

Review of APPDP Operations and Management

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Acronyms used in this report

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|---------|---|
| AEC | Australian Electoral Office |
| ANAO | Australian National Audit Office |
| ANU | Australian National University |
| APPDP | Australian Political Parties for Democracy Program |
| CDI | Centre for Democratic Institutions |
| DFAT | Department of Foreign Affairs and Trade |
| DFID | Department for International Development (of the United Kingdom) |
| EU | European Union |
| Finance | Department of Finance and Deregulation; formerly the Department of Finance and Administration |
| GIZ | German Corporation for International Development Cooperati |
| IDEA | International Institute for Democratic and Electoral Assistance |
| IFES | International Foundation for Electoral Systems |
| IRI | International Republican Institute |
| M and E | monitoring and evaluation |
| NDI | National Democratic Institute |
| NDS | Norwegian Centre for Democracy Support |
| NIMD | Netherlands Institute for Multiparty Democracy |
| NORAD | Norwegian Agency for Development Cooperation |
| ODA | Overseas Development Assistance |
| QAI | Quality at Implementation |
| TOR | Terms of Reference |
| UNDP | United Nations Development Program |

EXECUTIVE SUMMARY

The Australian Political Parties for Democracy Program (APPDP) was established in late 2005. The decision to establish the Program was taken in advance of any systematic needs analysis or administrative arrangements, and the Program was handed to the Department of Finance to manage. It was subsequently transferred to AusAID in mid-2009 following an ANAO performance audit.

The level of annual funding under the Program - \$2.1M - is modest relative to the administrative effort involved for AusAID where business systems are geared to larger scale programming under predominantly purchaser-provider arrangements to deliver a multi-billion dollar administered budget. Another order of concern is the risk that activities under the Program may invite accusations of political interference by the Australian Government in the affairs of sovereign states.

These concerns are not unique to Australia: several other governments including the US, UK and a cluster from northern Europe provide funding to support political party engagement in emerging democracies in both Eastern Europe and in the south, and recent reviews of a number of these arrangements have raised similar issues.

In order to increase transparency under APPDP and to put some distance between it and the Australian Government, the previous Minister for Foreign Affairs agreed to its transfer to the Centre for Democratic Institutions, based at the Australian National University. However, following consultations with stakeholders it was decided that there should first be a review of APPDP's activities and management processes. This review has two objectives:

- To assess the developmental impact and effectiveness of program activities against program objectives, and make recommendations for improvement as appropriate; and
- To advise on possible new APPDP management structures that can both address concerns about the proximity of Australian Government involvement in the political processes of partner governments, and continue to support APPDP to operate effectively.

Activities under the Program divide into ODA and non-ODA, with at least 50% of program expenditure having to be ODA-related. This provision was introduced as part of the decision to transfer the Program to AusAID, and the split is reflected in the revised Program guidelines which include a more exacting set of assessment criteria against which ODA-related activities must be measured.

ODA activities under APPDP fall into a narrow band – predominantly training in-country; training in Australia and study tours to Australia – and are broadly consistent with those of comparable overseas programs. It is very difficult to

establish the impact of these activities, as reporting generally describes simple outputs. This is not helped by the program structure: the Program goal is pitched at a very high level, and the goal, aims and performance framework are not aligned. Unusually, the performance framework is left to each implementing party to develop. This is in contrast to the usual model of AusAID program design, and APPDP implementation would be strengthened if supported by an overarching design.

This would also facilitate further consideration of whether the ODA elements of the Program should be more closely focussed regionally or functionally, and the performance requirements for the non-ODA component of the Program which is something of an administrative Cinderella under current arrangements.

Other areas identified by the review include: closer engagement between AusAID and implementing parties on the substance of workplans and progress reports; the development of country strategies for priority countries, in particular those where no prospective international partners are active; and linking political party activity with wider political governance programming.

On the question of possible management structures for APPDP, a central consideration is the primary purpose and character of the Program. If the Program is principally concerned with international development, then it sits appropriately within AusAID. If it is primarily concerned with political party work, then it more logically belongs elsewhere. Looking elsewhere, a natural collocation would be with the Political Exchange Program headed by a high level Council appointed by Parliamentary party heads to oversee the provision of travelling grants to younger party officials. The Department of Finance and Deregulation provides a secretariat for the Council.

