the current process appears to be more a 'way of working' than a documented, formalised process. Details of Commonwealth budget process are classified under the budget rules. It would not be proper for AusAID to release details of budget processes in the public domain.

The release of the CAPF and the commitment to produce an Annual Review of Aid Effectiveness will do much to strengthen a cohesive approach to the planning, delivery, monitoring and reporting of ODA, as Recommendation 30 of the Aid Review proposed. However, the CAPF and the Annual Review are likely to remain high-level policy documents. The 2012–13 International Development Assistance Budget statement notes that the DESC will be responsible for 'developing and applying consistent approaches to planning delivery, monitoring and evaluation'.[26]

We note that a Whole-of-Government Branch within AusAID was established in early March, leading the development of uniform standards across other government departments (OGDs) for planning, delivery, monitoring and reporting of ODA, through a phased approach approved by the DESC.[27] ACFID understands that these uniform standards are to be introduced in early 2013. The creation of this Branch is a positive step and should assist in ensuring that there are similar approaches to ODA delivery across government on a practical level. We believe there remains a need for clearer and transparent reporting on how whole-of-government reporting is occurring.

Future directions

There is to be an Annual Review of Aid Effectiveness, which will measure the effectiveness of all Official Development Assistance against the CAPF. The first such Review is due to Cabinet by the end of October 2012 and the Government has committed to making it publicly available soon after.[28] The Annual Review is to be a high level document providing an assessment of Australia's aid effectiveness and will inform discussion of strategic priorities, including the four-year budget strategy.

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[25] In letter to ACFID from J Batley, 28 June 2012, Acting Director General, AusAID
[26] Australian Government, *Helping the World's Poor*, p. 127.
[27] In letter to ACFID from J Batley, 28 June 2012.
[28] AusAID website, *Implementing Australia's Aid Policy,* http://www.ausaid.gov.au/makediff/Pages/implementing-australias-aid-policy.aspx, accessed 25 June 2012.

Civil society engagement framework

What did the Aid Review recommend?

The Independent Review of Aid Effectiveness made the following recommendation in relation to Australia's aid program, increasing its emphasis on strengthening civil society:[29]

Recommendation 10: The aid program should increase its emphasis on private sector development and strengthening civil society. Policy statements in relation to each should be developed.[30]

Recommendation 15: Core funding to multilateral organisations and NGOs should be significantly increased as a share of total spending. Core funding increases should be made on a case by case basis, linked to effectiveness, capacity, and relevance.

It also made a number of findings relevant to subsequent Government actions. These observations included: the accreditation process for Australian NGOs is a 'safeguard on effectiveness'[31] which can give AusAID confidence that funding is being well used. More attention should be given to promoting the outcomes of NGO work undertaken with these funds; that the current approach for accreditation—in proportion to public donations, as a sign of public interest in their work and confidence in their performance—should be maintained. The Review drew a sharp distinction between the AusAID accreditation process for Australian NGOs and funding for international and local NGOs stating, 'there is currently no systematic process equivalent to the accreditation process to assess the effectiveness of international and local NGOs'.[32]

What was the Government's response?

The Government agreed to both recommendations, and in relation to **Recommendation 10**, the Government accepted the recommendation by the Review Panel in full, stating:

> The Government will develop, in consultation with the Australian Council for International Development, a new Civil Society Engagement Framework. This will set out how Australia will work more effectively with civil society organisations, in Australia and overseas, to increase the impact of aid for the world's poorest.[33]

How has the implementation of the response proceeded?

The development of a Civil Society Engagement Framework (CSEF) commenced in the second half of 2009 in consultation with ACFID. It was suspended due to the election in 2010, and then due to the process of the subsequent Aid Effectiveness Review 2010–11. It resumed in late 2011 with a clear impetus as a result of the recommendations above.[34]

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[29] Note that the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) recommended that the Government develops a more strategic approach to working with aid and development NGOs in its 2008 Peer Review of the Australian aid program, http://www.oecd.org/document/56/0,3343,en_2649_34603_41877687_1_1_1_1,00.html, accessed 25 June 2012.

[30] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 15.

[31] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 212.

[32] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 213.

[33] Australian Government, *An Effective Aid Program*, p. 55.

[34] Budget announcements in previous years have also flagged that the Australian Government will double funding to the ANCP, increasing from $69 million in 2010–11 to at least $150 million by 2014–15. The four-year budget

In March 2012, the AusAID Office of Development Effectiveness (ODE) released a report Working Beyond Government: Evaluation of AusAID's Engagement with Civil Society (ODE, March 2012), which was an analysis of a subset of AusAID's civil society programs using a small number of select case studies and included an AusAID Executive Management Team response. While there is a reference to the ODE report in the CSEF, it is important for AusAID to continue to draw on the ODE report and the executive management response to the ODE report while implementing the CSEF.

The CSEF was launched by the Parliamentary Secretary for Foreign Affairs, Richard Marles, on 20 June 2012, and the Director General of AusAID and spokespeople from civil society led an internal launch of the CSEF at AusAID to highlight its importance for staff. ACFID and the broader Australian NGO and civil society sector welcomed the release of the CSEF. A CSEF Steering Committee has been formed, made up of AusAID and ACFID staff and others to implement 20 action items over the next two years.

Future directions

There are a number of parts to the CSEF with significant implications that will need to be worked through by AusAID and other Government departments delivering aid. Firstly, the CSEF was a breakthrough in recognising the support for, and the flourishing of, civil society as a development end in its own right. Following state commitments made in the Declaration of the 2011 Busan High Level Forum on Development Effectiveness,[35]

> The Australian Government recognises the emergence of an informed and engaged civil society as an important development outcome in its own right, enabling poor people to claim their rights, and helping to shape development policies and partnerships and oversee their implementation.[36]

In giving such recognition, the CSEF acknowledges a major feature of political life in the 21st century: that there has been a shift beyond democracy simply being conceived as 'representational democracy', with the holding of parliamentary elections, to what the Australian political scientist John Keane calls 'accountability democracy', where non-government actors in society attempt to hold governments and other powerful private groups to account for their actions in the public interest.[37] Consequently, the CSEF moves the Government's position away from a passive welfare view of NGOs, solely providing services to the poor, to a more active role within nations,[38] and the interrelationship between states and their citizens.[39]

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strategy outlined in Australia's Comprehensive Aid Policy Framework to 2015–16 anticipates that total funding to NGOs will increase from roughly $500 million in 2011–12 to between $700 and $800 million by 2015–16.

[35] As also outlined in the *Busan Partnership for Effective Development Cooperation* (outcome statement from the fourth high level forum on aid effectiveness in Busan, Korea, December 2011).

[36] Australian Government, AusAID Civil Society Engagement Framework, p. 1.

[37] See further Keane, John, 2012, *The Life and Death of Democracy*, Simon & Schuster, London.

[38] This was recognised in the ODE report *Working Beyond Government* (March 2012), which recommends that AusAID builds on current strategic approaches for engaging with civil society, works with local systems and partners, and applies good practice in the design of individual programs. AusAID has accepted the recommendations of the report, and will implement them in accordance with the CSEF.

[39] AusAID's *Effective Governance* strategy (November 2011) recognises that civil society participation requires a conducive environment. It acknowledges both the importance of civil society in achieving good governance, and the need to enhance justice and human rights for poor and marginalised people in order to participate in the development process.

> CSOs can be powerful agents for change – as partners in the delivery of better services, enabling social inclusion and making governments more effective, accountable and transparent.[40]

The implications of such a re-conception are yet to be tested in terms of explicit recognition of civil society and civil society organisations (CSOs) in AusAID country programs and project/program design. However, there has been a long history of program initiatives by AusAID to empower citizens and support work to assist in making governments more accountable. It is welcome that one of the 20 action items in the CSEF is a commitment to develop AusAID guidelines for working with CSOs as delivery partners and intermediaries, and for CSO engagement in AusAID country situation analyses, delivery strategies and policy development. More strategic discussions within country programs about the 'drivers of change' for human development within societies need to take account of the state of CSOs. This leads to the second significant feature of the CSEF, the proposed assessment methodology of CSOs, as a means of improving impact and guiding AusAID funding decisions, based on effectiveness, capacity and relevance to the Australian aid program purpose and five strategic goals.[41]

There are several methodological issues here, mainly relating to layers of assessment and what will give useful and meaningful guidance. While there are a number of approaches and precedents—a forward looking action that sets common criteria across a range of CSOs and then gathers data and assesses against it (AusAID's Monitoring and Evaluation Learning Framework (MELF), or emphasises transparency and accelerates the rate of published evaluations and assessments—the crux of the matter remains that any assessment of CSOs needs to take into account organisational size and speciality and it must not be aggregated beyond context. In other words, taking aggregate information which combines a vast array of programming contexts, such as Afghanistan and Vanuatu, reduces the value of what is effective aid within its context. Focusing on country level assessments of results will be imperative for a methodologically sound process of evaluating for impact and effectiveness.

With this in mind, it is recommended that any assessment methodology does several things: a) emphasises country context; b) links to existing AusAID or CSO evaluations as an evidence base; c) sets common criteria for data gathering on a forward basis (i.e. to be gathered over time, rather than retrospectively); and d) avoids aggregations that lose track of context.

