

The Joint United Nations Programme on HIV and AIDS (UNAIDS) is pleased to submit the following comments to the Australian Department of Foreign Affairs and Trade on Performance Benchmarks for Australian Aid (with additional comments from UNAIDS Regional Office in the Asia Pacific).

We greatly appreciate the close collaboration which we have had with the Australian Government at country, regional and global level.

### Performance Benchmarks

#### *How should performance of the aid program be defined and assessed?*

3. Performance benchmarks could be developed at some or all of the following levels:
  - I. at a whole-of-aid program level (for example to measure the aid program's alignment with priorities and commitments of the international community (expressed in the MDGs and the successors of these), effectiveness, consideration of fiduciary risks, geographic spread, and focus on particular priority areas, e.g., economic growth)
  - II. at a program level (to assess whether each country or global program is achieving progress against key performance indicators)
  - III. at a partner government or implementing organisation level (to determine whether mutual obligations are being met)
  - IV. at a project level (to ensure that funding is directed to investments achieving the best results and poor performing projects are improved or cancelled)

### UNAIDS Comments

From UNAIDS perspective, all four suggested levels are considered relevant and appropriate, albeit with rather different temporal considerations.

At a program level, i.e. Australian Government assistance to a global program, such as the AIDS response worldwide, we believe this would be appropriately assessed over a rather longer period corresponding to global commitments, such as those initially expressed in the Millennium Development Goals and more recently adopted in the 2011 UN General Assembly Political Declaration on HIV and AIDS.

From our perspective, the Australian Multilateral Assessment, like the MOPAN Assessment, fits in or in between the 2<sup>nd</sup> and 3<sup>rd</sup> category, with the assessment covering both the program as well as partner organisation level. Defining an organisation like UNAIDS merely as an 'implementing organisation' of Australian Aid would not be an accurate characterisation. At this level, to the extent possible, we would prefer to see donors collaborating on a common assessment, timed to coincide with our biennial budgeting and planning cycle. This would no doubt be the most efficient and cost effective approach from our perspective.

At a project level, periodic assessments and mid-term reviews would be good practice in allowing course correction or redirection of investments.

## Budget Consequences

### ***How could performance be linked to the aid budget?***

4. Performance benchmarks should have consequences for the scale of the program and how it is allocated. For example, at the whole-of-aid program level, part of the overall aid budget could be subject to progress against a small set of predefined performance benchmarks (eg *a specified percentage of projects are effectively achieving their expected outputs and outcomes*). This would be consistent with the recommendations of the *Independent Review of Aid Effectiveness* (April 2011) which stated that “Budget appropriations each year should be contingent on things going to plan and existing monies being spent effectively.”

5. At the country program level, performance could be measured against several criteria. These could include: 1) an assessment of the results produced by the resources delivered by the Australian Government; and 2) an assessment of progress of the partner government or organisation in achieving its obligations towards common development goals. Mutual obligations could reflect pre-existing commitments by partner governments contained in their national development plans or corporate strategies in the case of implementing organisations.

6. There are various options for how country program performance and budgets can be linked. One option would be to reward good performance with access to an ‘Incentive Fund’. Program performance, including that of multilateral organisations, would be determined against a set of key performance indicators. This would ensure that aid funding is directed to better performing country programs and organisations. Other factors will need to be taken into account, such as the expected results that could be achieved with the additional funding and the nature of relationships with partner countries and organisations. In determining allocations, the Government would assess performance data in light of previous patterns of performance and other relevant information.

7. At an individual project level, all major investments could be reviewed to identify which projects are currently achieving the best results (and can be scaled-up) and which projects are performing poorly (and can be cancelled). Existing mechanisms are in place to report on project performance.

## UNAIDS Comments

The general approach and options suggested appear appropriate and reasonable. The key is no doubt in defining with sufficient clarity, mutually agreed commitments and key performance indicators. The criteria to measure performance can and should be common across organisations, for instance, contribution to results, strategic and performance management, financial management as well as value and cost consciousness. The application of these criteria to different multilateral organisations should, however, take into consideration specific mandates, organisational structures and operating models of different organisations.

