

Summary of AusAID NGO Cooperation Program (ANCP) Review Recommendations – December 2006

Objective	Recommendation	AusAID and CDC 114 Response
<p>A) Redefine the ANCP as a funding mechanism for professional development NGOs rather than a mechanism to engage the broader Australian community in the aid program.</p>	<p>1. That AusAID consider the following redefinition of the ANCP:</p> <p>‘The ANCP subsidises Australian NGOs who have met a professional accreditation standard to implement their own international development programs. To be eligible, agencies are required to undergo a rigorous assessment of their organisational structure, systems and philosophies. Accreditation aims to provide AusAID, and the Australian public, with confidence that the Australian Government is funding professional, well managed, community based organisations, capable of delivering quality development outcomes’.</p>	<p>1. At CDC 114 it was agreed that the ANCP be defined as follows:</p> <p>‘The ANCP subsidises Australian professional development NGOs which have met rigorous accreditation standards to implement their own development and poverty alleviation programs overseas.’</p> <p>On 14 December 2006, Mr Bruce Davis met with Ms Margaret Reid and Mr Paul O’Callaghan and agreed to change the definition to:</p> <p>“Under the ANCP, AusAID partners with Australian professional development NGOs which have met rigorous accreditation standards to implement their own development and poverty alleviation programs overseas.’</p>
<p>B) Assess the implications, benefits and risks of multi-year ADPlans to AusAID and Accredited NGOs.</p>	<p>1. That AusAID consider including a simple line item in the ADPlan format which allows the NGO to demonstrate the relation of the program / project in their ADPlan to the broader strategic framework of the agency, if it adds value to AusAID.</p>	<p>1. CPS will include an optional line item in the ADPlan template that allows NGOs to demonstrate how each project fits within a broader development program. Although the line item will be optional, the benefits of demonstrating strategic thinking for some particular activities will be highlighted.</p>

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<p>C) Examine the distinction between Base and Full Accreditation and identify the benefits of the two tiered accreditation system.</p>	<ol style="list-style-type: none"> 1. That AusAID maintain a two-tier accreditation system in the ANCP. 2. That the two tiers be renamed as Level One Accreditation (Base) and Level Two Accreditation (Full). 3. That AusAID review the criteria for Level One Accreditation in order to create reasonable and necessary criteria for the level of funding available. 	<ol style="list-style-type: none"> 1. Agree. A two-tier accreditation system (Base and Full) will be maintained. 2. Changing to Level One and Level Two may be confusing as it is not obvious which is the higher level. In addition, the current terms are well-understood within AusAID and among NGOs and it would take time and effort for all stakeholders to become familiar with the new terms. Therefore, the names Base and Full will be retained. When the criteria for Base Accreditation have been re-examined, this decision may be revisited. 3. Agree. CPS will contract a consultant on behalf of the CDC to review the criteria. A draft of the revised criteria will be considered by the CDC.
<p>D) Examine the implications, benefits and risks of removing emergency appeal funding from Recognised Development Expenditure (RDE) calculations to AusAID and Accredited NGOs.</p>	<ol style="list-style-type: none"> 1. That emergency expenditure remain allocable to the Recognised Development Expenditure (RDE) calculation. 2. That, as a general principle, AusAID limit the increase or decrease of any agency's allocation at 20% in any given year, unless the agency moves between the accreditation levels. 	<ol style="list-style-type: none"> 1. Agree. Emergency expenditure will continue to be included in the Recognised Development Expenditure (RDE) calculation. 2. CDC agreed not to proceed with this recommendation. Demand from the sector for the change was not strong and implementing a cap on IPF variations would have complicated the IPF formula significantly. It was agreed that the option of a 20% plus or minus capping mechanism would be reconsidered should the need arise.