Finally, with the inclusion of a 'Principles of Engagement' in the CSEF,[42] which includes consultation, respect for independence, a shared commitment to learning and other important understanding about the ways of working, the Government has made a strong statement about the positive lessons learnt in engaging with NGOs over three decades, as well as recognising the wider Government commitments made under the Commonwealth Government's National Compact with the Third Sector. These principles are positive and

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[40] Australian Government, AusAID Civil Society Engagement Framework, p. 1.
[41] 'Build on the existing accreditation system for Australian NGOs to develop and implement an assessment methodology to guide decisions on increased funding to and through CSOs, taking into account effectiveness (results and poverty impact in the context of CSOs' particular mandates), capacity, and relevance to the Australian aid program, namely helping people overcome poverty, and the aid program's five strategic goals of: saving lives, promoting opportunities for all, sustainable economic development, effective governance and humanitarian and disaster response. This assessment methodology will be developed in consultation with ACFID to be applied from 1 July 2013.' (CSEF, p. 9).
[42] Australian Government, *AusAID Civil Society Engagement Framework*, pp. 6-7.

useful and should be operationalised to the fullest extent possible in the proposed guidelines of engagement via country programs.

Value for money[43]

What did the Aid Review recommend?

The 2011 *Independent Review of Aid Effectiveness* argued that the 'fundamental operational principle' of the Australian aid program should be value for money (VfM).

There is not a specific recommendation of the Review, but the Panel stated that:

> Value for money starts with a rational calculation of how Australia should best deploy its aid resources geographically, sectorally and by different modes of delivery. This is needed to set out a clear picture of what we want the aid program to look like in 2015–16.[44]

The review also suggests how the VfM principle might be reflected in the aid program's strategic decision-making, and while the term is referred to throughout the review, it is less clear on the process of guiding or making specific VfM choices at the activity level.[45]

The review seeks to integrate geographic, sectoral and delivery method considerations in ensuring that VfM is achieved in the overall aid program, although differing levels of quantitative and qualitative rigour are evident in the respective areas, and there are a number of assumptions built into the aid allocation decisions that result from bringing the three 'considerations' together. For example, the review proposes that decisions on geographic distribution be determined by the ranking – high, medium, low – of each country against three key indicators: poverty (with some multi-dimensionality reflected in the range of secondary data drawn on); its importance to Australian national interest: and the capacity of the aid program to make a difference. These would then be aggregated into numerical values from 1 to 5.[46]

By comparison, the suggested approaches to decision-making on sectoral support and delivery method are based more on pre-existing normative policy positions, although a form of ranking is used in both to enable some aggregation with the geographic distribution findings in order to arrive at prescriptions for aid allocation.

What was the Government's response?

> The Government has released its Comprehensive Aid Policy Framework that highlights the importance of value for money in the Australian aid program. In its response to the Aid Review the Government also stated that 'A "value for money" perspective – one that balances effectiveness, efficiency and economy in decision-making – will drive improvements across the aid program. This focuses on results and returns for poor people, rather than just input costs'.[47]

What little the initial government response to the independent review explicitly says on VfM is focused on procurement and the results of the Joint Adviser Review.[48]

The Government's subsequently-released Comprehensive Aid Policy Framework (CAPF) states that budget strategy allocations, and also strategic level decisions on country, regional

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[43] This paper has largely been adapted from an internal ACFID document, *ACFID and 'Value for Money',* June 2012, Dr Thomas Davis (yet to be published).
[44] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 9.
[45] Hollway, Denton, Farmer, Howes, Reid, *Independent Review.*
[46] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, pp. 117-127.
[47] Australian Government, *An Effective Aid Program*, p. 20.
[48] Australian Government, *An Effective Aid Program,* p. 20.

and global programs, will be based on four criteria: poverty; national interest; capacity to make a difference; and current scale and effectiveness. Underlying all of these criteria is the principle of ensuring that VfM is sought, considered and demonstrated throughout all aspects of Australia's aid program.[49]

The CAPF provides overarching guiding principles on VfM, predominantly through seeking increased competition, accountability and transparency as well as robust risk and fraud management strategies.[50] Similarly, AusAID has a long history of seeking efficiencies through the use of competitive tendering for a whole range of goods and services, as with all Commonwealth agencies.

In measuring whether aid allocations are effectively responding to these criteria, the CAPF established a three-tiered *results framework* against which aid program performance will be assessed, with implications for budgeting. Tier 1 results measure progress against the MDGs. Tier 2 results 'articulate the contribution of Australian aid to development outcomes in partner countries' as measured by the impact on five strategic goals: saving lives; promoting opportunities for all; sustainable economic development; effective governance; and humanitarian and disaster preparedness and response.

It is under the Tier 3 results heading – operational and organisational effectiveness – that VfM is explicitly raised, but methods for ascertaining the value of activities are, once again, not reflected. Instead, there is a detailed textbox in the CAPF which refers to a set of efficiency goals around procurement, adviser remuneration, staff movement, delivery through partner government systems, and consolidation of activities.

A combination of policy and political forces is beginning to push policy makers and managers toward engaging more on this complex issue, particularly for the NGO sector, which ACFID welcomes.

How has the implementation of the response proceeded?

AusAID's initial organisational response to these policy shifts has been to include the Agreements and Value for Money (AVM) Branch within its Program Effectiveness and Performance Division. The restructure of the AVM Branch has included the establishment of a section specifically dedicated to commercial analysis and the broader implications of ensuring that VfM is achieved.

It is also encouraging to note that AusAID's Civil Society Engagement Framework (CSEF), which includes reference to achieving VfM, will be implemented in collaboration with ACFID so that the Australian NGO sector is better informed to adapt any appropriate agency operations to demonstrate VfM, especially when it has been made clear through the CAPF that VfM will be a key influence in funding allocation decision-making across Australia's aid program.

Future directions

Several country or regional program initiatives have been, or will be, tested for their value for money. VfM reviews of the AusAID-funded *Solomon Islands NGO Partnership Agreement* (SINPA) and the *Pacific Leadership Program* (PLP) have been conducted but are not yet

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[49] Australian Government, *Helping the World's Poor,* p. 27.
[50] Australian Government, *Helping the World's Poor*, p. 27.

publicly available. It is understood that methods of VfM analysis usually employed in other contexts have been applied to these programs and others.[51]

A more formalised approach to VfM assessment has been trialled in the *Australian Multilateral Assessment*, released in March 2012. The evidence for this assessment was primarily qualitative and obtained via consultations with all relevant stakeholders, and the examination of available documentation, such as annual reports, and secondary data. Whether this is a true exposition of VfM remains less than certain.

The *AusAID NGO Cooperation Program* (ANCP) already requires some elements of VfM to be shown by the NGOs funded.[52] Efficiency, economy and effectiveness criteria already exist in the application process, and comprise aspects of the reporting requirements. If these fall short of a VfM approach it is because they are not required to be linked in such a way as would be seen in a business case, nor is comparability sought. A possible move to clearer VfM considerations can be deciphered in the Monitoring, Evaluation and Learning Framework (MELF) for the ANCP, but even this does not explicitly refer to VfM, and is still in its pilot stage.[53]

Neither the independent review, the Government's response, nor the CAPF provide an explicit understanding of VfM in terms that consider a need to balance efficiency, economy and effectiveness. Civil society discussions around VfM often focus on the need to include equity as a fourth element, which has not been analysed in government documents thus far. There is also little apparent consideration of partner government and local community understandings of 'value'. Overall, the key documents provide little or no guidance to the Australian NGO sector on VfM beyond considering simple input measures or ensuring that VfM is considered early in design and project life cycles.

However, the CSEF has made clear references to: ensuring that CSOs are delivering for optimal use of resources;[54] focusing on engagement with CSOs that is informed by attention to VfM considerations;[55] and 'enhance[ing] methodologies for assessing value for money in respect of AusAID CSO grant funding',[56] which will be applied from 1 July 2013.

ACFID will therefore continue to work in partnership with AusAID, particularly through its participation on the CSEF Steering Committee, to better define VfM and develop an assessment mechanism that incorporates VfM in a way that is meaningful and appropriate to the NGO and the civil society sector.

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[51] This includes the *Australia Africa Community Engagement Scheme* (AACES), a recently initiated AusAID-funded program that brings together 10 Australian NGOs (ANGOs) in partnership with AusAID. These ANGOs then work through local NGO and community partners 'on the ground'. It has incorporated in its program design a requirement that there be some assessment of program/project VfM, although the precise nature of this assessment has been left open (noting that provision has been made for independent consultants to conduct mid-term and final evaluations if required), 2011, AusAID, http://www1.ausaid.gov.au/latestnews/details.aspx?NewsID=131, accessed 12 June 2012.

[52] AusAID, 2010, *AusAID–NGO Cooperation Program Guidelines*, Australian Agency for International Development, Canberra.

[53] AusAID, 2012, *AusAID–NGO Cooperation Program Monitoring, Evaluation and Learning Framework May 2012*, Australian Agency for International Development, Canberra.

[54] Australian Government, *AusAID Civil Society Engagement Framework*, pp. iv, 27.

[55] Australian Government, *AusAID Civil Society Engagement Framework*, p. 5.

[56] Australian Government, *AusAID Civil Society Engagement Framework*, p. 11.

AusAID resources

What did the Aid Review recommend?

