

Submission to the Consultation on Performance Benchmarks for Australian aid

World Vision Australia
February 2014

Summary of Recommendations

1. *Ensure the Australian aid program is effective in achieving its stated aims and objectives by establishing a:*

 - a. *Renewed purpose for the aid program which includes poverty alleviation as a core objective;*
 - b. *Renewed policy framework that defines the strategic objectives for the aid program.*

2. *Utilise benchmarks to assure the Parliament and the Australian public of the effective use of the Australian aid budget which are:*
 - a. *Simple enough to clearly communicate the impact of the aid program;*
 - b. *Sufficiently nuanced to allow for a diverse range of contexts and projects to be measured and understood.*
3. *Link the performance of the aid program to the achievement of the Millennium Development Goals and, subsequently, the post-2015 development framework.*
4. *Link performance benchmarks to the strategic objectives of the aid program by:*
 - a. *Including benchmarks relating both to the performance outcomes (e.g. effective delivery of health services) and operational effectiveness (e.g. staff turnover, money leveraged from other partners) of the aid program. Performance outcomes should be weighted more heavily than those relating to operational effectiveness;*
 - b. *Ensuring that benchmarks include both outputs and outcomes, and clearly demonstrate how outputs (e.g. numbers of children attending school) link to outcomes (e.g. improvement in educational attainment).*
5. *Develop benchmarks for various levels of the aid program (from the whole-of-aid-program level to the project level) which take into account:*
 - a. *The need for consistency and strong linkages across levels of the aid program;*
 - b. *Contextual differences and the need for flexibility;*
 - c. *Capacity constraints and the need for benchmarks to be simple, and avoid duplication or unnecessary administrative burden.*
6. *In seeking to link performance benchmarks to the aid budget, implement benchmarks in a way that maximises the opportunities for robustness and flexibility in the aid program and mitigates the risks of unintended negative consequences.*
7. *Develop benchmarks for humanitarian assistance on the basis of the principles of timeliness, cost effectiveness, accountability and transparency, and scale and consistent with the Good Humanitarian Donorship Principles.*
8. *Encourage the Australian Government continue to conduct regular multilateral assessments, preferably through joint donor initiatives to minimise the burden on multilateral institutions.*
9. *Affirm the Monitoring Evaluation and Learning Framework (MELF) as a valuable tool for measuring the impact of the work of NGOs and recommend the Government fund the proposal for a resource facility to better leverage value from the data collected through the MELF.*

Introduction

World Vision is a Christian relief, development and advocacy organisation dedicated to working with children, families and communities to overcome poverty and injustice. World Vision Australia is part of the World Vision International (WVI) Partnership, which operates in more than 90 countries. Viewed collectively, the World Vision International Partnership is the world's largest non-governmental, humanitarian and development agency.

World Vision has partnered with the Australian Government for many years in working to alleviate poverty. For example, in 2012-13 World Vision Australia as part of the AusAID-NGO Co-operation Program (ANCP), delivered over 150 projects across nearly 60 countries in Asia, the Pacific, Africa, the Middle East, and Latin America. These projects directly impacted the lives of over 1.6 million men, women and children in 2012-13 and indirectly impacted the lives of over 5.7 million people.

We aim to engage all Australians in the fight against poverty. World Vision believes that aid has a critical role to play in alleviating poverty. This is why we have partnered with churches, communities, corporate partners, young people and the broader aid community to advocate for a generous and effective Australian aid program. Over the past decade, significant progress has been made in growing and reforming the aid program; however there is still more work to do.

World Vision supports the work the Government is doing to develop benchmarks for the Australian aid program to strengthen its effectiveness and enhance the public confidence and understanding of aid and development. We welcome the opportunity to make a submission to the process.

