

# Micah Challenge Australia Submission to Consultation on Performance Benchmarks for the Australian Aid Program

## 1. About Micah Challenge

Micah Challenge is a global movement of Christian agencies, churches, groups and individuals speaking out against poverty and injustice, and advocating to governments for strong action to achieve the global anti-poverty Millennium Development Goals (MDGs). Micah Challenge is a coalition of Christian development NGOs as well as mission agencies, churches and church bodies and individuals. Details of coalition partners are listed in Appendix 1.

Together with Make Poverty History, we raise awareness in the Australian community and advocate to the Australian Government in support of stronger contributions to the achievement of the MDGs, the sustainable reduction of poverty and a more just world.

We welcome the opportunity to make this submission to the consultation on Performance Benchmarks for Australia's Aid Program.

## 2. Reasons for giving aid

Micah Challenge as an organisation and our supporters are strongly motivated by Australia's moral imperative to support people and communities who experience poverty find lasting ways to overcome extreme and dehumanising conditions of poverty. Nor is this only a conviction stemming from our Christian beliefs. All available evidence suggests that the most significant reason given by members of the public for supporting overseas aid is, largely, because the aid-supporting public in developed countries perceive that we have a moral obligation to do so.

Survey work conducted by Newspoll on behalf of AusAID in 2001 found that, "Our moral responsibility remains the main motive behind aid."<sup>1</sup> This is also a consistent finding across all aid donor countries. OECD survey research<sup>2</sup> found that:

- In the United Kingdom, poverty eradication in developing countries is a moral issue for 68 per cent of respondents.
- Over 80 per cent of Austrians support aid because it is the right thing to do.
- Canadians are most comfortable with foreign aid for basic human needs.

Further, this strong emphasis on poverty reduction as the key reason given for supporting overseas aid reflects not only public sentiment. It also reflects the considered view of informed stakeholders in the aid and development sector. The Centre for Development Policy's 2013 Aid Stakeholder Survey<sup>3</sup> found that most people involved in aid and development (including NGO staff, private contractors, government bureaucrats, and others) believed that there wasn't enough emphasis placed

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<sup>1</sup> "Monitoring Public Opinion Towards Overseas Aid", AusAID 2001, [http://aid.dfat.gov.au/Publications/Documents/community\\_attitudes.pdf](http://aid.dfat.gov.au/Publications/Documents/community_attitudes.pdf)

<sup>2</sup> "Public Opinion and the Fight Against Poverty", OECD 2003, <http://www.oecd.org/dev/devcom/39374228.pdf>

<sup>3</sup> "Benchmarking Australian Aid", Centre for Development Policy 2013, <http://devpolicy.org/pdf/Benchmarking-Australian-aid-results-from-the-2013-Australian-aid-stakeholder-survey-full-report.pdf>

on poverty reduction in the aid program, relative to other strategic and commercial interests and suggested that an appropriate weighting between poverty reduction, strategic interests and commercial interests in the aid program should be, roughly, 70:20:10.

We believe that this is relevant to a discussion on performance benchmarking, particularly in light of a stronger emphasis on “economic diplomacy”, creating a supportive environment for economic growth and engaging private sector interests more widely for aid-delivery. While these are important areas for Australian aid to contribute to, the effectiveness of Australian aid over all must be measured against its contribution to sustainable poverty reduction (understanding poverty as a multidimensional phenomenon) and the saving and improving of lives.

Aid, in our opinion, should be:

- Focused on reducing poverty and tackling its worst effects.
- Empowering to people in poverty and supportive of their capacity to claim and defend their rights and live in security, freedom and dignity.
- Transparent and accountable to both to our aid partners and the beneficiaries of aid, and to the Australian public.

***Recommendation 1: Sustainable poverty reduction must remain at the centre of discussion for setting ambitious goals and measurable benchmarks for the aid program (regardless of other national interest considerations that may arise).***

## **2 Whole of aid program goals and benchmarks**

The 2011 policy statement, *An Effective Aid Program For Australia*, and the 2012 *Helping the World's Poor Through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015–16*, represented a significant step forward in establishing clear and ambitious high-level goals and a three-tiered results framework against which the effectiveness of the aid program could be judged. This significant work should not be discarded and – while refinements of the projected results can be expected in light of the significant reduction in aid spending projected over the aid forward estimates in repeated cuts from 2012, 2013 and 2014 – this results framework with ambitious poverty reduction targets should be retained.