The Aid Review spent considerable time outlining reforms to AusAID's workforce and internal processes that it felt were required to support the scale-up of Australian aid. Many of the internal reform recommendations discussed AusAID's fraud and risk management systems, which were found to be generally sound. Many of the workforce reforms discussed by the Aid Review were already under way, with AusAID's Workforce Plan released before the Aid Review and updated afterwards. The reforms were progressing because, as the Aid Review pointed out, AusAID's total staff numbers had grown by 40% since 2007, against growth in the budget of 70%.[57] The Review also recommended reducing the number of countries with bilateral programs and the number of sectors covered in each country to reduce fragmentation, and stretching staff knowledge and resources.[58]

At the time of the Aid Review in 2010–11, AusAID's departmental appropriation (for administrative costs) was $250 million, which was 5.8% of Official Development Assistance (ODA).

Recommendation 31: Corporate reform efforts within AusAID should be accelerated to promote a culture geared towards delivering results and enhancing productivity, especially by reducing staff turnover, building the workforce with the requisite skills, streamlining business processes and reducing paperwork.

Recommendation 32: AusAID should be provided with increased resources to manage effectively the increasing program.

What was the Government's response?

The Government agreed in principle to these recommendations, with the details for **Recommendation 32** to be determined by the Government through the 2012–13 budget process.[59]

In the Ministerial Statement accompanying the 2012–13 Budget, it is reflected that considerable thought has been given to attract, retain and develop AusAID's workforce through the creation of specialist and technical streams and the increasing of workforce diversity, as well as the streamlining of systems and processes to increase responsiveness and reduce administrative burdens for partners. Further investments in its own staff are noted to focus on greater capability in policy work, improved people management and increased leadership, and more efficient use of staff resources.[60]

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[57] The Review Panel examined the following issues: AusAID's effectiveness undermined by rapid staff turnover; the low number and proportion of women in AusAID senior management; Greater staff specialisation, including moves to establish formal specialist streams; and Developing a Learning and Knowledge Culture (Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, pp. 270-1).

[58] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 49.

[59] Australian Government, *An Effective Aid Program*, p. 64.

[60] Australian Government, Budget Blue Book, May 2012, *An Effective Aid Program*, p. 73.

How has the implementation of the response proceeded?

AusAID has restructured, and the new organisational chart shows a variety of new features implementing the Aid Review recommendations, such as a Whole-of-Government branch, a branch focused on Agreements and Value for Money and the sectoral areas gathered in one division.

In terms of investment, the departmental figure in the 2012–13 year is $325.3 million and over four years will increase by an additional $49.7 million. AusAID's recently released Comprehensive Aid Policy Framework (CAPF) also contains several results relating to workforce issues.[61]

- AusAID Mission and Value Statement (released on 30 April 2012)
- Career streams defined in each sector for which AusAID has a Principal Sectoral Specialist as Head of Profession by 2015–16
- Women occupy 40% of leadership roles within AusAID by 2015–16
- Internal movement of staff between branches reduced to 7.5% per year

Future directions

AusAID has made some substantial changes to the way it does business in a very short period of time. Mr Peter Baxter was appointed Director General in May 2010 after nine months of acting in the role and has overseen significant change. In 8 July 2010, AusAID was established as an Executive Agency. Many senior figures in AusAID, well-known to the sector, have retired or moved and there is a new generation of leadership at the SES level. Senator Fawcett recently commented at Estimates in February 2012, 'I notice you had about 180% growth over the last five years in your SES staff and around 107% growth in your senior officer staff – your EL1s and EL2s'.[62]

In our view, this increase is appropriate for an executive agency charged with operating at a much more strategic level with increasing resources. But it does require good communication with existing stakeholders about the staffing changes and a concerted effort to allow new relationships with partners to develop.

It is now time for a period of consolidation and investment in the professional development of staff at all levels to allow the deep changes in the Workforce Plan to take root and for benefits to be seen in the delivery of programs and in the area of policy dialogue. It is time to see the development of the specialist stream, a more visible learning culture, more partnership skills and the promotion of women to leadership roles within the agency; and an increased investment not just in the corporate areas but in those areas that were marked for change in the Aid Review – sectoral expertise, civil society partnerships, gender analysis, research, and humanitarian policy and coordination. Development is about people, and in our view, AusAID will succeed in managing the scale-up if it puts its people first. Early signs are positive.

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[61] Australian Government, *Helping the World's Poor,* p. 27.
[62] See Senate Estimates, accessed 10 June 2012, http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22committees%2Festimate%2F7afd22ed-c48e-4bfa-afdd-f0c6c22a0235%2F0004%22

Country versus sectoral focus

What did the Aid Review recommend?

The Aid Review reimagined the way the aid program could be structured. They recommended a *thematic organising framework* as the way to 'articulate objectives across the aid program', stating that 'it explains to managers, government, partners and the public what the program is about. It also provides a framework against which results can be reported'.[63]

The Aid Review also recommended that the sectoral areas of AusAID lose budget measure control with country desks becoming the central driver of budget allocations. The Review stated that 'the argument for putting country planning in the driver's seat means sector allocations should be the consequence of country planning, not the foundation of it'.[64]

Disbursing aid through partner government systems where possible is agreed global good practice according to the OECD Paris Declaration on Aid Effectiveness (2005). The Review underlined this principle, whilst recognising that AusAID works in many fragile and conflict-affected states.

> **Recommendation 7:** The aid program should be driven by country programs, rather than by predetermined sectoral targets.
>
> **Recommendation 8:** Sectoral selectivity should be increased at the country level. Sectoral spread in country programs should be low, outside of Indonesia, East Timor, PNG and the Pacific Island region.
>
> **Recommendation 20:** The share of aid being disbursed through government systems should be expanded.

What was the Government's response?

> The Government agreed to these recommendations without amendment.

The new four-year Cabinet process proceeded under the new system of country-based budget measures, and, therefore, the 2012–13 Budget Blue Book reflects the country focus. The AusAID website also now boasts much more comprehensive country information for a number of countries (see Indonesia as an example).

The Ministerial Statement accompanying the 2012–13 AusAID Budget Paper details a range of information about how the country program focus has taken shape. This includes that around 66% of total Australian aid is delivered through country and regional programs and that country program spending is calculated as the sum of a) direct bilateral assistance (country); b) estimated amount of regional and global expenditure to go to that country (Regional/Global); and c) ODA-eligible funds expended by other government departments attributable to that country.[65]

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[63] Australian Government, *An Effective Aid Program*, p. 28.
[64] Australian Government, *An Effective Aid Program,* p. 224.
[65] Australian Government, 2012–13 Aid Budget.

How has the implementation of the response proceeded?

It is not clear to the external observer, other than from the new website pages and Budget papers referred to above, how the 'country as driver' reform is working within AusAID.

Under the old structure, both sectoral areas and country programs vied for funds and in reality the same situation still applies. As a cross-cutting issue, support for gender equality was previously, and continues to be, primarily funded through country programs (the exception to this is the Ending Violence Against Women Budget Measure). Sectors have now become the overarching strategic goals of the aid program, and the Results Framework in the CAPF reflects specific indicators to be met under each one across the whole of ODA, yet the pre-eminence of the country desk persists on most occasions. The most recent organisational chart shows the sectoral areas grouped together under the Humanitarian and International Group into a new Policy and Sector Division which includes the six Principal Sector Specialists as well as four branches: Development and Gender Policy Branch; Education and Health Branch; Food Security, Infrastructure, Mining and Trade Branch; and, the Governance and Social Development Branch

Future directions

There are many ways to organise an aid program and every iteration of thematic/country/ sectoral/global has advantages as well as disadvantages. The great advantage of using country areas as the central organising budget principle is the flexibility and attention to *context* that this should provide to AusAID. This reorganisation also gives added transparency to ODA within a country or region as a whole, falling in line with the Busan Declaration which underlined the importance of the partner country having control and power over the country strategy process and the use of government systems.

However, advocates for inclusive development who focus on gender or disability, Indigenous peoples, people living with HIV/AIDS, children or migrant workers have often argued that without budget control or other methods of accountability within the structure of an aid donor, commitment to cross-cutting issues or important issues for the poor such as poor public health services can become rhetorical only and 'policy evaporation' can occur. When coupled with a preference for direct government systems, this trend can be exacerbated. Using gender as an example, the focus on country v. sectoral spending may make it more difficult for external or internal analysts to ascertain *how* ODA is implemented in relation to inclusive or participatory methods as opposed to *what* results the ODA is directed towards. There could be 'results' for women that do not address long-term gender equality issues in their community, or women's own priorities. An example would be building refuges without dealing with the lack of legislation in the country or particular community or police attitudes to domestic violence.

Without budget measure control, sectoral areas of AusAID need to be internal advisors and advocates. What if a particular country area or post does not seek advice or accept advice received by internal specialists? Will this new model require more sectoral specialist fire-power, and does AusAID have enough time to develop it or hire it? How will internal systems support and track accountability for commitments to inclusion?

Good communication by AusAID will be required to demonstrate how focusing on certain results with a country focus will not come at the expense of resources for other program and policy priorities.

Humanitarian increase

What did the Aid Review recommend?

The Aid Review outlined that while disasters and emergencies are likely to increase in frequency and severity in the coming years, humanitarian assistance has been deemed by many to be one of the 'main successes of the aid world'.[66] The Review went on to recommend that in the face of growing need and accepted effectiveness, humanitarian and emergency assistance funding be subject to major increases. Given this, preparing for and responding to crises was identified by the Review Panel as one of the four key organising themes, with humanitarian and emergency assistance the corresponding sector/cross-cutting issue to be addressed.[67]

> **Recommendation 12:** Humanitarian and emergency assistance should be increased as a share of the program.