A second important consideration is the degree of distance between the Australian Government and the activities of the APPDP. This consideration weighs heavily, as the Australian Program is unique in providing funds directly through a line agency to participating political parties, rather than to an intermediary. There are a number of options – from an independent panel or council supported by a line Department/agency to the creation of an independent foundation along European or US lines. As a rule of thumb, the greater the distance from Executive Government, the higher the overall establishment and operating costs and the higher the ratio of management to program costs.

The third major consideration is the level of strategic support that the Program receives. This has been fairly limited to date - first from Finance and then from AusAID. If the Program continues within AusAID, strategic engagement in the Program could be strengthened in various ways. However any decision would need to be balanced against the consideration outlined above on achieving a greater degree of independence.

The choice of management structure is beyond the scope of this review, but options are set out in detail in the final section of the report.

Review of APPDP Operations and Management

1. Background to the APPDP and to this review

The Australian Political Parties for Democracy Program (APPDP) was announced in December 2005 as a new policy measure providing \$2M per annum in equal shares to the Australian Labor Party and the Liberal Party of Australia (to be shared with the National Party) to support international activities to promote democracy. In 2010, the Australian Greens were included in the Program at the level of \$0.1M per annum, bringing the total Program to \$2.1M.

The decision to establish the Program preceded any detailed elaboration of its policy rationale and modus operandi. This was subsequently commented upon by the Australian National Audit Office in its 2009 performance audit report:

...while it was apparent that the former Government saw a need in establishing the Program, there was no supporting documentation available other than the Budget measure, and the arrangements to apply to the Program were not considered as an integral part of the Government decision. It was also not evident that consideration was given to whether the objectives of the Program could be better achieved through existing programs. (ANAO: 49)

Administration of the Program was assigned to the then Department of Finance and Administration, which already administered another program of non-discretionary grants to political party research institutes. Finance developed APPDP guidelines and a grant deed based on the research institute program (ANAO: 27). The APPDP guidelines, which were approved by the Prime Minister in June 2006, describe the objective of the Program as being to “strengthen democracy internationally by providing support for the international activities of Australia’s major political parties”. The guidelines further listed a range of activities consistent with the Program objective, including

- Providing training, education and advice;
- Supporting democratic activities and programs in overseas countries;
- Supporting the involvement of Australia’s political parties in activities that promote the objectives of the Program, such as liaison with international organisations for the specific purpose of achieving the Program’s objectives; and
- Visits by Australian party officials (but not Australian Parliamentarians) to overseas countries or to support visits to Australia (ANAO: 24)

At the time that the guidelines were drafted, the Minister was advised that the requisite level of reporting might not be well received by the political parties, which expected that the requirements would be minimal (ANAO: 27).

The ANAO performance audit report was critical of both financial and performance accountability under the Program, and identified opportunities to strengthen the administrative arrangements by:

- More closely linking activities undertaken with those foreshadowed in annual applications for grant funding;
- Applying greater attention to requiring the parties to adhere to the established acquittal arrangements; and
- Developing a performance measurement framework (ANAO: 11-12).

In relation to performance reporting, the ANAO report reflected on the extent to which Finance, as a central economic agency, had the capacity to determine whether activities supported under the Program actually contributed to the Program objective of democracy strengthening internationally. The report went on to note AusAID's performance measurement experience in the area and encouraged Finance to consult AusAID on the development of a robust approach to developing and publishing performance information on the Program. At various points in its response to the ANAO report, Finance observed that it was not well placed to manage Program performance (ANAO: 47, 61).

The month after the finalisation of the ANAO performance audit, another government report – *Power to the People* - also commented on accountability under APPDP. This second report was provided to the Parliamentary Secretary for International Development Assistance by an independent Review Team appointed to consider support for political governance under Australia's aid program. The Review Team's Terms of Reference had invited it to consider any available findings of the ANAO audit of the APPDP and how this related to AusAID's engagement (Government of Australia 2009: 53). In reporting, the Review Team observed that neither of the political parties had been prepared to provide it with detailed information on their activities or acquittals as they saw their reporting line being to the Department of Finance and Deregulation. It then went on to recommend that future funding for APPDP be contingent on stricter accountability, along the lines suggested by ANAO (Government of Australia 2009: 33).