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	<p>3. That the percentage of limiting Indicative Planning Figure (IPF) variability be subject to review and adjustment based upon experience and the continuing need for equity in the ANCP.</p>	<p>3. As the cap is not being pursued this recommendation is not applicable.</p>
<p>E) Reassess the minimum level of RDE required to meet Base and Full Accreditation criteria.</p>	<p>1. That RDE entry levels be raised to:</p> <ul style="list-style-type: none"> a. Base (Level One) - \$50,000. b. Full (Level Two) - \$75,000. <p>2. That RDE level be calculated on an average taken over the preceding 3 years.</p> <p>3. That the RDE minimum levels be re-assessed in three to five years.</p> <p>4. That both Base and Full (Levels One and Two) receive an Accreditation Factor amount appropriate to their level, regardless of the level of their RDE. The Program Factor is then redundant and should be dropped from the IPF spreadsheet.</p>	<p>1. Agree.</p> <ul style="list-style-type: none"> a. Minimum RDE for Base accreditation be raised to \$50,000. b. Minimum RDE for Full accreditation be raised to \$75,000. <p>2. Agree. Minimum RDE will be calculated on a three-year average to minimise the risk that NGOs will lose accreditation on the basis of one bad year.</p> <p>3. CPS will re-assess the minimum RDE levels sooner than this. The aim is to reconsider these figures in 2 years, by which time it is hoped that all current Full accredited NGOs will be able to meet a \$100,000 minimum.</p> <p>4. CDC agreed that Base and Full should receive an Accreditation Factor but decided that this should still be limited by an agency's RDE. It was also agreed that the Program Factor should be dropped from the IPF spreadsheet.</p>

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	<p>5. That Accreditation Factors for Base and Full be raised to reward the considerable investment required to obtain and maintain accreditation. The Review Team's specific recommendation is based upon two key factors. One, that the Base level needs to have a factor large enough to recognise the standards required of it and that should be \$150,000. Two, that the Full accreditation factor increase to a point that limits the potential negative impact on as many agencies as possible to single digit percentage loss.</p> <ul style="list-style-type: none"> a. Base Accreditation Factor of \$150,000. b. Full Accreditation Factor of \$225,000. 	<p>5. CDC agreed that raising the amount Base agencies are eligible to receive from \$100,000 to \$150,000 and the amount Full agencies can receive from \$100,000 to \$225,000 is desirable. Further, CDC endorsed the principle that the Accreditation Factor be equal to three times the minimum RDE figure required to maintain accreditation.</p>
<p>F) Examine the NGO funding streams used to make up RDE. Define ineligible funds, such as those channelled to overseas organisations without sufficient input from the NGO and draft policy and operational guidance.</p>	<ol style="list-style-type: none"> 1. That AusAID publish revised guidelines - 'Funding eligible for RDE inclusion'. 2. That AusAID consider the following guidelines to define funds eligible for inclusion in the RDE calculation. These would be inserted in the current Guidelines for defining the eligibility of expenditures involving third parties included in an NGO's RDE calculation. <ul style="list-style-type: none"> • The ultimate legal and practical authority over the use of these funds must remain with the Australian accredited NGO. They must hold the authority to: <ul style="list-style-type: none"> a. Stop the activity, after consultation with partners, if risk management factors indicate it 	<ol style="list-style-type: none"> 1. Agree. Revised guidelines on what can and what cannot be counted towards RDE are necessary. 2. Much discussion on this issue took place at the ACFID MIFs on 22-24 November 2006. CDC agreed that the CDC NGO representatives would prepare a report on this issue for AusAID. This may include some proposed wording for revised guidelines. AusAID will consider this report before preparing the final revised RDE Guidelines. It is not expected that these will be ready in time for the next RDE worksheet. Therefore, in the interim, AusAID will write to NGOs to explain the general principles that must be adhered to when preparing the 2007 RDE worksheet.

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	<p>is necessary to do so.</p> <p>b. Call for an audit if necessary and demand the repayment of funds if required.</p> <ul style="list-style-type: none"> • The Australian NGO must, with regard to the proposed use of the funds, have: <ul style="list-style-type: none"> a. Documented the proposed use of the funds. b. Assessed the appropriateness of the use of the funds. c. Formally approved the project / program budget and proposal as their project. d. Have documented agreements with the implementing party /parties outlining the requirements and protocols necessary to ensure the correct use of the funds. e. Engaged in a demonstrable level of monitoring of the program / project implementation. f. Received regular financial statements, reports and evaluations and have the right to make course corrections in consultation with their partners as necessary g. Received an audit of the project program. • Be able to document and demonstrate the above engagement in the program if required to do so. 	