1. How should performance of the aid program be defined and assessed?

In defining the performance of the aid program, World Vision recommends that the Australian Government:

1. *Ensure the Australian aid program is effective in achieving its stated aims and objectives by establishing a:*
 - a. *Renewed purpose for the aid program which includes poverty alleviation as a core objective;*
 - b. *Renewed policy framework that defines the strategic objectives for the aid program.*

An aid and development policy statement, including policy objectives and a guiding strategy, is a crucial foundation for achieving the Government's commitment to delivering an effective aid program. In developing hurdles and benchmarks for the Australian aid program, it is crucial that there is policy clarity about both the purpose and policy objectives of the program along with strategy for achieving those objectives. The benchmarks should be a mechanism for measuring that overall performance.

The utility of a long-term comprehensive policy statement has long been recognised, and has been a feature of Australia's aid program since then foreign minister the Hon Alexander Downer MP instigated the *Australian Aid: Promoting Growth and Sustainability* White Paper in 2006, to provide a strategic framework to guide the direction and delivery of Australia's aid program over the next ten years. This practice was continued with the subsequent government with the Comprehensive Aid Policy Framework in 2012.

The Government has expressed a desire that the aid and diplomatic arms of Australia's international policy be more closely aligned, and that the aid program play a greater part in promoting Australia's interests. Increasingly, it is recognised developing countries are affected by many areas of Australian Government

policy. For example, migration, trade, investment, public procurement, taxation and environment policy can affect the development of poor countries and the wellbeing of their people. The Independent Review recognises that '[for aid to] be effective, there needs to be strong coordination across government, leading to greater consistency across all policies that impact on developing countries'.¹ The Government should therefore ensure that its aid policy is coordinated at the whole-of-Government level, in order to maximise impact and ensure that poverty alleviation is emphasised as a core objective of engagement with developing countries and regions.

2. *Utilise benchmarks to assure the Parliament and the Australian public of the effective use of the Australian aid budget which are:*
 - a. *Simple enough to clearly communicate the impact of the aid program;*
 - b. *Sufficiently nuanced to allow for a diverse range of contexts and projects to be measured and understood.*

The first priority of performance benchmarks should be maximising the effectiveness of the aid program in alleviating poverty and promoting sustainable economic development. Alongside this, there is an important role in assuring the Australian Parliament and public of the value of the aid program. While the complexity of development is difficult to communicate through simple statistics, indicators that help people understand what the aid budget is being spent on and the impact it is making, are critical to continued political and public support. As an organisation that relies for the overwhelming majority of its income from the Australian community, World Vision understands the importance of public trust and accountability. We also recognise the importance of the Australian community understanding the scale of development challenges and the impact of aid investments in meeting those challenges.

3. *Link the performance of the aid program to the achievement of the Millennium Development Goals and, subsequently, the post-2015 development framework.*

The Millennium Development Goals (MDGs)² – established in 2000 following the adoption of the United Nations Millennium Declaration – are eight international development goals that each of the 193 United Nations member states agreed to achieve by 2015. Focusing particularly on saving lives and alleviating poverty, the MDGs have played an instrumental role in marshalling donor country support for aid, created aspirational goals and provided a relatively simple framework by which to explain the role of aid in development. One of the MDGs' greatest achievements has been the setting of a common development agenda and benchmarks across rich and poor countries, as well as multilateral agencies and non-government organisations. Recent years have seen significant progress towards achieving the MDGs; however, progress has been slow in fragile states and key targets in health, education and gender equality continue to be off track in these countries. Therefore it is critical that all countries, including Australia, invest in making as much progress as possible before the end of 2015. Many countries and multilateral institutions (including United Kingdom, New Zealand and the World Bank) have used the MDGs as part of their framework for benchmarking the performance of their aid programs. This means many developing countries are measuring their performance against the existing MDG framework. Creating a parallel system would create inefficiency through requiring countries to comply with an additional layer of reporting.