In terms of the quality of this spending, the Review Panel noted that there have been independent organisations, such as DARA,[68] that have identified areas where Australia could strengthen its humanitarian assistance, by increasing support for crises not highly visible in media terms and by providing more funding support to non-government organisations (NGOs).[69] While not endorsing the findings of this independent evaluation the Review did recommend that:

> … a comparative evaluation be undertaken over the next year or so, to determine whether any rebalancing in relative funding to NGOs and the UN is warranted.[70]

What was the Government's response?

> **Recommendation 12:** Agree in principle, with the details to be determined by the Government through the 2012–13 budget process. Decisions on allocations will be based on an assessment of poverty, national interest, capacity to make a difference, and current scale and effectiveness.[71]

In its reply to the Aid Review's recommendations, the Australian Government endorsed the organising framework outlined by the Review (with an additional theme of saving lives) and made those 'themes' the 'strategic goals' of the aid program. Humanitarian and disaster response is now one of five organising thematic priorities of the Australian aid program. AusAID's structure has been adjusted as a result, with the role of Whole-of-Government Humanitarian Coordinator now elevated to the First Assistant Director General (FADG) responsible for the Humanitarian and Stabilisation Division and the Humanitarian FADG portfolio being re-structured as a single-area focus on humanitarian issues.

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[66] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 172.

[67] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, pp.150-52.

[68] See further www.daraint.org, accessed 12 June 2012.

[69] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 173.

[70] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 174.

[71] Australian Government, *An Effective Aid Program*, p. 61.

The Government 'agreed in principle' to the Review's recommendation to increase Australia's humanitarian and emergency assistance as a *share* of the aid program.[72] This was qualified by stating that decisions on allocations will be based on an assessment of poverty, national interest, capacity to make a difference and current scale and effectiveness.[73]

While the Government's response did mention the role and relationship of the aid program to civil society and Australian NGOs in an overall manner, it did not explicitly respond to or agree to the Review's suggestion to undertake a comparative review to assess the balance of humanitarian funds channelled through the UN or NGOs. The Australian Multilateral Assessment review is neither a substitute nor a foundation for such a review that would assess the comparative advantage of various funding channels available to donors for emergency response disbursements.

How has the implementation of the response proceeded?

It is difficult to track how much of a share of the aid program humanitarian assistance has comprised in past financial years. AusAID put the 2011–12 figure at 10% of the aid program,[74] but calculations based on the figures in the 2012–13 Budget Blue Book seem to put the Humanitarian, Emergency and Refugee Program spending in the financial year 2011–12 at just 7.0% of the expenditure.[75]

Funding for humanitarian aid, emergencies and refugees over the last four financial years is reported in budget documents as:

- 2009–10: $299.8 million[76]
- 2010–11: $353.5 million
- 2011–12: $331.7 million
- 2012–13 (estimate): $405.5 million.[77]

On the basis of these figures, the estimated percentage of Official Development Assistance (ODA) to be spent on humanitarian, emergencies and refugees in 2012–13 will be 7.9%.[78] It is encouraging that this is a significant increase in both volume and share of ODA over 2011–12.

However, it is difficult to identify the composite total of humanitarian spending in the 2012–13 Budget papers as there are five separate figures listed.[79]

In conversation with AusAID, it has been determined that the discrepancies amongst these references is attributable to the fact that some of the humanitarian funding is 'nested' under country programs rather than accounted for as a lump sum or as part of the global

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[72] Australian Government, *An Effective Aid Program*, p. 61.

[73] Australian Government, *An Effective Aid Program.*

[74] Australian Government, *An Effective Aid Program,* p. 39.

[75] i.e. $331.7m/$4756.3m. See *Australian Government, Helping the World's Poor*, pp. 139-140.

[76] Australian Government, May 2009, *Australia's International Development Assistance Program 2009–10, A Good International Citizen*, p. 72.

[77] For both the 2010–11 and 2011–12 figures see *Australian Government, Helping the World's Poor*, p. 139.

[78] Calculation based on the budget estimate for humanitarian, emergencies and refugees and the budget estimate total ODA for 2012–13: $405.5M multiplied by 100, divided by$5,153.0M

[79] Australian Government, *An Effective Aid Program*, pp. 6, 15, 99, 126, 139.

program.[80] Therefore, the composite total figure for humanitarian spending, which accounts for these 'nested' amounts, is $493 million.[81]

Future directions

Going forward, there are four significant areas for consideration that will enable the Australian Government to meet its strategic goal in this area and to clearly demonstrate the increase of humanitarian spending as an overall share of Australia's ODA.

First, as above, the budget papers are not always clear to an external reader. Multiple figures, of differing amounts, are identified for expenditure in categories of largely the same name. Such categories include:

- humanitarian, emergencies, refugees
- humanitarian assistance
- humanitarian and disaster response.[82]

Identifying total humanitarian spending clearly, and disaggregating its component parts simply, will be critical for the Government to demonstrate it is on track to meet its commitment to scale up the share of ODA spent on humanitarian assistance. While ACFID's conversation with AusAID provided more clarity around the figures presented in the Budget Blue Book for 2012–13, the fact remains that the average taxpayer would not have the same level of access or ease of seeking clarity based on the disparate figures.[83] This further underscores the need for consistent and clear reporting in the Budget papers.

Second, in its reply to the Aid Review, the Government agreed 'in principle' to the recommendation for scaling up humanitarian spending as a share of total ODA. Within the budget strategy projections, funding for humanitarian assistance (including the 2012–13

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[80] Meeting, 30 May 2012. Page 126 of the Aid Ministerial Statement advises Australia's humanitarian assistance spending consists of three main components:

1. AusAID's global humanitarian program
2. Humanitarian capacity building and disaster risk reduction assistance provided through country programs
3. Humanitarian programs of other agencies such as the Department of Immigration and Citizenship.

The table below quantifies these and reconciles the figures in the Aid Ministerial Statement.

Expenditure Source	2012–13 Estimated Expenditure ($m): Humanitarian Assistance
A. Humanitarian and Emergency Response	278.5
B. International Committee of the Red Cross	22.0
C. UN-Humanitarian Total	105.0
AusAID global programs (total provided for Humanitarian, Emergencies and Refugees p. 99 of Blue Book)	405.5
Country Programs' component	65.8
Other Government Departments' component	21.7
Blue Book Total (p. 126)	493.0

[81] The $493m and an explanation of its derivation is stated on page 126 of the 2012–13 Budget Blue Book.
[82] Australian Government, May 2012, *Australia's International Development Assistance Program 2012–13, Helping the World's Poor: Implementing Effective Aid*, pp. 139, 126, 15, respectively.
[83] *The Answer to the Question on Notice* to Senator Lee Rhiannon of the Australian Greens in July 2012 ('What is the humanitarian aid spending in 12/13 and over the next four years?') was the $405.5 million figure.

$435.6 million humanitarian assistance budget measure) will be allocated with reference to the priorities outlined in Australia's *Humanitarian Action Policy.* The criterion by which the Government has qualified their agreement is reflected in the new Comprehensive Aid Policy Framework (CAPF) which is outlined as poverty; national interest; capacity to make a difference; current scale and effectiveness.[84]

While these criteria may be useful for making determinations in Australia's development spending, they may not be congruous with the humanitarian principles which outline that humanitarian need should be the driver of response, and such relief should be implemented neutrally, impartially and with independence. That is to say, principled humanitarian assistance should not be subject to political calculations, consideration of the extent of an existing relationship or simply to advance our own interests. In that sense, the qualifying criteria outlined in both the Government's reply to the Aid Review, and that outlined in the CAPF, may find themselves in tension with the humanitarian principles, which elsewhere have been identified by the Government to be a key driver of their humanitarian considerations.[85]

Thus far, while these two sets of criteria *may* find themselves in conflict, Australia has continued to provide a level of principled funding, demonstrated through the nearly $31 million released for the current crisis in West Africa, an area outside of AusAID's traditional focus.[86] Extensive research exists to demonstrate that on the basis of humanitarian need, Australia can continue to increase its humanitarian expenditure responsibly and effectively both in real terms and as a share of ODA.[87]

Third, the Aid Review identified independent assessments which noted room for improvement in areas that include giving assistance to slow-onset, chronic or protracted crises and funding for NGOs. The Australian Government should undertake, in partnership with the relevant stakeholders, research into the various funding mechanisms and channels available for the provision of emergency assistance funds. This is consistent with the suggestions of the Aid Review and, working from evidence, is consistent with operating for effectiveness. It would also be a substantial contribution, globally, to humanitarian research.

Fourth and finally, achievement of the recommendation to grow humanitarian assistance as a share of ODA will be stunted unless there is significant attention paid to ensuring that resources, structures and processes are aligned to support the achievement of the strategic goals. The elevation of the role of Humanitarian Coordinator to the FADG level and the increasing human resources going into the new Humanitarian and Stabilisation Division are positive indications of this alignment. Maintaining the scale-up of departmental resources to allow the Humanitarian Division to invest in partnerships, capacity and specialisation continues to be an area for close attention. Continuing commensurate resource allocations to this Division will be vital to providing an enabling environment in which this strategic goal of Australia's aid program can be achieved.