The *Power to the People* report makes various observations and proposals relating more generally to support for political party work within the context of broader approaches to political governance. The report reflects on the importance of a well-functioning political party system and its correlation with effective parliamentary development, but also on the challenges of donor support for political parties. It goes on to recommend a useful set of precepts to guide approaches to political party strengthening.

Within a few months of the finalisation of the ANAO report, the decision was taken to transfer administration of the APPDP to AusAID. As part of the decision, it was determined that 50% of expenditure under the Program should be

definable as Overseas Development Assistance (ODA). The negotiation of a new deed of grant took several months; one of the two political parties reported to us that at one stage during these protracted discussions it contemplated walking away from the Program; the other major party spoke to us of its frustration that the delay in finalising the deed and the associated funding freeze caused the cancellation of one of its scheduled activities.

The new Program guidelines attached to the Deed did not incorporate the precepts for political party strengthening recommended in the *Power to the People* report, to which AusAID had responded cautiously (Government of Australia 2009: xxi). They did, however, expressly reflect the hybrid character of the Program: while the Program objective, four broad program aims and four general assessment criteria were common to all activities, an additional eight assessment criteria addressed ODA-related activities only.

Within months of AusAID assuming responsibility for the Program, reports appeared in the media about APPDP-funded advice and technical assistance for the campaign of General Sarath Fonseka, a high profile opposition candidate standing against the Sri Lankan President. Building on the *Power to the People* report, AusAID subsequently recommended to the Minister for Foreign Affairs the transfer of day-to-day management of the APPDP to the Centre for Democratic Institutions in order to increase transparency and place the Program at arm's length from government. The recommendation referenced commentary in the *Power to the People* report about the political sensitivity of political party assistance and the preference of official donors to use neutral channels such as UNDP, International IDEA and CDI (Government of Australia 2009: 7). Following consultations between AusAID and stakeholders about the proposed transfer, it was decided that there should first be a review of APPDP's activities and management processes. This was the genesis of the current review, the Terms of Reference for which are at **Attachment 1**.

The TOR set out two objectives:

- To assess the developmental impact and effectiveness of APPDP activities against Program objectives, and make recommendations for improvement as appropriate; and
- To advise on possible new APPDP management structures that can both address concerns about the proximity of Australian Government involvement in the political processes of partner governments, and continue to support APPDP to operate effectively.

The review commenced in mid-August, and reported in mid-September. The aim was to build a picture of what the Program is doing, how it is perceived by stakeholders and options for future administration through:

- Consultations with stakeholders in Canberra;

- Short visits to Jakarta and Port Moresby to discuss activities targeting political parties in Indonesia and PNG;
- A second short round of consultations in Canberra; and
- Assessment and report writing.

2. Experience with international political party aid in other donor countries.

The provision of technical assistance to political parties in emerging democracies is not unique to Australia: rather, it builds on a much deeper seam of assistance from Northern European and North American nations and, to some degree, from specialised democracy-focused international and multilateral organisations including UNDP, International Institute for Democracy and Electoral Assistance (IDEA) and the International Foundation for Electoral Systems (IFES) around the edges of their wider parliamentary and electoral support activities. The organisations involved, and their work, are summarised at **Attachment 2**.

The first phase of international assistance to political parties in democratising states was undertaken by several German foundations (*Stiftungen*) which had been established by individual political parties, mainly in the 1960s, to undertake democracy building, outreach, research and international cooperation. In the US in the mid 1980s two party institutes – the International Republican Institute (IRI) and the National Democratic Institute (NDI) – were created with a brief to support democracy worldwide by, inter alia, developing political parties. With the liberalisation of Eastern Europe and the spread of democratisation in the late 1980s and 1990s, many European parties and party foundations joined the expanding field. These included: the UK's Westminster Foundation for Democracy, established in 1992; seven political foundations in Sweden dating back to the early 1990s which are linked to individual parties but also include civil society membership; seven single-party foundations (*Stichtingen*) in the Netherlands plus the Netherlands Institute for Multiparty Democracy which was founded in 2001; and the Norwegian Centre for Democracy Support, established in 2002; (Amundsen: 19-27, Carothers: 13 and NORAD: 3, 68-80).