¹ Hollway et al. (2011) Independent Review of Aid Effectiveness, p 52, available at <http://www.aidreview.gov.au/publications/aidreview.pdf>

² The Millennium Development Goals are: 1. Eradicating extreme poverty and hunger; 2. Achieving universal primary education; 3. Promoting gender equality and empowering women; 4. Reducing child mortality rates; 5. Improving maternal health; 6. Combating HIV/AIDS, malaria, and other diseases; 7. Ensuring environmental sustainability; and 8. Developing a global partnership for development.

Work in constructing a post-2015 development framework is underway and World Vision is actively participating in raising the voices of children and our priority areas of health, child protection, nutrition, food security, fragility and accountability. As the MDGs have been so influential in setting the development agenda across the world, it is important that the Australian Government be an active participant in developing the successor to the MDGs. Once negotiations are complete it is likely this will again provide a sound common framework to benchmark the Australian aid program.

In assessing the performance of the aid program, World Vision recommends that the Australian Government:

4. *Link performance benchmarks to the strategic objectives of the aid program:*
 - a. *Including benchmarks relating both to the performance outcomes (e.g. effective delivery of health services) and operational effectiveness (e.g. staff turnover, money leveraged from other partners) of the aid program. Performance outcomes should be weighted more heavily than those relating to operational effectiveness;*
 - b. *Ensuring that benchmarks include both outputs and outcomes, and clearly demonstrate how outputs (e.g. numbers of children attending school) link to outcomes (e.g. improvement in educational attainment).*

Most comparable systems around the world include both performance outcomes and operational effectiveness measures. This is important to ensuring a focus on results as well as the operational environment of the management of the aid program. A recent stakeholder survey³ found some key operational issues that were widely recognised as impediments to aid effectiveness, such as high staff turnover. Addressing these through enhanced operational benchmarks would be valuable. There are also other operational benchmarks that could assist in achieving the Government's policy priorities. The New Zealand aid program includes a measure of the amount of money leveraged through partnerships by the aid program.⁴

However, the focus of benchmarks should ultimately be on results and in particular performance outcomes in alleviating poverty. Many comparable frameworks have focused on outputs rather than outcomes. Goals relating to education, for example, outline quantifiable enrolment targets or dictate numbers of textbooks to be provided, without ensuring strong school attendance or assessing the quality of education outcomes. By orienting aid program benchmarks towards the assessment of outcomes, the Australian Government will be better placed to judge the success of development activities by their long-term and sustainable impact.

5. *Develop benchmarks for various levels of the aid program (from the whole-of-aid-program level to the project level) which take into account:*
 - a. *The need for consistency and strong linkages across levels of the aid program;*
 - b. *Contextual differences and the need for flexibility;*
 - c. *Capacity constraints and the need for benchmarks to be simple, and avoid duplication or unnecessary administrative burden.*

Integrated systems for measuring the impact have two countervailing forces: one is the desire to have consistent benchmarks across the program that allows for aggregation and comparison, the other is to develop contextually specific and relevant measures. World Vision has experience in this challenge through its work on Child Wellbeing Outcomes. We are working across our global to measure the impact of our work on child wellbeing through measuring four targets, 15 key outcomes and over 200 indicators. All of the indicators, outcomes and targets are linked so that we can track progress towards our overall goals and aspirations. However they are applied contextually, and not all targets are part of every project and

³ <http://devpolicy.org/pdf/Benchmarking-Australian-aid-report.pdf>

⁴ http://www.aid.govt.nz/sites/default/files/IDG%20STRATEGIC%20PLAN_Final.pdf

program. The outcomes and indicators were developed in consultation with local communities. Last financial year 43 National Offices reported against a common child wellbeing targets framework. World Vision would be happy to share our experiences of outcomes measurement if it is helpful as a resource for the government in the benchmarks development. We believe the principles of common targets with contextual indicators, developed in consultation with the countries and communities to which they will apply are important principles in the Government's benchmarking development.

