

PERFORMANCE BENCHMARKS FOR AUSTRALIAN AID

Thank you for providing the opportunity to contribute to this important review into improving and/or establishing benchmarks for Australian aid.

Sustineo provides technical and management services to create positive and sustainable social economic change in Australia and across the Asia Pacific region. We specialise in: Social and Economic Development; Monitoring and Evaluation (M&E); Gender and Development, Research; Policy and Strategy; and Organisational Performance and Review. Sustineo specialises in the provision of consulting services in international development, governance, law, gender, health, social justice, public sector administration and the environment.

Through our research partnerships, associations with knowledge institutions, and our passion and commitment to excellence Sustineo is dedicated to improving the delivery and impact of the Australian aid program as an industry partner.

It is our strong view that the Australian aid program is an important part of our global citizenship. Continuing Australia's commitment to reducing poverty through an effective, transparent, and accountable aid program will be of benefit to recipient countries and Australia's national interest.

We take this opportunity to highlight the Australian Research Council funded research that Sustineo is undertaking as an industry partner with Deakin University. This research looks at the performance of the aid program across PNG and Pacific countries, relative to the contribution made by other donors.

We bring this to your attention as an important mechanism of benchmarking performance at the aid program level. A brief outline of the research and current progress is provided below. Sustineo would be pleased to provide additional detail as desired.

Assessing the performance of the aid program

Poverty is increasing in the Pacific and approximately 2.7 million people, one-third of the region's population, live in poverty, without the income to satisfy their basic human needs.

Sustineo has partnered with Deakin University's Alfred Deakin Research Institute (ADRI) to undertake a research project to help guide the future development of Pacific island nations through benchmarking and monitoring, leading to more effective and efficient development assistance. The research project, which has been funded by an Australian Research Council Linkage Grant of \$153,222 over four years, is called "Supporting Pacific Development".

This research collaboration between ADRI and Sustineo looks at the OECD Development Assistance Committee's (DAC) contribution to development in PNG and the Pacific. The research project does this by assessing relative contribution through seven policy drivers: foreign aid, trade, migration, investment, security, the creation and dissemination of new technologies, and environmental sustainability.

The research will produce a multidimensional index that will rank the 22 donor countries that are members of the OECD DAC on the basis of these seven drivers of development. The index, called the Pacific Development Index (PDI) will provide an overall summary assessment, as well as rankings based on each of these drivers.

The Pacific Index will be an adaptation of the well-known and influential Commitment to Development Index (CDI) of the Center for Global Development (CDG). The CDI is a composite, multidimensional measure that incorporates information of seven key areas in which advanced countries can promote development in developing countries. An aim of this adaptation will be for the Pacific Index to be more scientifically founded and to have a greater analytical evidence base than the CDI, by taking into account insights from research on multidimensional well-being measures and links between SPDI component variables and growth in the Pacific.

Once completed, the Pacific Index will be reproduced annually, and highlight those DAC donor countries that are contributing the most to development in the Pacific. Conversely, it will also reveal the countries that are contributing the least, and highlight the areas in which they do poorly relative to other countries.

As such it not only provides an analysis of OECD DAC support but also a basis for policy advocacy, holding donor countries to account for their public commitments to support development in Pacific countries and PNG.

Research progress

Two background papers (available on the Sustineo website) have been prepared and versions of these papers have been accepted for publication in leading academic journals. The first paper shows that foreign direct investment has had only a very small impact on Pacific countries (with respect to economic growth). The second shows that remittances have had a large positive impact in these countries. These findings have implications for how the investment and migration components of the index are weighted.

The preliminary findings indicate that Australia comes second to New Zealand in the rankings for the foreign aid component of the index. The ratings take into account the quantity and quality of assistance provided to the region.

The research into the other policy areas is currently being completed, and the Index is planned to be launched in 2014.

Contribution to Australian Aid benchmarking

This project is creating a new index and knowledge base that the Australian Aid Program can use to assess the contribution Australia is making towards seven key development priorities through the Pacific. The dissemination of this publically and privately funded index can be of great value to future development program design in Australia's immediate region.

Yours sincerely

A handwritten signature in black ink, appearing to read "AR." with a flourish at the end.

Andrew Rowe
Managing Director

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