While it can be seen as part of this wider trend, APPDP also differs in several fundamental respects from overseas arrangements by which governments channel assistance to domestic political parties to support political party work in emerging democracies:

1. Core funding to support the work of domestic political parties with counterparts overseas is generally streamed through Ministries of Foreign Affairs or, in the case of the US, via a direct Congressional appropriation to the National Endowment for Democracy which in turn provides core funding to IRI and NDI. Australia is amongst a minority in channelling this funding through its development agency. Sweden appears to be the only

- other country to do so across the board. In the Netherlands, funding is split between the Ministries of Foreign Affairs and Development Cooperation, with the former funding the Matra Political Parties Program for party-to-party assistance in the EU neighbourhood, and the latter funding the Netherlands Institute for Multi-Party Democracy which supports parties in the south.
2. Where development agencies provide funding for work with political parties in emerging democracies, it is most often as part of more generic democracy strengthening/political governance programming. This may include providing program (i.e. non-core) funding for specified purposes to domestic political institutes to implement programmed aid activities (e.g. USAID funding to NDI and IRI or DFID funding to the Westminster Foundation for Democracy), essentially on a purchaser/provider basis.
 3. In no country other than Australia is funding channelled direct to domestic political parties; rather, it is provided through foundations or institutes which are affiliated with, but structurally distinct from, individual parties e.g. IRI, NDI, the Dutch *Stichtingen*, the German *Stiftungen*, the Swedish party-associated organisations and the Westminster Foundation for Democracy. In some cases, the intermediary institute or foundation is a multi-party body.
 4. Most institutes and foundations engage with counterparts in recipient countries on a multi-party basis, not on the basis of identification of individual parties affiliated by political philosophy. Only in the Netherlands do *individual party* institutes engage primarily with fraternal parties in recipient countries. The German *Stiftungen* and the Swedish party-associated organisations mainly provide party system and democracy support and the US institutes provide only multiparty support (Amundsen: 12). Of the three multiparty institutes, the Netherlands Institute for Multiparty Democracy – as its name suggests – works exclusively on a multiparty basis; the Westminster Foundation for Democracy works significantly on a multiparty basis although much of the 50% of its funding which is directed to individual parties in the UK may be used to support fraternal parties internationally; and the Norwegian Institute provides largely fraternal party support (Amundsen: 12). Where the institutes and foundations are focused on Eastern Europe, the identification of fraternal parties is relatively more straightforward than in the south.

The level of public funding provided directly to the political party institutes and foundations for their international work is most often relatively modest, with two notable exceptions. Based on figures from the mid noughties (Amundsen: 19-27), the German *Stiftungen* are extremely well-endowed, receiving over €350M per annum, although international work is only a small component of their overall

operations. The International Republican Institute had funding of €29.3M and operated 46 field offices and the National Democratic Institute's funding was €45.7M, supporting 55 field offices¹. The remaining institutes operated on relatively small funding allocations: €0.6M for the Norwegian Centre for Democracy Support; €6.8M for the Netherlands Institute for Multiparty Democracy; and €6.2M for the Westminster Foundation for Democracy. It is not clear whether these figures included funds from all sources - i.e. both core funding for base-level operations and funding from various sources for commissioned activities – but more likely they refer to core funding only².

Over the last five years or so, there has been a series of reviews and reports on the operation of political party foundations and the wider provision of support to political parties and party systems in emerging democracies, opening up what had up to that point been largely an analysis-free zone (Carothers: 14). This material generally acknowledges the importance of political party strengthening. At the same time, several of the foundations reviewed came in for quite sharp criticism, and the following themes were repeated across a number of reports:

- Very weak monitoring and evaluation and consequently little systematic learning from past activity to calibrate future action (Wild and Hudson: 11,26; Amundsen: 28; Caton: 17)
- Template approaches to party support, with little adaptation to local context (Wild and Hudson: 11; Caton: 17)
- Doubtful relevance of elements of technical assistance being transmitted by political parties to counterparts in emerging democracies (NORAD: 38; Caton: 5)
- The absence of any coherent strategy for much of the work being done, which is ad hoc and disconnected from wider democracy support efforts (Amundsen: 28; Caton: 5)
- Unease that activities are or may be portrayed as outside interference in the affairs of sovereign states (Wild and Hudson: 11; Caton: 5; Carothers: 14)
- At an organisational level, the conflicting paradigms of political parties and bureaucratic managers about modus operandi and accountability (NORAD: iii; River Path Associates: 12-14).