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[84] Australian Government, *Helping the World's Poor*, p. 10.

[85] Australian Government, December 2011, *Humanitarian Action Policy,* p. 5.

[86] Identified as sub-Saharan Africa and East Africa. See, Commonwealth of Australia, May 2012, *Australia's International Development Assistance Program 2009–10, A Good International Citizen,* pp. 70-71.

[87] *The Global Humanitarian Assistance: A Development Initiative Report of 2011* identifies that in any given year, most emergency responses are plagued by substantial funding gaps. See: http://www.globalhumanitarianassistance.org/report/gha-report-2011, accessed 27 June 2012.

Private sector engagement

Invited contributor: Independent Development Contractors (IDC)[88]

What did the Aid Review recommend?

The Aid Review made two recommendations that recognise the contribution that the private sector can make to increasing the effectiveness of Australian Aid and strengthening development outcomes. The Review was informed by a commissioned technical paper titled 'Study of how the Australian Aid Program can Strengthen Links with Business and the Private Sector'.[89]

Recommendation 10: The aid program should increase its emphasis on private sector development and strengthening civil society. Policy statements in relation to each should be developed.

Recommendation 21: The power of business should be harnessed and business innovation should be encouraged, including through an annual consultative forum.

In addition to these recommendations, the Aid Review[90] provided four recommendations to help improve engagement between AusAID and private sector organisations in policy and program development.

First, a more systematic engagement with private sector organisations should be taken forward under a high-level, overarching policy statement; second, country/regional analysis or sector strategies must give those parts of the business community engaged in that country or sector an opportunity to provide views; third, Australia should integrate business engagement activities into existing AusAID programs, with a focus on leveraging business engagement as a form of aid; and finally, the aid program should consider establishing a facility to assist Australian businesses seeking corporate social responsibility and/or inclusive business opportunities in developing countries.

Further, the Aid Review agreed with the Business for Millennium Development's (B4MD)[91] submission that, 'AusAID's engagement with business and the private sector has been constrained by a risk-averse attitude within AusAID to engaging with business groups and private sector initiatives'.[92] The Aid Review also noted that Australia is not alone in this regard, and that many governments tend to under-utilise the potential of business partnerships.

It is understood that in Recommendation 10, the reference to private sector development is in the context of 'the private sector' in recipient countries, whereas in Recommendation 21 it is the power of business and business innovation in Australia (or perhaps even more widely

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[88] The IDC, as an international development sector representative body representing 21 companies with some 70,000 staff worldwide, is keen to contribute to this broader business engagement agenda.
[89] The Paper's author, Dr Bruce Jenks, has held senior level positions in the United Nations Development Programme (UNDP) and is a regular writer and speaker on the topic of what businesses can contribute to the international development agenda. He is currently a Fellow with the Harvard Kennedy Business School.
[90] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 229.
[91] See http://www.b4md.com.au/.
[92] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 227.

in developed economies) that should be harnessed for the benefit of the Australian Aid Program.

What was the Government's response?

In its reply to the Aid Review's recommendations, the Government commented on the opportunity to make the Australian Aid Program more effective through involving more Australians in the aid program by increasing volunteer numbers and improving links with Australian businesses.[93] Also noted was the potential role of private sector contractors in aid delivery, from activity design through to the implementation phase.[94] The Government's response to the formal recommendations is as follows.[95]

Recommendation 10: We will work with partner governments to improve the policy environment for sustainable growth, trade, and private sector development by providing advice and support.

Recommendation 21: We will develop strong links with Australian business, including through annual dialogue with peak industry groups on aid and development, and active collaboration, where appropriate, in the joint delivery of programs with Australian business.

Further, in its July 2012 Progress Report,[96] AusAID states that it is *strengthening partnerships* to improve aid delivery through; developing a new *Civil Society Engagement Framework* which was launched in June 2012, linking increased funding to civil society organisations to their effectiveness, capacity, and relevance to Australia's development interests, and *harnessing the power of business* by establishing the Business Engagement Steering Committee in February 2012, and holding the first AusAID Consultative Forum with Business. The Forum is scheduled for 21 August 2012. Additionally, AusAID has now established a new branch called the NGOs and Business Branch, with a dedicated Business Engagement Section, to provide an entry point for business into the aid program and to take forward AusAID's business engagement.

How has the implementation of the response proceeded?

AusAID has responded by establishing an NGO and Business Branch as a single entry point for business; through the establishment of a Business Engagement Steering Committee; and by developing a Private Sector Development Strategy (PSDS).[97] It is anticipated that the PSDS will be launched at the AusAID 2012 Consultative Forum with Business in August 2012, and will outline how Australia's aid program might better position itself to support the development of the private sector in aid partner countries.

Future directions

Private sector development

The Aid Review notes that AusAID does not report private sector development as a separate expenditure category, but suggests that current expenditure on what is defined by the World

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[93] Australian Government, *An Effective Aid Program*, p. 2.
[94] Australian Government, *An Effective Aid Program,* p. 54.
[95] Australian Government, *An Effective Aid Program,* pp. 34, 26.
[96] Available from http://www.ausaid.gov.au/Publications/Documents/aid-effectiveness-progress-report.pdf.
[97] A wide range of business interests are being engaged with, including peak business organisations, bilateral business councils and businesses, both domestically and overseas.

Trade Organisation and OECD as Aid for Trade may be a useful proxy.[98] IDC members observe that within programs they manage, many activities that are focused on or contribute to private sector development are not recognised as such.[99] In addition, AusAID could also begin to count the types of private sector contributions already being made. This could be addressed by more focused attention at the activity design stage and by targeted monitoring and evaluation.

AusAID's private sector development strategy recognises this risk, but it is worth repeating: except in circumstances where there is no alternative, the focus should be on building the business-enabling environment – there are obvious risks in funding the development of individual businesses as this could serve to benefit individuals and vested interests rather than increase collective wealth.

By nature of its focus and experience, the private sector sees the needs of and opportunities for private sector development from a different angle to the public sector. It follows that AusAID's greater focus on encouraging private sector development should fully utilise the power of Australian business know-how and its capacity for innovation. This includes experience gained in working for non-donor clients in developing countries and experience of different models for public sector management of private sector participation.

Public Private Partnerships (PPPs) are a powerful means by which large projects can be mobilised in developing countries and progressively transferred to the private sector for more efficient operation and maintenance. Again, Australian businesses have relevant expertise and experience to assist AusAID in this growing area of interest.

Business engagement

This is clearly a new approach for AusAID and it is encouraging to see that a start has been made through the scheduling of the first annual Business Consultative Forum and establishment of the NGOs and Business Branch, which includes a dedicated Business Engagement Section. In addition, the newly established Business Engagement Steering Committee has met three times to date. However, there continues to be little information in the public domain on which to assess progress and we look forward to a more thorough review over the next twelve months.

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[98] 'Aid for trade' is trade enabling assistance provided across various programs, which represent about 15% of total Australian Official Development Assistance, or around $600 million in 2010–11.
[99] The International Development Contractors (IDC) Australia brings together 21 Australian private sector companies which are experienced, innovative and effective in delivering international aid to the world's poorest countries. IDC also aims to contribute to the effectiveness of the aid program by combining members' experiences, knowledge and resources, and providing advice and support to the international development community.

Increased transparency

Invited contributor: Garth Luke, Senior Researcher, Policy and Research, World Vision Australia and ACFID Committee Advisor

What did the Aid Review recommend?

The Aid Review acknowledged the work that AusAID had already done to improve the transparency of its planning, decisions and results, but said that 'release of documents and data is not yet always standard practice'.[100] It went on to state that 'The Annual Program Performance Reviews that assess the effectiveness of major country programs have often been released up to 18 months after the time period the review focuses on. The vast majority of Independent Completion Reports for program activities have not been publicly released'.[101]

> **Recommendation 37:** A Transparency Charter should be developed, committing the aid program to publishing documents and data in a way that is comprehensive, accessible and timely.

From the Aid Review's perspective, greater transparency would help increase public understanding of and engagement in the aid program.[102] The Review also saw greater transparency as an essential mechanism to improve the program by increasing discussion and debate, as well as providing stakeholders both in Australia and in partner countries access to information to assess performance against stated objectives, and better make recommendations for the improvement of programming where necessary.[103]

The recommendation to improve transparency was part of a larger set of recommendations to improve the management of the program and its accountability to government. The transparency recommendation sits alongside the recommendations to develop a four-year plan approved by Cabinet, to review the program annually and report to Cabinet, to provide a clearer results framework and to integrate these activities into the annual budget process.

What was the Government's response?

> **Recommendation 37:** The Government agreed with the recommendation to establish a Transparency Charter.[104] The Charter was published in late 2011 and committed the Government to providing transparent and open information, to publish details on AusAID's work and to do so in a timely and accessible fashion that was welcoming of public feedback.

Further, the Charter gave details on how AusAID would go about implementing these commitments.[105] It says:

> The Australian public and the recipients of Australian aid have a right to know that Australian aid funds are spent effectively, achieve real results and help people to overcome poverty.

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[100] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 6.

[101] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 304.

[102] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 51.

[103] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 304.

[104] Australian Government, *An Effective Aid Program*, p. 2.

