



TIER 2 INDICATOR TECHNICAL NOTE

IMPROVED GOVERNANCE INDICATOR NUMBER OF ORGANISATIONS AUSTRALIA HAS SUPPORTED IN THE REPORTING PERIOD TO STRENGTHEN ACCOUNTABILITY AND/OR INCLUSION, INCLUDING EXAMPLES OF ASSISTANCE PROVIDED AND SIGNIFICANT POLICY CHANGE ACHIEVED, FOR THE FOLLOWING TYPES OF ORGANISATIONS:

1. GOVERNMENT institutions or organisations (regional, national or local)
2. CIVIL SOCIETY organisations (international, regional, national or local)
3. PRIVATE SECTOR organisations (international, regional, national or local)

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This indicator is designed to capture examples of Australia’s contribution to improving effective and accountable governance, by focussing on two key elements—strengthening *accountability* and/or *inclusiveness* in an organisation’s policies or practices. Examples can be at international, regional, national, or local levels, and in government, civil society or private sector organisations.

This indicator is limited to capturing investments that consider *improvements in governance to be either primary or significant objectives*. Where this is not the case, consider reporting against alternative Tier 2 indicators (See also *Exclusions* below).

DEFINITIONS

Governance in this context refers to *policies, practices, mechanisms and institutions* a society uses to manage the way people live together, make decisions, exercise rights, address and express needs/interests, mediate differences, allocate resources and seek to hold those in power to account.

Primary Objective is the primary purpose of the investment. Improvements in governance are expected as a direct result of this investment. If it weren’t for this objective, the investment would not have been undertaken. A primary objective may be formally or informally defined in the investment.

Significant Objectives are secondary outcomes or activities that are not crucial to the investment’s purpose but can clearly contribute to improved governance. Direct or indirect results in this area can be expected and the investment may still have gone ahead without this objective.

Organisations or institutions for the purpose of this indicator, are entities with staff, a budget, a purpose, and a legal basis. For this indicator, the following types of organisations can be reported:

- **Government institutions, organisations and systems**, including government ministries, parliaments, the judiciaries, inter-jurisdictional bodies or forums and public service delivery organisations like schools and road authorities. Australian Government organisations, including DFAT, and other bilateral donors are not counted as organisations under this indicator.
- **Civil society organisations**, including international non-government organisations, not-for-profit organisations, faith-based groups, cooperative organisations such as Trade Unions and community organisations. This may include implementing partners, only **if** improving their governance is explicitly considered a primary or significant objective of the investment.
- **Private sector organisations**, including for-profit organisations such as private companies, social enterprises, and multinational corporations. (Managing contractors are not counted under this indicator).

Strengthened inclusion for the purposes of this note, is defined as an organisation’s policies and/or practices becoming more accessible and/or responsive, particularly for marginalised and/or disadvantaged people, including those excluded due to gender or other facets of personal identity, disability, ethnicity, geographic location, age and/or income.

Evidence of strengthened inclusion may involve institutional changes (in laws, rules, and regulations, and in norms and values in the public service), organisational changes (in structures, systems, budgets and processes), and individual changes (in the skills, competencies and behaviours of staff). Examples include more accessible information, facilities, or decision-making processes; budgets that explicitly take in to account marginalised or disadvantaged people; and policies that advance human rights and gender equality.

Strengthened accountability for the purposes of this note, is defined as changes in an organisation’s policies and/or practices that more directly compel those with power to be held to account for their words (e.g. policies/decisions) and/or actions (e.g. programs/services). This may be the accountability of politicians and government to citizens; between arms of government and/or public service officers or organisations; or from private sector leadership to employees, consumers and clients. Accountability can also be strengthened through greater inclusion by considering and responding better to the needs and voices of more people.

Evidence of strengthened accountability may involve institutional changes (in laws, policies, rules and regulations, and in norms and values in the public service), organisational changes (in structures, systems, and processes), and individual changes (in the skills, competencies and behaviours of staff). Examples include practices such as systematic, timely budget processes; transparency and/or communication regarding decision making; grievance reporting and response mechanisms, judicial processes; and new or changed policies designed to improve any of the above.

International/regional/national/local level – Governance improvements can occur at several levels:

- **International** – multilateral, international or global institutions, organisations, or enterprises. For example, support for strengthening international governance arrangements for global climate financing mechanisms.
- **Regional** – e.g. ASEAN, Pacific Islands Forum, regional development banks.
- **National** – applies to government, civil society and private sector organisations and includes country, national or state-level level institutions, organisations, and systems.
- **Local** – local government or community level, includes organisations at any level below the national level, including regions within countries.

Assistance provided includes policy advice, structured consultation, strategic dialogue, technical advice, and assistance related to governance systems. (Generally, output based.)

Significant policy change means evidence of a potentially transformational change to the way policies or objectives are framed, programs are run and/or services are delivered, consistent with the investment objectives and with a clear line to Australian input. (Outcomes based.)

SCOPE

INCLUDES:

Assistance to partner governments to strengthen inclusion and/or accountability as defined above.

Examples of Australia’s contribution to significant policy change can cover both policy formulation and policy implementation:

- policy formulation may include the production of evidence-based policy options, papers or research submitted to, or reviewed by, partner government(s) and considered as part of the policy-making process, organisation of civil society or citizen engagement with policy reform,
- law and justice, revenue mobilisation, decentralisation, civil service, and public administration
- sustained capacity building support in governance

- investments that seek to strength state institutions such as parliaments, audit institutions, ombudsman, law enforcement agencies, prosecutions, anti-corruption offices or elections administration).

