

ActionAid Australia's Submission

"Performance Benchmarks for Australian Aid"

20 February 2014

ActionAid Australia, part of a global federation working to end poverty and injustice in over 45 countries, welcomes the opportunity to provide feedback on the Australian Government's Department of Foreign Affairs and Trade (DFAT) consultation paper: "Performance Benchmarks for Australian Aid". The organisation understands that DFAT is seeking to establish benchmarks to strengthen the effectiveness of the aid program, which has the overall objective of promoting Australia's national interest through contributing to economic growth and poverty reduction.¹ In particular, DFAT is seeking to answer:

- How should performance of the aid program be defined and assessed?
- How could performance be linked to the aid budget?
- How can the assessment of implementing partners' performance be improved?

ActionAid's Summary Recommendations:

ActionAid Australia has provided a brief response to the consultation paper below and the organisation's main recommendations to DFAT in developing performance benchmarks for Australian Aid are as follows:

- A transparent aid policy framework with clear goals and objectives is a necessary first step in identifying the performance framework and defining effectiveness
- Performance benchmarks need to be appropriate to the challenges and complexity of aid objectives and delivery
- Benchmarks should include targeted interventions focused on women, as the majority of people living in poverty and significant agents of change in sustainable development
- Benchmarks should go beyond economic targets to capture human rights and social justice impacts because issues of poverty, inequality and rights are complex
- Benchmarks should capture contributions to Australia's international commitments including the Millennium Development Goals (and Post-2015 development agenda), and the principles of the Paris, Istanbul and Busan meetings on Development Effectiveness
- Benchmarks should be one part of a broader performance measurement framework which captures both qualitative and quantitative change, allows for long-term investment, innovation and risk, balances efficiency measures with desired impact and promotes on learning
- Benchmarks and other performance measures should be able to capture the value of initiatives focused on achieving equity, social transformation and quality, as well as quantity in outcomes
- Performance measures, monitoring and reporting processes should be tailored for different size partners and grants, recognising the value of working with a diversity of NGOs bringing varied and specialist expertise in realising development outcomes

¹ Australian Government, Department of Foreign Affairs and Trade, "Submission – Senate Foreign Affairs, Defence, and Trade References Committee: Inquiry into Australia's overseas aid and development assistance program", 7 February 2014.

- Performance measures should have the flexibility to recognise that achievement is most difficult and takes a long-term investment in the areas where poverty is greatest and amongst the most marginalised groups, such as efforts to achieve women's rights and empowerment
- Minimum or non-negotiable standards are preferred for assessing partner performance. Pathways to improve effectiveness against articulated principles and milestones can then be developed.

Defining Aid Effectiveness

The definition of effectiveness is central to the questions posed in DFAT's consultation paper. Benchmarks need to be tied to the overall goal of the Australian Aid Program of eradicating poverty; and should be determined based on their ability to contribute to this overarching goal. A transparent aid policy framework is needed to guide allocation and accountability for the use of Australian aid funding, to clarify goals and allow coherence in the way effectiveness is to be achieved and measured. Benchmarks should be led by overall strategy, not vice versa.

As stated in ActionAid's submission to the Parliamentary Inquiry into Australia's Aid Program, the following principles are critical for effective aid: (http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/Overseas_aid/Submissions):

- Economic growth alone will not result in poverty reduction; efforts to ensure equity are essential
- Aid programs should reach the most vulnerable. This means targeted programs for women, who are the majority of the world's poor.
- Deliberate and long-term commitments are needed to advance gender equality and women's rights and this should be central to the aid program in measuring effectiveness
- Issues of poverty, inequality and women's rights are complex as a result of social, cultural, political, structural and environmental factors, requiring multi-faceted and not linear approaches
- It is in Australia's long term national interests that foreign affairs and trade policies contribute towards poverty reduction, improving human rights and gender equality as critical elements for lasting development in the region
- An effective response to the complexity of poverty and injustice require a diversity of actors to harness diverse experiences and expertise – scale should not be the only factor.
- Transparency is a key element of aid effectiveness and the government should provide transparent publicly available information on planning, spending and evaluating aid, including gender disaggregated data and analysis; this should remain distinct from foreign affairs and trade reporting.