[105] http://www.ausaid.gov.au/about/pages/transparency.aspx, accessed 4 June, 2012.

With good information, taxpayers and aid recipients can hold governments accountable and the risk of corruption is reduced. The Australian Government is committed to improving the transparency of the Australian aid program.

To give effect to this commitment AusAID will:

- be transparent and open about Australia's international development programs.
- publish detailed information on AusAID's work – our policies, plans, processes, the results of Australian aid activities and our evaluations – on AusAID's website to explain where Australia's money is spent and its impact on reducing poverty.
- publish this information in a timely fashion and in a format that is useful and accessible.
- welcome public feedback to help us further improve the effectiveness, efficiency and transparency of the aid program and achieve better value for money.
- allow anyone to re-use our information when AusAID is the source, provided AusAID is acknowledged.

AusAID will implement our Charter immediately by:

- regularly updating information and data about AusAID country program activities – including expenditure, results and annual performance reports, within more comprehensive webpages.
- fully participating in the International Aid Transparency Initiative that provides data for comparison and critical analysis of aid program results.
- publishing local language summaries of Australian aid programs in local media and on the webpages for Australia's major aid programs.
- publishing annual targets for improvement of transparency in the aid program.
- increasing the number of documents published in AusAID's Information Publication Scheme.
- welcoming public feedback on this Charter and our performance against it.'[106]

How has the implementation of the response proceeded?

AusAID has taken a number of significant steps to improve aid program transparency since the Aid Review:

- It established and took advice from a Transparency Reference Group made up of representatives from the private sector, civil society groups and the media and then published its Transparency Charter and timetable of action on transparency.
- It has published a timeline of activities it is undertaking to implement the Transparency Charter.
- It has restructured its website, after surveying users, to make it simpler to use and more comprehensive.
- It has provided much more detail about some country programs on the website. To date 15 country pages and one thematic page have been updated. The additional information includes a comprehensive list of all activities currently funded by Australia in the country, the sectoral allocation of Australian funding and documentation on all stages of each funded activity.[107]
- The Minister's Aid Budget Statement includes more detail on the strategic goals as well as specific programs.
- It has published the four-year Comprehensive Aid Policy Framework and an outline of its Results Framework.

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[106] Sourced from http://www.ausaid.gov.au/about/pages/transparency.aspx.
[107] As noted in the 2009 Australian National Audit Office (ANAO) Report, most country strategies were not publicly available. Since January 2011, the strategies have been available on the website.

- It has published detailed activity data for a small number of countries on the International Aid Transparency Initiative (IATI) website in standard format so that it can be compared to other donors.
- It has published a detailed assessment of multilateral organisations and will publish a scorecard annually.
- It has published 112 new evaluation reports.
- It has produced a range of user-friendly public-focused material in a blog and through video stories of Australian aid at work.
- It has expanded funding for transparency activities in other countries including additional funds to Transparency International and greater involvement in the Extractive Industries Transparency Initiative (EITI).
- More information has been published about results in each country.
- Consistent with the Charter and the Information Publication Scheme (IPS), AusAID has published more than 1100 internal documents through the IPS page on AusAID's website.

Future directions

AusAID's Transparency Charter is a work in progress, but the signs are positive. Much has already been done; however, the comprehensive activity data to IATI has taken longer than was originally planned.[108] A first, major test of the Charter will be if it meets its timetable to provide this information by the end of 2012.

A second test will be in relation to other government departments that administer ODA; the Government should ensure that these other departments meet AusAID's high transparency standards.

ACFID recommends that AusAID should meet the need for a simple printed document that effectively summarises the program, its outcomes and plans each year.[109] At present there is no short and easy to read document that provides such an overview for the public and for members of parliament.

Finally, the issue of accountability must be given more consideration. The Aid Review said that transparency 'and scrutiny lead to more informed discussion and debate, which in turn leads to a more effective program'.[110]

However, this requires mechanisms to inform members of the public in developing countries and Australia, civil society groups and the private sector to influence the planning and development of the aid program.[111] At present there are some opportunities for such input

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[108] Delivery of IATI data was always planned to be staged. However, due to quality issues with historical data, the cleansing process has seen the need for additional staged delivery. Work is progressing, with additional loads scheduled for September and December 2012.

[109] We note that the Government already provides the Annual Aid Budget Statement (the Blue Book) and will make public the Annual Review of Aid Effectiveness.

[110] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 32.

[111] There is a range of mechanisms to inform the general public and to allow them to have a say, including:
- Engage Blog, Twitter and Facebook channels.
- Contact Us page on AusAID website.
- Local language pages being developed, including in-country contact points.
- FOI and IPS mechanisms on AusAID website in line with FOI Act (1982) reforms. Also, review of the 2010 amendments to the FOI Act in November 2012.

but these are inconsistent and limited, especially in-country. The next stage of transparency action must ensure that those people who now have access to information about the program have adequate opportunities to help shape and improve the program.

- AusAID funds World Vision and IWDA to conduct town hall meetings around the country (11 a year) to provide opportunities for public discussion and feedback.
- With World Bank, ACFID funds the Praxis discussion series.
- *Focus* magazine is distributed to more than 55,000 people.
- The Government funds the professional development of more than 25,000 teachers and student teachers every year in global education.
- The Civil Society Engagement Framework which defines how we will work alongside civil society organisations.
- Strengthened linkages with the private sector, through the Business Engagement Steering Committee that includes representatives from the Business Council of Australia, the Australian Chamber of Commerce and Industry and the Australian Industry Group. The AusAID Consultative Forum with Business is scheduled for 21 August 2012.

Aid evaluation

Invited contributor: Linda Kelly, Director, Praxis Consulting and ACFID Committee Advisor

What did the Aid Review recommend?

The Independent Aid Review identified several areas for improvement in the way that Australian aid is evaluated and assessed. These included the need for evaluation and effectiveness reporting to be applied to all of Official Development Assistance (ODA) spending. The Aid Review's recommendations were based on a number of reform directions, including that the quality of evaluations could be improved by clarifying and narrowing the mandate of the Office of Development Effectiveness (ODE). The Independent Aid Review recommended:

> **Recommendation 36:** A small number of high quality evaluations and an annual synthesis and quality assurance report should be produced annually, overseen by an Independent Evaluation Committee.

What was the Government's response?

The Government accepted this recommendation as well as recommendations to implement a simplified three-tiered annual reporting system on performance of the aid program.

How has the implementation of the response proceeded?

> In May 2012 the Government announced the appointment of an Independent Evaluation Committee (IEC) with terms of reference that direct it to:
>
> > … oversee the work of ODE in planning, commissioning, managing and disseminating a high-quality independent evaluation program which produces technically sound policy relevant evaluations that contribute to improved aid effectiveness.[112]

Significantly, the composition of the Committee (which met for the first time on 21 June 2012) includes two people with development evaluation experience. They are Professor Patricia Rogers, who comes from the Centre for Applied Social Research at RMIT University and brings a strong record in program evaluation, and a reputation for a commitment to methodological rigour,[113] and Dr Wendy Jarvie, a visiting professor at the University of New South Wales, who brings strong experience in evaluation in the public service sector and has shown a commitment to effective and ethical evaluation.[114]

The chair of the Independent Evaluation Committee, Mr Jim Adams, brings experience from senior positions within the World Bank. In particular, his most recent experience was as vice president for the Pacific and East Asia regions. Given the strong Australian Government focus in the Pacific, with its many unique development challenges, this local experience will

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[112] ODE, 2012, Independent Evaluation Committee, Terms of Reference, http://www.ode.ausaid.gov.au/publications/pdf/iec-tor.pdf.

[113] Rogers, PJ, 2009, 'Matching impact evaluation design to the nature of the intervention and the purpose of the evaluation', *Journal of Development Effectiveness*, 1(3), pp. 217-226.

[114] Jarvie, W, 2011, 'Time to change the Paradigm', *The Journal of New Thinking in Public Policy and Administration*, 19 July 2011, http://www.jontippa.com/2011/07/time-to-change-the-paradigm/.

be critical to making sense of the cultural, political, historical and other sensitivities and influences that overlay any assessment of development aid in the region. The AusAID representative on the Committee is Deputy Director General and Chief Operating Officer, Gary Dunn.

The IEC will be responsible to the Development Effectiveness Steering Committee (DESC). The DESC is the whole-of-government committee responsible for ODA effectiveness; therefore the IEC will have a whole-of-government mandate.[115]

The responsibilities and tasks of the IEC are considerable. They involve providing advice on the ODE evaluation strategy and work program, advice on proposed methodologies for individual evaluations, technical advice and quality assurance to ODE on completed evaluations, and then responsibility to forward the completed evaluation reports and management responses to the DESC. It also has responsibility for oversight of the preparation of an annual evaluation summary and quality assurance report.

Future directions

There is much to commend the Government on the establishment of the IEC and on the strong and clear terms of reference. The requirement that the chair of the Committee would meet with the Director General of AusAID after each meeting, and that the Committee will be directly responsible to the DESC, provides some assurance that the advice of the IEC will carry weight in assessment of aid effectiveness and in subsequent decision-making. This is a welcome change from the past where there has been no transparent system to assess the quality of response to AusAID evaluations.