2. How could performance benchmarks be linked to the aid budget?

6. *In seeking to link performance benchmarks to the aid budget, implement benchmarks in a way that maximises the opportunities for robustness and flexibility in the aid program and mitigates the risks of unintended negative consequences.*

World Vision considers that the development of performance benchmarks linked to the Australian aid budget may present opportunities to ensure a robust and flexible aid program; however, this option also presents a number of risks to be considered and mitigated. These opportunities and risks are outlined below.

The main opportunities of the benchmark process:

- a. *Improved program performance:* The linking of benchmarks to the aid budget may result in improved program performance, though encouraging improved monitoring processes which contribute to:
 - i. The identification and scale-up of successful approaches;
 - ii. The identification of approaches with limited effectiveness and scale-back of investment;
 - iii. Early identification of project problems and correction and improvement; and
 - iv. Improved independent scrutiny of DFAT and implementing partners' performance.
- b. *Developing evaluation capability:* The development of benchmarks in conjunction with partner governments and implementing partners can ensure that both donor and partner country/community objectives are represented and measured. This can also present the opportunity to actively invest in partners' abilities to conduct monitoring and evaluation. DFID's implementation of a results framework was coupled with increased investment in monitoring and evaluation to ensure quality data for decision making.
- c. *Outcome-based funding:* In appropriate contexts, suitable benchmarks could be used to support more outcome-based funding such as cash on delivery and development impact bonds. This would need to be carefully targeted in order to be effective in light of the experience of other donors. Initiatives such as 'incentive funds' could be used to reward high performing programs or implementing partners and provide the opportunity to invest in the private sector and non-traditional delivery partners.
- d. *Disaggregation of data:* The disaggregation of performance data by factors such as gender, age, disability or geographical remoteness could be linked to related, disaggregated budget items. This would ensure that the attribution of outcomes can be more easily tracked, and investment can be targeted to proven outcomes and specific target groups (e.g. the empowerment of women and girls, targeting MNCH programming particularly on newborns).

The main risks of the benchmarks process:

- a. *Leaving people behind:* The linking of performance benchmarks to expenditure of the aid budget at the country or project-level may encourage the assessment of average progress, without considering those who have not experienced these gains. This may therefore reduce funding to, and further marginalise, the most vulnerable and impoverished people. Effort must

be taken to ensure that benchmarks reflect outcomes for all people, and do not inadvertently misrepresent experiences of poverty within partner communities.

- b. *Perverse incentives:* Performance benchmarks tied to the aid budget may encourage perverse incentive structures that encourage chasing of short-term targets (to maintain funding) rather than long-term outcomes focused on need.
 - c. *Discouraging innovation:* Benchmarking may have the tendency to discourage innovation through risk aversion in order to guarantee continued funding. Initiatives such as ‘innovation funds’ should be either exempt from the benchmarking process or sufficiently flexible to allow for failure. Entrepreneurial innovation requires an element of risk and the opportunity to learn from failure.
 - d. *Uncertainty about funding:* Funding certainty is essential for making the most of a benchmarks framework. The previous results framework in the Comprehensive Aid Policy Framework suffered from frequent changes in forward estimates funding envelopes and was not adapted to take account of those funding changes. This made the results framework less valuable in benchmarking the results of the aid program.
 - e. *The monitoring burden:* Increased focus on monitoring can draw resources away from the development task itself. Minimising the monitoring burden through identifying key indicators and using existing monitoring frameworks and data can minimise this burden.
 - f. *Not measuring the hard to measure:* Benchmarks may be inflexible in their assessment of performance, and may fail to adequately value hard-to-measure gains (e.g. changing attitudes towards gender relations). While there are some areas of development that are easier to quantify than others this should not lead to the easy to measure being emphasised. Creative and flexible ways can be developed to measure ‘hard to measure’ outcomes.
7. *Develop benchmarks for humanitarian assistance on the basis of the principles of timeliness, cost effectiveness, accountability and transparency, and scale and consistent with the Good Humanitarian Donorship Principles.*

It is important to ensure that humanitarian funding decisions continue to be made in accordance with the Good Humanitarian Donorship (GHD) Principles, which were endorsed by Australia in 2003.⁵ Although the Australian Government has stated that it will prioritise funding for development assistance in the Indo-Pacific region, funding for humanitarian assistance should be the exception to this. In line with the GHD Principles, humanitarian funding should not be subject to pre-determined geographic priorities, but should be allocated on the basis of need – wherever that need arises. Humanitarian funding should also be allocated and used in a neutral and impartial manner.