3. Activities under the Australian Political Parties for Democracy Program

3.1 Context and scope of the review of APPDP activities

¹ NDI's funding has since doubled, and now stands at over USD100M

² For example, the 2006 stocktake of UK support to political parties notes that the Westminster Foundation for Democracy received approximately £4M per year from the Foreign and Commonwealth Office and approximately £5M over five years from DFID (Wild and Hudson: 17)

The Terms of Reference for this review, and subsequent discussions with stakeholders, suggest several areas of disquiet:

- The risk of perceived interference by the Australian Government in the domestic political affairs of other countries, and the consequential interest to ensure that APPDP can be seen to operate in politically sensitive environments at arm's length from government;
- AusAID's concern that it struggles to receive a requisite level of detail about Program activities and performance information;
- On the side of the political parties, the protracted negotiations with AusAID over a new deed has left an uncomfortable legacy of perceived distrust and concern about the proportionality and relevance of reporting requirements.

The Terms of Reference identify several areas to examine in relation to APPDP activities:

- Consistency of activities with APPDP aims;
- Parties' approach to the assessment criteria;
- The developmental impact of APPDP activities;
- Value for money and consistency with international approaches;
- Quality of reporting, monitoring and evaluation;
- Adequacy of AusAID administrative and financial support; and
- Options for improvement.

Each of these areas is addressed in turn in the sub-sections below.

3.2 Consistency of activities with APPDP aims

The Program Guidelines state that the overall objective of the APPDP is to strengthen democracy internationally. Under this objective, several aims are specified:

- To support robust, responsive and sustainable democratic party processes that assist in achieving lasting development outcomes for Australia's partner countries;
- To encourage capable, effective, representative, accountable, inclusive and transparent democratic political parties;
- To assist other nations to learn about, and share experiences on, democratic practices, integrity in party processes, and the value of democracy; and
- To encourage international cooperation between democratic political parties.

Under the Program Guidelines, each political party is required to provide an annual workplan by 30 June each year, which AusAID in turn is required to check

to determine, inter alia, that there is sufficient information to ensure compliance with the Guidelines. This process should automatically include a determination that the activities included in the workplan conform to the aims of the Program.

The ODA activities described in the work plans fall within a fairly narrow spectrum:

- Training conducted in-country to members of a mix of political parties (ALP, Liberal Party), or to partner organisations (Greens);
- Support for multi-country training organised by the Asia-Pacific Green network (Greens);
- Training conducted in Australia for political party leaders, officials and staff of MPs from several countries (ALP);
- Consultations with a sister party overseas on campaign strategies in the lead-up to a Presidential election (Liberal Party);
- Training for representatives of political parties (multi-party/country and single party/country) in Australia on campaigning and on the parliamentary and political work of oppositions (Liberal Party);
- Study tours to Australia for multi-country delegations to observe state and national elections (Liberal Party);
- Study tours to Australia for multi-country delegations to observe the National Women's Conference or the Federal Council meeting (Liberal Party)
- Preliminary engagements with overseas political parties to open up avenues for future cooperation (ALP, Liberal Party);
- Research on political developments in target countries (ALP);
- Development of training modules (ALP); and
- Assistance to emerging party organisations in the Asia-Pacific region (Greens).

In the main, these activities would appear to fit within the aims of the Program. The activity which has caused most controversy was the assistance provided by a senior Australian party official to the high profile opposition candidate in the Sri Lankan Presidential election in early 2010. Yet this activity was spelt out in the workplan submitted several months prior to its performance, in the following terms:

Campaign consultations with sister party in Sri Lanka: a Liberal Party representative will visit Colombo...to meet with the United National Party to offer expertise on strengthening election campaign strategies for the presidential election campaign.