Together with the new AusAID Transparency Charter, this should ensure that for AusAID evaluations at least there will be increased publication of aid information (a considerable change from previous practice).[116]

Some gaps remain, however. First, a significant question will be how ODE, with the advice of the IEC, selects the topics for high-level evaluation. The program managed by AusAID is complex and together with other whole-of-government managed aid interventions, there are several topics and locations that clearly require evaluative attention. To date there has been no transparent strategy for evaluation selection by ODE. A valuable step towards accountability would be for the IEC to make public its recommended selection criteria for high-level evaluations. It is to be hoped that this reflects a genuine attempt to assess the impact of Australian aid across the five goals of the aid program and, as far as possible, to do so from the perspective of the people intended as the beneficiaries of that aid.

AusAID's new Performance Management and Evaluation Policy was released in March 2012. This provides the policy context for activity managers in operational areas who commission independent evaluations of their own projects and programs. The IEC is

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[115] The terms of reference for the IEC are available from http://www.ode.ausaid.gov.au/publications/pdf/iec-tor.pdf.

[116] A study of AusAID evaluation reports commissioned by the Independent Aid Review (p. 290) found that implementation of AusAID's evaluation policy at that time was patchy.

- Of 547 projects that should have had a completion or progress report in 2006–10, only 170 were recorded as having been done.
- Of the 170, only 118 could be found.
- About 26% of the completion and progress reports were assessed to be too low quality to publish.
- Only about 20 have been published on the AusAID website.

currently examining the draft evaluation policy governing ODE's evaluation work program and this is expected to be made public once it has been approved by the DESC. One of the past dilemmas has been the limited attention given in AusAID policy to methodological rigour. This has contributed to an inability by program and country managers to effectively 'purchase' high quality evaluations. Evaluation methodology is a complex area and skill is required in being able to adapt the appropriate mix of evaluative techniques with a methodological framework for complex evaluation contexts. It is logical and desirable for the IEC to contribute to the new evaluation policy ensuring that appropriate standards, that both directly govern ODE evaluation and the agency wide policy, including standards and quality in methodology, are required for all AusAID evaluations.

Second, for ODE to be able to undertake credible and in-depth evaluation of country programs and large-scale sector programs or of multiple programs under thematic areas, attention will need to be given in some of the situations to building evaluative enquiry across the life of the program or the country strategy, starting from design and implemented through data collection and analysis during the life of the program. This requires that high-level evaluations are planned in advance, across several years, anticipating that products will be produced at the end. The IEC needs to assist AusAID and the wider whole-of-government programs to put in place the necessary evaluative research processes, mindful of this challenge.

Third, the purpose of evaluation in the aid program needs to be clarified. While there is clearly a responsibility given to ODE and the IEC to use evaluation to provide accountability for Australian ODA, evaluation is also important for program learning and improvement. As more Australian aid is spent within complex situations through more challenging aid modalities, more attention needs to be given to learning from both success and failure. Evaluation that simply focuses upon either the success or failure will be a wasted opportunity to improve current aid programming and to learn for the future.

Finally, while the IEC will report directly to the DESC, the experience and learning of the IEC, through its reflection upon AusAID and the whole-of-government evaluative work, will be valuable for the wider aid sector. Beyond the summary evaluation report, the IEC should be encouraged to share its broader findings and observations about assessment of aid effectiveness, AusAID and whole-of-government performance and the appropriate approaches to aid evaluation. This should contribute to improved understanding and debate about these issues across the aid sector and by the Australian public.

Multilateral organisations

Invited contributor: Garth Luke, Senior Researcher, Policy and Research, World Vision Australia and ACFID Committee Advisor

Around 27% of Australia's 2012–2013 Aid Budget goes to multilateral organisations.[117] They include public/private partnerships such as the GAVI Alliance,[118] and well-known international financial institutions such as the World Bank and speciality UN organisations such as the UN Environment Programme.

What did the Aid Review recommend?

The Aid Review recommended that core funding to multilateral organisations should be significantly increased with the aid budget scale-up. It recommended that these decisions be based on a case by case basis, linked to effectiveness, capacity and relevance.

Recommendation 15: Core funding to multilateral organisations and NGOs should be significantly increased as a share of total spending. Core funding increases should be made on a case by case basis, linked to effectiveness, capacity and relevance.

Recommendation 17: Core funding to multilateral organisations should be linked to performance and relevance to Australia through the introduction of a multilateral rating system.

Australia must adopt a discriminating approach in choosing its partners.

The tone that the Aid Review took towards multilateral institutions was broadly positive. It went further with its recommendations, adding that the Australian Government should consider pre-paying funding commitments to major multilateral institutions and doubling or trebling of existing commitments to good performers, in line with the scale-up to 0.5% of GNI by 2015.

The Aid Review viewed the World Bank as the leading development organisation worldwide, and thus recommended that Australia should substantially increase its funding to the World Bank, to the extent where it would become its fifth largest donor. This would mean that in the decade from 2005–2015, Australian core funding to the World Bank would increase from around $75 million in 2005 to a recommended $470 million in 2015. This is a 500% nominal increase in funding over the decade 2005–2015.[119] This is in line with the broader recommendations of the Aid Review that an assessment of multilateral organisations should help to inform future funding decisions. This would mean substantial increases for those organisations performing well and a temporary halt or even a discontinuation of funding for those organisations deemed to be performing poorly.

In 2012, the Government pledged $629.3 million for the 10th replenishment (2013–16) of the Asian Development Fund, the concessional arm of the Asian Development Bank (ADB) that assists low-income countries in Asia and the Pacific. This can be compared to the $333

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[117] Australian Government, 2012–13 Aid Budget, p. 86.
[118] See further http://www.gavialliance.org/, accessed 10 June 2012.
[119] The 2005 figure excludes payments to HIPC and comes from the 2005–06 AusAID budget papers and the 2015 figure is based on the Aid Review suggestion to triple 2010–11 levels ($157m) to around $470m in 2015.

million contributed to the ninth replenishment. A Multilateral Study was also commissioned by the Aid Review Panel to suggest ways that Australia could improve its engagement with multilateral organisations.

What was the Government's response?

> The Government agreed with **Recommendation 17** and **Recommendation 15**: Agree(d) in principle, with the details to be determined by the Government through the 2012–13 budget process. Decisions on allocations will be based on an assessment of poverty, national interest, capacity to make a difference, and current scale and effectiveness in line with their mandate.

The Government response accepted the Aid Review findings in regard to the expertise and reach of multilateral organisations in delivering aid. Added to this, the Government agreed that more funds should be spent through the multilateral organisations, stating that 'as the aid program grows, providing more funds through global programs is an effective and efficient use of Australian funds'.[120]

The Government responded to the recommendation of the establishment of a multilateral review and rating system by commissioning the Australian Multilateral Assessment (AMA) that would seek to rate each multilateral agency Australia fund that fits certain criteria, with the primary criterion being volume of funding. This process would then be subject to annual review.

The Government also resolved to provide support for multilateral organisations as a mix of both core support for general programs as well as earmarked aid for certain projects. The AMA will therefore influence budget decisions on core support for multilateral organisations, with earmarked funding being granted on a case by case basis.

The Government noted that core funding had the benefit of increasing Australian influence in the funded organisation as well as increasing the ease of management of the funds by the multilateral organisation involved. The Government noted that the benefit of earmarked aid was that it can provide greater visibility to Australia's aid contribution, as well as allowing Australia to target the funding to a specific region, country, sector or activity. Australian Non-Government Organisations (NGOs) generally welcomed the Government's response to the Review Panel recommendations on multilaterals.[121]

How has the implementation of the response proceeded?

The AMA developed a multilateral rating system based on the aid policy and program priorities outlined in the Government response to the Aid Review. It assessed multilateral organisations in relation to their:

    a. poverty orientation and impact, taking account of their mandate
    b. capacity to make a difference
    c. value for money
    d. alignment with Australia's development objectives.

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[120] Australian Government, *An Effective Aid Program for Australia*, p. 54.
[121] Oxfam Submission to the Australian Multilateral Assessment, p.1.

The AMA built on existing assessments including the work of the Multilateral Organisation Performance Assessment Network and the United Kingdom's Multilateral Aid Review.

The assessment involved 42 of Australia's key multilateral stakeholders and included research conducted into each organisation and engagement with stakeholders. These two processes were undertaken in order to gather evidence on both the effectiveness of multilateral organisations and their level of relevance to Australia's interests. Each organisation was rated on seven components.

Results and relevance

1. Delivering results on poverty and sustainable development in line with their mandate
2. Alignment with Australia's aid priorities and national interests
3. Contribution to the wider multilateral development system

Organisational behaviour

4. Strategic management and performance
5. Cost and value consciousness
6. Partnership behaviour
7. Transparency and accountability

Organisations were categorised into one of four tiers based on their performance across all seven criteria. AusAID plans to update the assessment in September each year to inform the next year's budget.

While the AMA team undertook consultations with civil society representatives in all country field visits and an NGO representative participated in a 'red flag' peer review of the AMA, civil society groups voiced their concerns over the extent of consultation. Oxfam noted that the main area of weakness in the AMA's consultation with civil society was the tight timeframes involved, stating that 'the Government's tight timeframe for the AMA has constrained the ability for on-ground civil society and community input'.[122] What remains unclear in this process is whether the 'value for money' criteria were a cursory assessment or one of true rigour.