The benchmarks for humanitarian assistance should developed in line with the following principles:

- a. *Timeliness:* Number days from disbursement of funds to (needs based) assistance reaching the most vulnerable affected populations.
- b. *Cost effectiveness/Value for money:* percentage of funds spent in country by the agency delivering humanitarian assistance to the affected population.
- c. *Accountability and transparency:* Reporting to DFAT clarifies outcomes achieved with Australian funding and clarifies the feedback mechanisms put in place to the affected population.
- d. *Scale:* Numbers of people reached with needs-based assistance.

⁵ <http://www.goodhumanitarianandonorship.org/gns/principles-good-practice-ghd/overview.aspx>

3. How can the assessment of the performance of our implementing partners be improved?

The assessment of implementing partners should aim to ensure that the most appropriate implementing partner is used in the delivery of the aid program in any particular situation.

Australian Multilateral Assessment

8. *Encourage the Australian Government continue to conduct regular multilateral assessments, preferably through joint donor initiatives to minimise the burden on multilateral institutions.*

World Vision was generally supportive of the Australian Multilateral Assessment as a tool for measuring the performance of multilateral institutions and the allocation of funding. The first multilateral assessment was a good first step; particularly the annual scorecard updates which tracked changes in performance over time.

Further exploration of linking of multilateral assessments with other donors would be valuable to reduce the individual burden on donors and drive greater reform in multilaterals through joint assessments and reform proposals. Initiatives such the Multilateral Organisation Performance Assessment Network⁶ where countries agree to conduct joint assessment work at minimising the burden on multilateral institutions, while maximising the quality of the multilateral assessment mechanisms and marshalling the resources and experience of multiple donors. This combined assessment performance outcomes and organisational effectiveness could be complemented by local assessment by the Government of the relevance of multilateral institutions to the Australian aid program.

Further assessments, whether done by the Australian Government or as joint initiatives with other donors, should focus on performance outcomes over organisational effectiveness. More public disclosure of the methodology along with more explicit explanation of the link between the assessment and budget decisions would be a welcome development.

Monitoring Evaluation and Learning Framework

9. *Affirm the Monitoring Evaluation and Learning Framework as a valuable tool for measuring the impact of the work of NGOs and recommend the Government fund the proposal for a resource facility to better leverage value from the data collected through the MELF.*

The Monitoring Evaluation and Learning Framework (MELF) has been valuable in providing a framework for measuring impact of AusAID-NGO Co-operation Program (ANCP). It has been useful for demonstrating the effectiveness and efficiency of NGOs in delivering results on the ground. World Vision has found a diverse range of uses for the data including public communication, reporting to corporate partners and improving monitoring of the on the ground impact. However, the MELF has created significant compliance burden due to the variability in capacity of in country implementing partners and the diversity of projects for which ANCP is used. Any change or expansion of the MELF should take into account these capacity constraints and recognise the significant value the current system and the importance to incorporating monitoring frameworks at the design phase at the beginning of projects.

Aggregation and analysis of data with other ANCP partners has been insufficient. Proposals for a research facility have been discussed, but there has not been sufficient investment of resources to maximise the value of the data. World Vision Australia supports the Australian Government investing in creating a research facility to leverage the benefit of the data being collected by NGOs to improve the quality of programming and inform policy development.

⁶ <http://www.mopanonline.org/>