OECD DAC Peer Review of Australia
Key Impressions, Canberra, 26 October, 2012

Australia has made significant progress in implementing its commitment to increase the aid budget, to have a clear policy and predictable strategy for implementing its programme, and in building an agency and a whole of government system that is fit for the purpose of delivering aid effectively.

1. Australia has implemented the majority of the 2008 peer review recommendations, in particular:

   - It now has a clear political statement backed up by a comprehensive framework to clarify its strategy for development co-operation up to 2015/16. The aid policy and strategy focus explicitly on the MDGs, poor people and fragile states.

   - As an executive agency, AusAID is in a stronger position to influence government policy. The mechanisms for deciding policy provide the vehicle for making policies coherent with development.

   - Australia has finalised humanitarian and disaster risk reduction policies, accompanied by realistic implementation plans.

   - Australia continues to focus its bilateral co-operation on the Asia-Pacific region. Recognising its global responsibilities, Australia is allocating more aid to Africa, implementing this primarily in partnership with other donors and organisations.

   - The assessment of multilateral organisations together with the multilateral engagement strategy provide a basis for decisions on where and how Australia will increase its investments in multilateral organisations.

2. The Comprehensive Aid Policy Framework gives four year financial predictability to the programme and provides a basis for delivering Australia's additional aid resources. There is whole-of-government ownership of the framework.

3. Australia has focused strategically on developing its capabilities to deliver the growing programme by strengthening corporate governance, increasing staffing, and updating its business model. Key features of the new corporate culture are contestability and openness to change and innovation.

4. Devolution of authority and a clear division of labour between headquarters and the field is effective in providing AusAID with the resources and flexibility to respond to evolving country needs.

5. Australia has clear policy directives for a holistic and strategic humanitarian programme, and has established an appropriate mix of tools, partnerships, and systems to deliver effective and efficient response, recovery and advocacy results.

6. Reducing exposure to disaster risk is now a clear priority for Australia, and disaster risk reduction is being integrated into bilateral programmes in at-risk countries.

7. In line with its international commitments to transparency Australia has adopted the Transparency Charter. Australia has committed to provide clear and accessible information about development co-operation activities.

Australia can continue to build on its achievements

8. While the government is committed to the goal of 0.5% ODA/GNI, it is regrettable that the date for reaching the goal has been postponed to 2016/17. Australia should ensure that it delivers on the new target.

9. Australia has the framework, analytical capacity, tools, flexibility and organisational structure to deliver innovative programmes and realistic results in fragile contexts. Increased resources to expand the evidence base and to disseminate good practices could help inform future choices about programming in individual fragile contexts.

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10. Australia's assessments of national systems in partner countries and its efforts to build public financial management capacity will help AusAID to meet its commitment to deliver 30% of aid through partner systems by end of 2014.

11. There is a good understanding of risk and proportionality across AusAID, and a strong emphasis on risk assessment and management. Communicating coherent messages about risk taking from the top will help guard against a default assumption of risk adversity, and provide staff with the necessary incentives to retain an appropriate balance between managing risk – especially fiduciary risk – and taking advantage of opportunities to deliver effective development results.

12. Australia is rolling out the Comprehensive Aid Policy Framework with other government departments, which appreciate the framework for its clarity and predictability. Other government departments are looking to AusAID to continue to provide leadership in developing and applying uniform standards across government.

13. The aid policy and four year strategy place country programmes at the heart of delivering Australia's development co-operation. The whole of government vision now needs to be translated into whole of ODA country strategies.

14. The civil society engagement framework outlines a clear strategy, principles and an action plan for strengthening AusAID's partnerships with civil society. However, AusAID's dialogue with NGOs could be more strategic and policy oriented.

15. AusAID management and staff recognise the significant pace and scope of change. The organisation now needs to focus on consolidating and implementing all aspects of the reform. To do this it will need to:

    - upgrade systems to ensure they are fit for purpose;
    - oversee reform through the Strategic Reform Committee to ensure that the momentum is kept up;
    - continue to communicate with staff;
    - put in place processes and procedures that will help staff understand how to work within the new corporate culture.

Australia faces some challenges

16. Australia's intentions to measure results at the aggregate level are positive. However, AusAID should not lose sight of measuring the long-term, complex development results it intends to achieve as it comes under pressure to communicate short-term outputs.

17. Australia has made significant efforts to strengthen internal and external communication messages and tools. Taking a proactive approach to managing media exposure is useful. However, providing the Australian public and politicians with the right information to enable an informed discussion, taking into account the complexity and importance of development co-operation, remains a challenge.

18. More work needs to be done to mainstream environment as a cross-cutting issue to implement the 2008 peer review recommendation.

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