Future directions

The AMA provides a sound basis for the expansion of Australia's contributions to multilateral agencies. The process will be strengthened through an annual review that is recommended be undertaken with longer timelines to allow for effective input and contestability from a range of parties. Moreover, as it is barely one year on from the establishment of the AMA itself, it is hard to gauge how effective the AMA will be as a tool that ensures Australia's future multilateral funding decisions are based on results for the poor.

At the same time, the Government should also annually review its own performance in influencing multilaterals as we have a responsibility not only to rank their performance, but also to help improve their performance where necessary.

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[122] Oxfam Submission to the Australian Multilateral Assessment, p. 2.

Gender

Invited contributor: Joanne Crawford, Policy & Research Advisor, International Women's Development Agency Inc. and Co-Convenor, ACFID Gender Equality Working Group

What did the Aid Review recommend?

The Aid Review decided:

> Gender barriers are among the most important which need to be broken down. Gender will remain a key priority for aid, with increased focus on areas where disparities are the greatest, including economic and political opportunities for women, and protection from violence. This will be especially important in the Pacific, where Australia is a major player and gender disparities are among the worst in the world.[123]

It urged a focus on 'promoting opportunities' as one of the thematic priorities of the aid program, and made the following recommendation.

Recommendation 11: Promoting gender equality should be a critical cross-cutting objective for the aid program. Australia should be a firm and persistent advocate and practical supporter of gender equality, especially in the Pacific.

The Aid Review also recognised the priority Australian Non-Government Organisations (NGOs) partners place on achieving gender equality.[124] Given this, the recommendations regarding the 'scope to give much larger core funding to well-credentialed NGOs' and 'the importance of strengthening civil society, starting with development of a policy statement' are also relevant for gender equality.[125]

What was the Government's response?

The Government agreed to **Recommendation 11** and the Response briefly discusses gender equality under the heading 'Women and Girls', which summarises the focus.

The Government highlights the inequality experienced by women and girls[126] and affirms that:

> Promoting gender equality and empowering women will continue to be an overarching goal of Australia's aid program. We will increase our efforts to meet gender equality goals and targets, first by ensuring equitable access to health and education services, particularly for adolescent girls. We will work with development partners to help improve the sexual and reproductive health of women and girls. We will also increase our efforts where progress has been slowest – by encouraging the participation of women in politics, decision-making and peace-building, and by supporting their economic empowerment. We will also continue to work to enhance the safety and security of women and girls in their homes, their communities, and in disaster and conflict

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[123] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 7.
[124] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, p. 160.
[125] Hollway, Denton, Farmer, Howes, Reid, *Independent Review*, pp. 211, 15.
[126] Australian Government, *An Effective Aid Program for Australia*, p. 28.

situations. We will support effective international efforts to promote gender equality, particularly through the newly-established agency, UN Women.[127]

This commitment is included in the strategic goal of 'Promoting Opportunities for All', which emphasises equality of opportunity and access, protecting women's safety and security, and support for girls' education; and 'Saving Lives', which emphasises maternal health. The associated key development objectives emphasise the practical value of 'empowering women to participate in the economy, leadership and education because of the critical untapped role of women in development; enabling more children, particularly girls, to attend school for a longer and better education so they have the skills to build their own futures and, in time, escape poverty'; and 'saving lives of poor women and children through greater access to quality maternal and child health services (for example, skilled birth attendants and midwives) and supporting large scale disease prevention, vaccination and treatment'.[128]

How has the implementation of the response proceeded?

The major commitments in the Government's response are being implemented. The Government's new thematic strategy, *Promoting opportunities for all: gender equality and women's empowerment,* was released in November 2011 and focuses on four 'pillars'.

1. Advancing equal access to gender-responsive health and education services
2. Increasing women's voice in decision-making, leadership, and peace-building
3. Empowering women economically and improving their livelihood security
4. Ending violence against women and girls at home, in their communities, and in disaster and conflict situations

AusAID has stated that it intends to provide more detailed guidance around key aspects of the 'pillars'.

The 2012–13 Aid Budget was accompanied by a four-year planning framework for Australia's aid, the Comprehensive Aid Policy Framework to 2015-16 (CAPF). The Budget refers to gender equality as a key *cross-cutting theme* but gives limited insight into gender equality priorities. There is less than a page specifically focused on gender equality. Very general references to gender equality appear throughout, including describing country contexts and priorities, but there is little gender analysis in the presentation of expenditure priorities, and basic information is not disaggregated.

It is difficult to identify trends in expenditure on gender in the budget papers because AusAID does not present gender budget analysis and the approach to tracking expenditure (which follows OECD DAC guidance and is consistent with that used by other OECD donors) provides limited accuracy and transparency.[129] There is not yet any evidence that gender equality is being included in country strategies as a core objective or a cross-cutting issue, but there has only been one new country strategy finalised since the Aid Review. There is evidence that AusAID is delivering on its commitment to a targeted focus on persistent aspects of gender equality, including in fragile and conflict-affected countries, for example, the recent announcement of a major program in Indonesia to support women's

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[127] Australian Government, *An Effective Aid Program for Australia,* p. 31.
[128] Australian Government, *An Effective Aid Program for Australia*, p. 2.
[129] ACFID 2012–13 Budget Analysis, p. 16. See also Jo Crawford, Gender equality and the 2012-13 aid budget, Development Policy Blog**,** 8 June 2012.

empowerment; and an announcement of support to end violence against women in Afghanistan.

Future directions

While targeted programs to address women's inequality and the legacy of discrimination are vital, transforming gendered relations and structures is essential to achieving more equitable relations and sustained outcomes. The Government's response and the CAPF focus is on women, rather than on gender equality and removing the barriers that perpetuate inequality experienced by women. Focusing purely on women can lead to marginalisation, even more responsibilities and work, hostility and sometimes open violence and intensification of gender inequalities. Women and men, girls and boys need to be involved in creating transformational change in social relations.

A systematic, consistent and holistic approach to translating policy into practice will enable implementation of the Government's commitments and is a pre-requisite for effectiveness. The primary challenge for AusAID in relation to gender equality is at the level of implementation.[130] The limited gender integration in the 2012–2013 Aid Budget suggests that gender equality remains peripheral to much development activity and is not influencing strategic directions. AusAID should focus on progressively building gender into policy and programming by ensuring greater attention to gender analysis and gender equality objectives in each new policy statement; and thematic and country strategy, as well as identifying gender competence, is a 'must have' for all implementing partners. Likewise, gender equality needs greater prominence in high-level policy dialogue.[131] Converting the role of Ambassador for Women and Girls to a full time role would assist (please note the related section in this report regarding the recommendation on 'Country versus Sectoral' issues).

Resourcing gender equality in line with its significance, as an overarching goal and a cross cutting issue, is required. Current expenditure and institutional focus does not reflect its policy importance, the scale of the challenges or the potential benefits. The emphasis on services addressing violence against women needs to be complemented by a greater focus on prevention, including by greater resourcing for programs and alliances that work with men and women to tackle the underlying causes of violence (in line with existing support AusAID provides to programs such as Partners for Prevention and Wan Smol Bag); and further increasing women's presence in peace-building and reconstruction forums (in line with existing support that AusAID provides to programs such as the N-PEACE Network and the Mindanao Commission for Women).

Strengthening capacity for gender analysis and gender-responsive programming, within AusAID, other Government departments, civil society and private sector organisations that are implementing Australia's growing aid program, is integral to improving aid effectiveness and the Government's commitment to do more to achieve gender equality.

Making gender visible in and through information collection and research, including monitoring, evaluation and learning, will improve effectiveness. Information systems need to

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[130] Kilby & Crawford, 2011. *The 2009 Annual Review of Development Effectiveness* considers this issue in some detail, http://www.ode.ausaid.gov.au/publications/Documents/arde2009.pdf.
[131] For further information, see the AusAID Annual Thematic Performance Report 2009–10, June 2011, *Gender Equality and Women's Empowerment*.

do more than indicate that gender is a primary or significant objective, which is the OECD Gender Marker used by all OECD donors; by definition, a cross-cutting theme should be integrated at the level of objective data disaggregation by sex and age and should be extended across the program as a matter of priority (noting that the Tier 2 results in the CAPF include a number of sex-disaggregated results), for transparency and effectiveness, and further support provided for partner country gender analysis capacity. There are commitments in the CAPF to increase the level of disaggregated data across the program.

There are real risks that a narrow focus on 'value for money' may work against the long-term, complex, holistic work required to overcome gender inequality and discrimination and enable women's empowerment. 'Cross-cutting' means that gender considerations are relevant everywhere; results frameworks must incorporate what we already know about what effective gender equality work requires. The existing assessment of efforts to promote gender equality through AusAID quality processes, including at entry and implementation, are one aspect of this, as is the inclusion of the Principal Sector Specialist – Gender Equality on the Strategic Program Committee. The ODE program of rolling evaluations on gender equality will further support this.[132] The 'results' generated need to tell us what has changed, in what ways, for whom, and what has not changed or has worsened. Accountability for performance on gender needs to be treated in the same way as responsibility for budget and financial management – part of job descriptions and contracts, and external reporting.

Integrating gender will accelerate outcomes elsewhere. Sustained economic growth as a means to reducing poverty will only be possible if the gender context is explicitly considered and addressed in relation to rural development, livelihoods, food security, water and sanitation, health, education, financial services, transport, energy, communications and natural resource management.

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[132] See further http://www.ode.ausaid.gov.au/current_work/gender-equality.html.