While the framing around the strategic priorities of *Saving Lives, Promoting Opportunities for All, Sustainable Economic Development, Effective Governance, and Humanitarian Disaster Preparedness and Response* may be altered in line with the Government's priorities, any new emphases for project and program aid, as well as new modalities for Australia's aid, should be required to demonstrate their contribution to these high-level (Tier 1 and Tier 2) poverty reduction goals – particularly in providing the kind of transformation of life experience and opportunity for people living in poverty represented in the goals of “Saving Lives” (health) and “Promoting Opportunities for All” (education).

Given the Government's intention to further focus Australia's aid effort in the Indo–Pacific region, especially the South Pacific and South East Asia, we suggest that the Government establish a flagship goal to demonstrate the effectiveness of Australia's aid in addressing human development

challenges particular to the region. While trade and economic sustainability challenges are enormous for several of our Pacific aid partners, Micah Challenge urges that a particular emphasis be placed on tackling the huge deficits in sustainable access to safe drinking water, adequate sanitation and effective sanitation in the Pacific in particular.

UNICEF research<sup>4</sup> has found that the Pacific region has sanitation coverage equal to that of Sub-Saharan Africa (30% in 2011) and lower than any other region in the world. Sustainable access to an improved water supply (53% in 2011) is lower than all other regions in the world. Furthermore, the rate of progress against these goals has been extremely slow to non-existent, with minimal gains since 1990. No other region has registered slower progress on goals to improve access to water and sanitation over the last twenty-one years.

This terrible deficit in access to the very basics of life – clean water and adequate sanitation – comes, of course, with predictable consequences for child nutritional status, community health, and the dignity and security of women and girls in particular.

Not only would demonstrably effective action supported by Australian aid to improve this situation be of enormous benefit to the health and well-being of people in the Pacific, but it would also contribute to the Government's ambition to contribute to sustainable economic growth. While global estimates require refinement and further analysis for regional and country context, World Health Organisation research suggests that for every \$1 invested in improving access to improved water and sanitation, and in hygiene programs, leads to roughly a \$5–\$28 return<sup>5</sup>.

***Recommendation 2: Ambitious poverty reduction goals as outlined in the Comprehensive Aid Policy Framework (Tier 1 and Tier 2), reflecting regional and bilateral priorities and aligned with the Millennium Development Goals, should be retained.***

***Recommendation 3: These high-level poverty reduction goals should be modified to clearly align with the Post-2015 international development framework as it is clarified after 2015–16.***

***Recommendation 4: Progress against these goals should regularly be reported to Cabinet, as well as to Parliament in a statement by the Foreign Minister. Further, this progress should be clearly communicated to the public in order to continue to build awareness and support for Australia's contribution to sustainable human development and poverty reduction in our region and beyond. Specific ministerial statements should be made to explain any changes made to these goals or reasons for failing to meet them in part or in full – should that situation eventuate.***

***Recommendation 5: Prioritise supporting aid approaches and modalities, as well as particular organisations (NGOs, multilaterals, partner country government agencies/departments, and private contractors) most transparently and accountably able to demonstrate their contribution to these high-level poverty reduction goals.***

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<sup>4</sup> A Snapshot of Water and Sanitation in the Pacific, UNICEF 2013, [http://www.unicef.org/eapro/EAPRO\\_Sanitation\\_Snapshot\\_2013\\_Update\\_19\\_11\\_2013.pdf](http://www.unicef.org/eapro/EAPRO_Sanitation_Snapshot_2013_Update_19_11_2013.pdf)

<sup>5</sup> Hutton and Haller, WHO 2004, "Evaluation of the Costs and Benefits of Water and Sanitation Improvements at the Global Level"

***Recommendation 6: Establish an ambitious goal for Australia's aid effort to contribute to improvements in water, sanitation and hygiene access in the Pacific.***

### **3 Country and project goals and benchmarks**

In line with Australia's commitments under the Paris Declaration, Accra Agenda for Action, and Busan Partnership, Australia must ensure that our aid is aligned with the development and poverty reduction priorities of our aid partners and our aid should be geared to ensuring ownership and building capacity – by using partner country systems as far as possible.