We believe that UNAIDS is well positioned to engage in a dialogue with the Australian Government on indicators and benchmarks for performance based on our established mission, strategy, targets and indicators.

The idea of an incentive fund is something we find stimulating, but needs to be carefully thought through to avoid multilateral organisations ending up as *de facto* sub-contractors of bilateral aid programmes. The real strength of UNAIDS and many other multilateral organisations is a mandate to define the global agenda on a particular issue, develop norms, standards, policies, strategies and plans – in close consultation with the Governing Boards

where member states set the direction, assess the performance and continuously monitor and influence the work of the multilateral organisations.

### Improving Implementing Partner Performance

#### *How can the assessment of the performance of our implementing partners be improved?*

8. There is potential to revise the existing systems used to assess of the performance of the aid program's implementing partners (including international organisations, NGOs and contractors) to ensure that funding is directed to the most effective partners. This could include reviewing the following:
  - I. The Australian Multilateral Assessment process to ensure that core-funding of multilateral organisations is more closely linked to their performance.
  - II. The Monitoring, Evaluation and Learning Framework for Australian NGOs to ensure that budget allocations to NGOs are better linked to performance.
  - III. The Contractor Performance Assessments process to more tightly link future contracts to past performance by contractors.

### UNAIDS Comments

We support the idea that funding should reflect performance, including the organisation's capacity to change based on systematic reviews and assessments and adjust in the face of a changing world. We believe this is an area where an assessment of achievements and performance over time and in-depth understanding of an organisation are necessary to come to fair judgements.

It would be important for the Australian Government to actively participate in the various UN Boards with a view to better coordinate the multilateral response to support the achievement of joint international priorities and goals and to ensure optimum performance.

UNAIDS Comments from the office of UNAIDS Regional Support Team in Asia Pacific (Bangkok)

**1. Australian funding should be catalytic: in the AIDS response, Australian funding and expertise has played a critical response in catalyzing early and effective response to IDU related epidemics - for example it's investment and early support helped catalyze an early and effective response in North East India. It set the pattern for the later response that built on best practice around community engagement, harm reduction, supportive policy environment and effective coordination by the government.**

**2. Australian funding should promote innovation: Australian investments should promote innovation and be willing to invest in new areas and take 'risks' that will help improve effectiveness, efficiencies and impact. For HIV response in Asia, these might include investing in greater prioritisation of key population, geographical hotspots, use of information technology and social media for effective outreach, linkages between HIV and Hep C, innovation in community based testing etc.**

**3. Australian funding should target critical gaps: with the funding transition taking place in the region, there is a high likelihood of marginalized populations being left behind in the response (over 90% of key population programs are funded from external sources and with reducing external financing in the region, funds reaching communities at risk is really low). Innovative 'transition' funding is another opportunity for Australia to consider to incentivize increased domestic financing with set timelines over the next 3-5 year period to ensure that gains made to date in many low and middle income countries are not lost in the transition.**

**4. Australian funding should foster learning and collaboration and build on experiences and expertise that Australia has to offer. It will be important for Australia to share its own expertise, but also to play a facilitation role in multi stakeholder collaboration and learning across countries.**

**5. Australian funding should build lasting change in capacities and systems, including deeper integration of HIV across health service and social protection delivery mechanisms.**

**6. Impact of Australian funding should be measured on wholistic outcomes. On HIV it's important to look at a range of actions and ensure that there is coherence between the work of different parts of Australian government approach as well as that of different parts of recipient governments. For example, while Australian funding to ministries of health promotes harm reduction approaches on IDU, work with ministries of interior often focuses on criminalization of drug use (some of it funded by the same donor) thereby negating the efforts of the health sector. So the measure should be on overall outcome and impact which will enable different parts of the response collaborate more effectively for joint results.**

**7. To ensure performance benchmarks are realistic (certainly at the project level and possibly at the programme level) they need to be established and agreed through a participatory process. Creating a partnership mechanism for continuous quality assurance will enable mutually agreed course adjustments, increasing the likelihood of achieving and sustaining tangible results. Certainly this type of approach should be at the centre of programming with civil society and community organizations.**