



# **TEAR Australia response to DFAT Consultation Paper: Performance Benchmarks for Australian Aid**

19 March 2014

The points below outline TEAR Australia's response to the DFAT Consultation Paper "Performance Benchmarks for Australian Aid".

1. "A set of rigorous benchmarks is required to assess the performance of the Australian aid program and ensure it delivers **effective and efficient outcomes in the national interest.**" TEAR Australia strongly believes that the benchmarks should assess the effectiveness of the aid program in terms of development outcomes. Good development in partner countries will promote good governance, a strong civil society that demands accountability, reduced incentive or motivation for civil unrest or terrorism, a healthier population that enjoys greater dignity and well-being and better trade opportunities. These outcomes will be in Australia's interest. Nevertheless, the focus on benchmarking must be on assessing the effectiveness in terms of positive change within those countries and communities, not on Australia's interest.
2. Benchmarking can be targeted at a range of levels, each of which has some value but when used separately will not provide an overall assessment of effectiveness in terms of aid outcomes, or the quality of implementation. An approach that combines both whole-of-aid with more contextual and specific program and project-level benchmarks would be the most appropriate model. This would allow for broad-picture quantifiable benchmarking that could give a summary of key aspects of the total aid program, and also include more qualitative measures that would lead to understanding the effectiveness and impact of Australia's aid at a deeper and more meaningful level.

Whatever level of assessment is chosen, performance benchmarks should be developed at levels that:

- a. Are able to be attributed to the impact of Australia's aid program
- b. Lead to an understanding of the impact of the aid program on the poor
- c. Lead to learning, improvement and better aid programs

In terms of the four levels identified in the consultation paper, TEAR Australia suggests the following:

- I. It would be difficult to assess Australia's aid program at a partner government or implementing organisation level as the factors influencing those entities are complex, and accurately attributing any impact to Australia's contribution would be difficult. Benchmarking at a whole-of-aid program level would be possible to quantify, (geographic spread, number of projects, number of beneficiaries, number of outputs etc.) but may not provide much information about effectiveness. The diversity of the aid program would be complex to capture and different interventions are not comparable with each other. For example, how do you compare the impact or efficiency of a scholarship program bringing people from developing countries to Australian universities with a water & sanitation project that provides clean drinking water to 20,000 people, with a project that enables 50,000 primary school children to receive quality education in well-resourced schools?
  - II. Benchmarking at a program level would be more relevant as key performance indicators could be developed that reflect appropriate measures of effectiveness and efficiency. Combining some contextual benchmarks with appropriate whole-of-aid measures would be workable and may give a more nuanced but large-scale assessment of the aid program.
  - III. To benchmark at a partner government or implementing organisation level may help determine that mutual obligations are being met, but this is no determinant of effectiveness of development outcomes. As mentioned above, the factors influencing partner governments are complex and varied, and to reflect these in a set of benchmarks in a meaningful way would be exceedingly difficult.
  - IV. Project-level benchmarking would be possible and useful if the focus is on learning and improvement of aid interventions. Care needs to be taken with this approach though, as benchmarking project performance can lead to conservative or risk-averse programming that reduces the scope for innovation and creativity.
3. Linking performance with the aid budget should enable a more effective aid program. However, performance of aid and development projects is a long-term process and cannot be assessed solely on

annual results, outputs or achievements. For example, capacity-building, leadership development at a community level, or significant behaviour change for health are all processes that take several years before real results can be seen. Project activities can be measured, but outcomes that signify real change are not easily identified on an annual basis. Annual monitoring will identify weaknesses and strengths in project implementation that can be acted upon in the following year. However, a longer-term view must be held in assessing project or program performance. The risks in making funding assessments based on short-term, simplistic performance measures of development projects against annual targets include the following points:

- a. Development is complex, and, especially in fragile states, development outcomes are influenced by external factors that are difficult to predict, impossible to control at a partner government or local project level, and unintended consequences, either positive or negative, can occur from aid projects. It would be possible, for example, for a project to achieve all of its intended outputs, score highly on benchmarking, and yet through its approach deepen ethnic or community divisions, entrench a powerful elite, and create long-term obstacles for poor people that further perpetuate their inability to access the benefits of development.
  - b. It is therefore necessary in any linkage between benchmarking and budget allocations to create flexibility for projects to measure effectiveness in different ways that reflect the complexity of their working context. TEAR Australia, with funding through its AusAID Partnership, has carried out research in this area and the report has been provided to DFAT and is also available on request.
  - c. Innovation must be encouraged and the “failure” of new and creative projects seen as an opportunity to learn and improve without the threat of immediate funding cuts.
  - d. Opportunities to scale up successful projects must be taken based on their relevance to different contexts and locations.
  - e. Key performance indicators need to be long term enough to assess outcomes, not just outputs. Benchmarking should therefore be viewed over a period of at least the project life-cycle and not on a short-term (e.g. one year) basis.
  - f. At an individual project level, the review of results needs to take into account the context and analysis of why a project is not performing. This may include the impact of external factors that are outside the project’s control, such as natural disasters, conflict, country-level financial influences such as high inflation, or political instability.
4. TEAR Australia agrees that assessing the organisational effectiveness of implementing partners is important. TEAR Australia also agrees that those organisations that prove themselves, over the long-term, to deliver effective aid and development outcomes through their work should have opportunities for additional funding from the Australian Government. It is important, however, that the assessment of implementing partner organisations must be done with a view to improving and strengthening the impact of their work.
- a. Benchmarks or assessments to improve implementing partner performance must not lead to a “league table” of organisations that compares one against the other. Organisations delivering aid are varied in structure, approach, size and motivation. Comparing multilateral funding organisations, private aid contractors, large international NGOs and small niche organisations and community-based groups requires the inclusion of multiple factors that will make the comparison either incredibly complex, or simple and meaningless. Rather, the current broad categories of NGOs within the ANCP may provide a possible model. Organisations could be base-level accredited, comprehensively accredited, or partner organisations. Each category could represent different funding levels and such accreditation could be assessed on more appropriate and contextual measures.
  - b. ACFID’s Code of Conduct is a leading instrument for providing quality assurance and consistent organisational assessment for Australian development NGOs. Compliance with ACFID’s Code of Conduct assessments should be considered as ensuring comprehensive organisational capacity and effectiveness standards.

- c. The existing Monitoring, Evaluation and Learning Framework in place for Australian NGOs provides a meaningful mix of approaches that enable aggregated data plus more qualitative measures across the NGO program. This should be kept as the core framework for measuring the impact of the aid program implemented through Australian NGOs.
- d. The Due Diligence Framework and Effectiveness Assessment Methodology, developed by AusAID in 2013, provides risk assurance and comprehensive assessment of organisational capacity and effectiveness. This applies at both an organisational level and at project implementation. These tools, possibly replacing or being incorporated into the existing accreditation process for NGOs, should be implemented and form the basis for all implementing partner assessments.