ActionAid is concerned that the conceptual understanding of performance benchmarks is too closely linked to concepts of economy and efficiency, which are not sufficient measures for strengthening performance or guiding resource allocation for activities targeted at the most vulnerable, including women and girls, those living in fragile states or remote communities, or from marginalised groups. These measures do not capture the innovative work, which starts on a small scale in communities and needs time and investment to expand its reach and impact. Benchmarks need to be able to balance depth of change with breadth of change (i.e. 5 lives transformed verses 50 lives given short term assistance). They must also balance the potential for large-scale impact (e.g. improved human

rights/governance which may affect thousands of people) compared to the certainty of smaller more measurable impacts such as the building of a classroom.

ActionAid believes that any effective performance measurement framework for aid must target support for initiatives focused on the empowerment of women and girls and the achievement of gender equality. The path to change for women and girls is not linear, and improvements in one area are often accompanied by negative effects as the status quo reacts. It is a long process to overcome challenges on the way to long-lasting transformation for women in communities. Performance measures need to be able to capture such subtleties. ActionAid refers DFAT to the recently published report by the Association for Women's Rights in Development for further information about the challenges in monitoring and evaluating women's empowerment and rights work: <http://www.awid.org/Library/Strengthening-Monitoring-and-Evaluation-for-Women-s-Rights-Twelve-Insights-for-Donors>.

Benchmarks must be able to capture standards of human rights and dignity. Simplistic benchmarks which focus, for example, on the number of jobs created for women need to ensure that such employment provides real opportunities for women's economic empowerment and decent work, and does not expose them to further vulnerability and exploitation. Recent examples of the working conditions in garment factories in Bangladesh are a warning that simplistic performance measurement and a narrow focus on economic growth can undermine principles of "do no harm".

The Paris Declaration on Aid Effectiveness commits Australia to principles for aid effectiveness which means: implementing approaches tailored to country contexts as defined by low income countries; coordinating, simplifying and sharing information and procedures to minimise duplication; and focusing on measuring outcomes for poverty alleviation (OECD 2005). As stated in ActionAid's submission to the Parliamentary Inquiry into Australia's Aid program, further reform should build on the extensive work that has already been carried out in this area. These principles need to be maintained within the aid policy framework, as does the commitment to achieve the Millennium Development Goals and any subsequent globally agreed development agendas. At each level - whole-of-aid-program, country program, partner government, implementing partner, and project level - success should be defined and assessed by the people whom aid is designed to assist.

ActionAid endorses the paper developed by the Australian Council for International Development (ACFID) in "Benchmarks for an Effective and Accountable Australian Aid Program, January 2014", which highlights internationally recognised principles best practice principles: <http://www.acfid.asn.au/resources-publications/files/benchmarks-for-an-effective-and-accountable-australian-aid-program>

Effectiveness frameworks, allocations and partner performance

ActionAid strongly advocates for performance benchmarks being seen as one component of a broader effectiveness framework designed to capture the overall impact of interventions, as well as efficiency in terms of outputs and outcomes. However, as standalone measures they are insufficient.

Performance benchmarks are useful to identify efficiency and to drive performance in infrastructure and service delivery activities where there is a direct link between inputs, outputs and outcomes. Benchmarks are less useful in capturing equity or socio-cultural level change which are relevant for achieving inclusive growth, women's equality, or good governance, for example. To only focus on service delivery fails to maximise the potential impact of the aid program. For example, if you compare a community receiving a hospital building with a community developing capacity to plan

and build the hospital according to community needs, community education on accessing healthcare and efforts to address barriers that prevent communities accessing healthcare. The latter will have greater impact, but will perform poorly against a framework focusing on achieving quick results.