EXCLUDES:

- Economic policy reform and management – first consider Economic Policy Reform and Management and Private Sector Development indicator, including for public financial management improvements. Where improved governance is a primary or significant objective of the investment, specific improvements in accountability and/or inclusion can be reported here.
- Health systems strengthening. This is captured against the Health Systems Capacity Indicator.
- Infrastructure policies and regulations that do not focus on improvements in accountability and/or inclusion. These can be captured in the Infrastructure Indicator (Examples of improved policies and regulations). Examples of organisational improvements in accountability and/or inclusion can be included here.
- Description of program outputs such as policy papers, research, stakeholder fora where these are principally related to management of a DFAT/APS agency program and that do not form part of policy advice to partner governments.
- Policy or practice improvements that cannot be clearly attributed to Australian investments and projects through supporting evidence.
- Anticipated policy improvements that have not yet been adopted/announced.
- Policy improvements counted in previous year(s) unless there is a new significant improvement within the reporting period.
- Assistance that is one-off (such as a one-off training session) unless accompanied by evidence of significant policy change.
- Results for investments that are also reporting against another indicator, unless improved governance, specifically in accountability or inclusion, is a primary or significant objective of the investment.
- Narrative examples of improved governance that are also being reported against a sector-specific indicator e.g. for disability equity, gender equality, food security, infrastructure, maritime security, regional organisations. Numbers of organisations in these areas that meet the criteria of this indication can be counted but no narrative examples are required.

CALCULATIONS

Counting organisations

- Only count organisations where improvements in their governance (through changes in policy or practice) is a primary or significant objective of the investment and can be attributed to Australian support (see exclusions above).
- Count organisations at the level that Australian support is most directly attributable – i.e. do not count ‘downstream’ partners or organisations where governance improvements may occur, but which are not significant or primary objectives of Australia’s investment.
- Do not count managing contractors.
- Do not count implementing partner organisations (whether government, civil society or private sector unless improving that organisation’s governance is explicitly considered a primary or significant objective of the investment (see examples below).

Narrative examples are only required at the investment level – not at each individual organisation level. For example, if there is evidence of Australia’s support for governance improvements in 10 community organisations (or five government ministries) through a specific investment, provide one narrative example about the investment as whole, but count 10 (or five) organisations.

DATA SOURCES

Two types of data may be reported by bilateral, regional, global, or multilateral programs.

1 **Examples of assistance provided for strengthening governance demonstrating advice/input has been provided, whether it has been adopted/implemented.** A narrative example might include:

- The nature of the policy problem/the relevant governance or policy area.
- The nature and extent of Australian input.
- Evidence of the impact of Australian advice, if known (describe ‘from what to what?’).
- The timing of the advice (which must be within the reporting period).
- The role of other actors, including other Australian Government agencies, if appropriate.

2 **Examples of significant policy change demonstrating Australia has had an impact.** A narrative example should briefly include:

- Evidence of significant policy change such as public announcements and commitments, ministerial directives, the drafting or passing of legislation or regulatory amendments, funding commitments or additional resourcing.
- The nature and extent of Australian input.
- Evidence of strengthening or change has been made to the policy, the nature of the change, what benefits might accrue and to whom over what period (describe ‘from what to what?’).
- The timing of the change (which must be within the reporting period).
- The role of other actors, including other Australian Government agencies, if appropriate.

Sex disaggregated data should be provided in narrative reports where possible.

WORKED EXAMPLES

Example 1 - Facility

DFAT funds a large managing contractor to manage a facility, including a program that has governance as a principal objective. The facility provides funding and technical assistance to the Ministry of Social Services to expand its community consultations and enhance its accountability. Australia’s support has enabled the Ministry to affect significant policy change by implementing a new transparency policy, improving gender equality and disability inclusive practices by working with three national-level civil society organisations (CSOs) and a sub-national organisation of persons with disabilities (OPD). This investment has:

- ✓ governance as a principle or significant objective
- ✓ improved the governance of an organisation/s
- ✓ strengthened organisations’ accountability and inclusion practices and policies for
 - the Ministry of Social Services [1 national government organisation]
 - three national-level CSOs [3 national CSOs]
 - one local-level OPD [1 local OPD]

The managing contractor and DFAT are not included in the organisation count under this indicator. A narrative example might highlight the Ministry of Social Services [a government institution] implementing its new [national] transparency policy to achieve improved inclusion of *and* accountability towards people with disabilities.

Example 2 – International Non-Government Organisation

DFAT’s partnership with an international non-government organisation (INGO) has ‘improvements in governance’ as a principal objective and its work has improved organisations’ accountability policies/practices and inclusion policies/practices at several levels. Australia’s funding enables the INGO’s global secretariat to strengthen its regional presence and, through advocacy, technical assistance, tools, and training, supports 14 of its local affiliated chapters in countries across the region, to work directly with: youth and media groups on advocacy techniques; local governments to deliver outreach services to beneficiaries; and national parliaments on transparency policies. Strengthening organisational policies and practices at this level is an explicit objective

of Australia's investment. Further, the improvements focus on accountability and/or inclusion policies and practices – that is, not simply general efficiency gains, etc. Therefore, this investment strengthens a total of 39 organisations across government and civil society, at global, national, and local levels: one global civil society organisation (the INGO itself); 14 country level independent chapters of the INGO; 18 other local civil society organisations; seven local government organisations; and four national ministries.