Australia's aid, too, must ensure that people in poverty are not mere “beneficiaries” of aid, but actively able to contribute to the design and review of programs which will affect them.

***Recommendation 7: Develop country strategies for, outlining the development, trade and commercial priorities for that country and for Australia's engagement there, and setting expected results frameworks for poverty reduction efforts in each country.***

***Recommendation 8: Set clear targets to increase the proportion of aid delivered through partner government systems and aimed at improving capacity and effectiveness of those systems.***

***Recommendation 9: Ensure that community representatives and partner country civil society are included in the design, implementation and review of all program activities.***

***Recommendation 10: Require all agencies, organisations and contractors involved in aid delivery to demonstrate their use of, and responsiveness to, robust and active “feedback loops” between planners, suppliers, implementers and direct and indirect beneficiaries in order to address shortcomings and increase their effectiveness.***

***Recommendation 11: Ensure that all reporting of aid complies with the International Aid Transparency Initiative Standards. This includes requiring comparable reporting from government departments other than DFAT involved in the aid program, NGO, multilateral and private aid providers.***

***Recommendation 12: Establish goals for country and project level performance improvements, with clear penalties, including closure, for sustained failures to improve.***

### **4 Value for Money, Incentives and Penalties**

Micah Challenge believes that a focus on effectiveness is essential for ensuring that Australia's aid is used wisely. Ultimately, it is the results our aid is able to achieve in reducing poverty that will be the measure by which it is judged.

Considerations of value for money, or economy and efficiency, are also relevant alongside the focus on effectiveness. However these can be difficult to assess and make meaningful comparisons about. While many elements of an aid program already have clear or assignable monetary value, or may be

benchmarked in this way – for example by use of measures such as Disability Adjusted Life Years or Quality Adjusted Life Years – other elements will not be easily assigned a monetary value to aid comparability when it comes to questions of efficiency and economy.

For example, enhancing the voice and inclusion of community members in project design, implementation and assessment (or in holding service deliverers and duty-bearers accountable for their work) may not be directly related to project outcomes in a health or education program and its inclusion in a project may well tend to reduce the “efficiency” or “economy” of the project spending. However, inclusion and voice may be essential for securing sufficient community support and engagement to ensure the success and long-term sustainability of the project.

Efficiency and economy, therefore, should be subordinate to effectiveness, and any assessment of efficiency and economy should take into account not only input and administration costs, or monetisable comparators, but should give due consideration to other features such as:

- Leverage, scalability and/or replicability of the program.
- Clarity and salience of the program’s theory of change.
- The relevance and robustness of the chosen indicators and quality of data available.
- Measures of productivity in the program.
- The quality of the program’s risk analysis and mitigation.<sup>6</sup>

One recent aid innovation that goes a considerable distance towards both meaningfully investing in partnership, and which offers clear opportunities for incentive payments to reward outcomes, is the Cash On Delivery Aid model, developed by the Center for Global Development.<sup>7</sup> Under such a model a long-term poverty reduction or development improvement would be identified and the most relevant outcome indicator (for example reductions in child mortality, or improved student performance in standard school testing) would be defined, a payment amount set (for success per relevant unit of that indicator), as well as the means of verification and transparency requirements. At this point, the partner country (ministry or agency) is able to choose whatever method or methods are appropriate in the local context to overcome relevant constraints and to foster greater local involvement and accountability.

While this approach may not be possible in all settings, particularly fragile or post-conflict states, it may be an approach worth considering in both building partner capacity, giving life to our Paris/Accra/Busan commitments, and creating a means for value for money assessments of given development outcomes.