ActionAid argues against creating a link between performance against benchmarks and allocations of budgets. The consultation paper makes reference to the use of performance benchmarks to direct investment at projects achieving best results and cancelling or improving poor performing projects. Change takes longest in areas where need and poverty is greatest. Fragile states, lower income countries and the poorest 40% of Middle Income Countries will be systematically disadvantaged if funding is based on a ranking of potential partners in terms of achievement and efficiency. An approach which focuses on identifying causes of poorly performing country programs and working to address these causes would be more constructive in longer term effectiveness.

Similarly, ActionAid recommends differentiated performance measures for different sized implementing partners, which include private contractors, multi-laterals, large NGOs and far smaller civil society organisations. Small or niche NGOs in particular will be disadvantaged if ranked alongside other partners, as scale will count more in figures than quality results or specialised expertise. Yet the direct links to community and specialised knowledge held by such organisations make important contributions to innovation, knowledge and dynamism within the sector. Just as the economy needs competition to flourish, so too is diversity essential for effective partnerships for development.

ActionAid is concerned that Incentive Funds based on performance will cause challenges unless benchmarks and performance measures can capture both qualitative and quantitative change, and effectiveness as well as efficiency. In particular, we note that:

- Implementing partners could focus on achieving numbers rather than quality and depth in interventions leading to unsustainable outcomes and ultimately lower impact
- Incentive funds are more likely to be awarded to partners implementing larger scale projects and infrastructure projects which are able to demonstrate a direct link between inputs and community members reached. This approach is inappropriate for projects focused on equity/social justice/governance issues which seek to address deep seated social and cultural norms that require innovation and piloting of new approaches, deeper investment in dialogue with communities and working at multiple levels to effect change (eg. Laws/policies, community education, dialogue with traditional elders)
- Incentive funds would do better to focus on scaling up effective programs, allowing for innovation and risk-taking rather than limiting success to pre-determined outcomes
- Innovation funds are a better tool for driving learning and progress within the aid program.

The consultation paper makes reference to the consideration of “other factors” in rewarding good performance. ActionAid would welcome the opportunity to contribute to further discussions of other aspects of performance measurement across the aid program and in particular in relation to the Monitoring, Evaluation and Learning Framework for NGOs.

Building on existing knowledge and existing or draft frameworks for performance

In 2013 ActionAid provided feedback during consultations on the AusAID’s Civil Society Framework, Effectiveness Framework and Due Diligence Framework. It would be useful to understand how DFAT expects to build on these frameworks and the links anticipated with the proposed performance benchmarks. ActionAid notes the significant work on benchmarking developed for the 2013

Australian Multilateral Assessment, which considered results and relevance, and organisational behaviour. Similarly, it would be useful to develop the links between the proposed benchmarks, the quality at entry process currently used to assess project designs and progress, and the accreditation process for Australian NGOs. ActionAid would like to understand the link between benchmarks and the NGO accreditation process, which assesses NGO systems and performance over time and allows for consideration of achievements at impact level.

ActionAid's believes that it is important to ensure that any system for performance assessment focuses on the overarching goal of determining and improving effectiveness as organisations seek to achieve maximum impact for people living in poverty. Reference to the Istanbul principles underlying the definition of effectiveness is also welcome within these existing frameworks. ActionAid particularly notes the critical place of human rights and social justice, mutual learning, solidarity, transparency and democratic ownership within the principles. ActionAid also wishes to highlight that measures of effectiveness which seek to rank or rate organisations' effectiveness according to outcomes of 'minimum, moderate and high performance will tend to disadvantage smaller organisations and reduce diversity in the sector. The organisation prefers that minimum or non-negotiable standards are used for assessing partner performance. Pathways to improve effectiveness against articulated principles and milestones can then be developed.

ActionAid welcomes the opportunity to contribute to this consultation and is available for further dialogue on any of the points raised in this document. Further information about our organisation can be found at www.actionaid.org/australia.

References

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