



Australian Government

Department of Foreign Affairs and Trade

Consultation Paper: Performance Benchmarks for Australian Aid

Introduction

1. A set of rigorous performance benchmarks is required to assess the performance of the Australian aid program and ensure it delivers effective and efficient outcomes in the national interest. The introduction of performance benchmarks is intended to improve the accountability of the aid program, link performance with funding, and integrate the aid program with Australia's broader foreign and trade policies. Performance benchmarks will allow Australia's aid investments to be better justified to our partner countries and taxpayers.
2. The Minister for Foreign Affairs has requested that consultations be undertaken with key stakeholders to build on the knowledge and experiences of our development partners and ensure that the process of developing performance benchmarks is open and transparent. This paper has been prepared by the Department of Foreign Affairs and Trade as an input for these consultations.

Performance Benchmarks

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

3. Performance benchmarks could be developed at some or all of the following levels:
 - I. at a whole-of-aid program level (for example to measure the aid program's geographic spread, its focus on economic growth, effectiveness, and fiduciary risk)
 - II. at a program level (to assess whether each country or global program is achieving progress against key performance indicators)
 - III. at a partner government or implementing organisation level (to determine whether mutual obligations are being met)
 - IV. at a project level (to ensure that funding is directed to investments achieving the best results and poor performing projects are improved or cancelled)



Australian Government

Department of Foreign Affairs and Trade

Budget Consequences

How could performance be linked to the aid budget?

4. Performance benchmarks should have consequences for the scale of the program and how it is allocated. For example, at the whole-of-aid program level, part of the overall aid budget could be subject to progress against a small set of predefined performance benchmarks (eg *a specified percentage of projects are effectively achieving their expected outputs and outcomes*). This would be consistent with the recommendations of the *Independent Review of Aid Effectiveness* (April 2011) which stated that “Budget appropriations each year should be contingent on things going to plan and existing monies being spent effectively.”

5. At the country program level, performance could be measured against several criteria. These could include: 1) an assessment of the results produced by the resources delivered by the Australian Government; and 2) an assessment of progress of the partner government or organisation in achieving its obligations towards common development goals. Mutual obligations could reflect pre-existing commitments by partner governments contained in their national development plans or corporate strategies in the case of implementing organisations.

6. There are various options for how country program performance and budgets can be linked. One option would be to reward good performance with access to an ‘Incentive Fund’. Program performance, including that of multilateral organisations, would be determined against a set of key performance indicators. This would ensure that aid funding is directed to better performing country programs and organisations. Other factors will need to be taken into account, such as the expected results that could be achieved with the additional funding and the nature of relationships with partner countries and organisations. In determining allocations, the Government would assess performance data in light of previous patterns of performance and other relevant information.

7. At an individual project level, all major investments could be reviewed to identify which projects are currently achieving the best results (and can be scaled-up) and which projects are performing poorly (and can be cancelled). Existing mechanisms are in place to report on project performance.



Australian Government

Department of Foreign Affairs and Trade

Improving Implementing Partner Performance

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

8. There is potential to revise the existing systems used to assess of the performance of the aid program's implementing partners (including international organisations, NGOs and contractors) to ensure that funding is directed to the most effective partners. This could include reviewing the following:

- I. The Australian Multilateral Assessment process to ensure that core-funding of multilateral organisations is more closely linked to their performance.
- II. The Monitoring, Evaluation and Learning Framework for Australian NGOs to ensure that budget allocations to NGOs are better linked to performance.
- III. The Contractor Performance Assessments process to more tightly link future contracts to past performance by contractors.

Next Steps

9. Feedback from consultations will be used to support the design and development of a performance framework for the Australian aid program. It is proposed that performance benchmarks be introduced as part of the 2014-15 budget.