***Recommendation 12: Ensure that any “value for money” or similar benchmarking is sensitive to impact timeframes as well as the complex causal connections among costs, inputs, outputs, outcomes and impact in development programs and that this benchmarking does not provide***

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<sup>6</sup> “Value for Money in International Development”, NEF 2013,  
[http://www.bond.org.uk/data/files/Effectiveness\\_Programme/NEF\\_New\\_Economics\\_Jan\\_2013.pdf](http://www.bond.org.uk/data/files/Effectiveness_Programme/NEF_New_Economics_Jan_2013.pdf)

<sup>7</sup> <http://www.cgdev.org/initiative/cash-delivery-aid>

*unintended incentives to prioritise “quick gains” over more sustainable development, or “easy gains” over work with, for example, difficult-to-reach or marginalised groups.*

***Recommendation 13: Establish a Cash on Delivery Aid pilot with one or more partner countries (possibly pooling resources and risk with other donors)***

## **Annex 1**

### **Coalition Partners**

The following groups are the resourcing supporters of Micah Challenge Australia:

- ACC International Relief
- Act for Peace (National Council of Churches Australia)
- ADRA (Adventist Development and Relief Agency)
- Anglican Overseas Aid (formerly AngliCORD)
- Anglican Aid
- Baptist World Aid Australia
- Caritas Australia
- CBM Australia
- Compassion Australia
- Global Mission Partners (Churches of Christ)
- Salvation Army (Australia Eastern Territory)
- SIMaid
- TEAR Australia
- Uniting Church Australia, Synod of Victoria and Tasmania
- Uniting World
- World Vision Australia

### **Endorsing Partners**

The following are endorsing partners of Micah Challenge Australia:

- Advocacy and relief for children
- African Enterprise Australia
- Anglican Board of Mission
- Australian Evangelical Alliance
- Australian Relief and Mercy Services (ARMS)
- Baptist Union of Australia
- Baptist Union of Victoria, NSW, NT & QLD
- Black Stump
- Break the Cycle
- Christian Reformed Churches of Australia

- Church Missionary Society
- Churches of Christ in Victoria and Tasmania
- CNEC Partners International
- Columban Mission
- Enable community
- Fields of Life
- Global interAction
- I-Heart Revolution
- International Needs (Australia)
- INF (International Nepal Fellowship)
- Marist Mission Centre
- Mission International
- Opportunity International
- Opportunity International Australia
- Presbyterian Church in NSW
- Quaker Service Australia
- SA Council of Christian Churches
- Servants to Asia's Urban Poor
- Sydney Diocese of the Anglican Church in Australia
- The Leprosy Mission Australia
- The Oaktree Foundation
- The Uniting Church in Australia
- Uniting Care NSW - 2% for Development Fund
- Uniting Justice Australia (of the Uniting Church in Australia, National Assembly)
- Water for Two
- YWAM

### **Panel of Reference**

The Panel of Reference is a group of prominent Australian Christians who support and endorse the aims of Micah Challenge. They represent a wide range of Christian traditions.

The panel of reference includes (in alphabetical order): Prof Michael Adams, Mr Dave Andrews, Steve Bradbury, The Rt Rev George Browning, General Eva Burrows, Rev Dr Peter Carblis, Archbishop Francis Carroll, Cheryl Catford, Rev Dr Ross Clifford, Rev Tim Costello, The Rt Rev Dr Glenn Davies, Jack de Groot, Hugh Evans, Bishop Tom Frame, Archbishop Dr Philip Freier, Rev Mike Frost, Dr Les Fussell, Father Brian Gore, Pastor Joy Graetz, Rev Prof James Haire, The Rt Rev John Harrower, Rev Gregor Henderson, Alan Hirsch, Pastor Brian Houston, John Jeffries, Dr Ian Jagelman, Rev. Keith Jobberns, Carolyn Kitto, Fuzz Kitto, Rev Dr Thorwald Lorenzen, Gwyn Milne, Rev Ray Minniecon, Rev Dr Gordon Moyes, Paul O'Rourke, Rev Graham Paulson, Rev. Dr. Clive Pearson, Cardinal George Pell, Rev Dr Ian Pennicook, Rev Paul Perini, Jean Phillips, Rev Elenie Poulos, Bishop Pat Power, Rev Dr Brian Rosner, Greg Thompson, Canon John Thew, Pastor Gary Swenson, Kim Vanden Hengel, Brig Jim Wallace, Glenda Weldon, Ross Wilson, Dr Mark Zirnsak and Darlene Zschech.