Its prior inclusion in the workplan left room to disqualify the activity in advance on the grounds that one-on-one advice provided in-country for a Presidential candidate went beyond the aims of supporting robust *party processes* or *capable, representative political parties*.

3.3 Parties' approach to the assessment criteria

The Program guidelines specify the following four criteria against which all activities – both ODA and non-ODA – will be assessed:

- Adherence to Australia's national interests including foreign policy, political and security interests;
- Clear articulation of achievable outcomes, outputs and inputs as well as credible cost estimates specified;
- Avoids duplication with other providers' political party support activities; and
- Alignment with Australian Government and AusAID policies including gender equality and disability inclusiveness.

In addition, ODA activities are assessed against the following eight criteria:

- Adherence to the Australian aid program's objective to 'assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interest';
- Addresses institutional strengthening and capacity building needs of the partner country organisation;
- Contributes to the development of sustainable institutional links that promote positive partner country development outcomes;
- Seeks to ensure that the most appropriate participants for study tours, secondments or training are selected from the counterpart;
- Seeks to coordinate with other party-based political governance support activities;
- Encourages participation of youth in democratic political processes;
- Must be based on an understanding of the local political situation; and
- Be demand-driven and based on the priorities of partners.

The participating Australian political parties confirmed during the review consultations that the Program Guidelines inform their development of activities, and one party has taken this a step further and developed a detailed procedural manual for its staff in their administration of the Program, building on the Guidelines and the Deed of Grant.

Under the Program Guidelines, it is for AusAID to determine whether the activities contribute to Program objectives. This is not, however, facilitated by the workplan proformas which are not structured in a way to elicit the necessary information. Some relevant information is provided through the proformas e.g one of the parties identifies several activities being delivered under the auspices of one of the US Institutes, thus demonstrating its coordination with other providers' political party support activities. However, clues as to conformity with the criteria are fairly few.

Some of the assessment criteria are complex to assess, such as adherence to Australia's national interests, and are most likely assessed in the negative where something stands out as potentially contrary to those interests. Other criteria are much more specific, and information could be provided. For example, it would be helpful to receive some information on the character of the analysis that led to the identification of the activity, on the mechanism by which participants will be selected, and on the mechanisms for determining the priorities of parties. Fewer criteria, and some provision in the workplan proforma to address them, may be a better way to go.

3.4 The developmental impact of APPDP activities

As part of the review process, the review team visited Jakarta and Port Moresby to meet with participants in Program activities and discuss their experience with the Program. The activities of the two major parties in both countries are broadly similar, although in-country partnering modalities are rather different. Both work on a multi-party basis. The Greens, which are a very new APPDP player, have a rather different approach both in terms of activities and entry points, focussing exclusively on fraternal parties and organisations.

- In Indonesia, both ALP and the Liberal Party deliver multi-party training under the auspices of NDI and IRI respectively. ALP training is based on a professionally developed curriculum and, while NDI handles the logistics and assists with the identification of participants, the training carries ALP branding. The Liberal Party on the other hand provides trainers for IRI training programs, an arrangement that was initiated by IRI because of the difficulty it experiences in persuading party experts to travel to SE Asia from the US. By positioning their work within the broader programming strategies of the two US institutes, the Australian parties have been able to draw on their substantial national offices, local knowledge and networks.
- In PNG, both the ALP and the Liberal Party again provide in-country training, coordinating with the Integrity of Political Parties and Candidates Commission which has a responsibility for training but limited capacity to provide it. One of the PNG party secretaries with whom we spoke emphasised the appropriateness of working through IPPCC and strongly discouraged Australian parties from engaging directly with local parties.
- The ALP selects participants from both Indonesia and PNG for its flagship Political Advisers Course, run through the University of Sydney's School of Government.
- The Liberal Party has included participants from Indonesia and PNG in its study tours to Australia to observe state and federal elections, the National Women's Conference and Federal Council meeting.
- In PNG, the Australian Greens are building a close fraternal relationship with the PNG Green Party. Using APPDP funding, the Greens underwrote

the attendance of a number of provincial delegates to the first national assembly of the PNG Green Party earlier this year, at which the party was relaunched after languishing for a decade. Senator Bob Brown attended the launch, and the Speaker of the ACT Assembly attended the subsequent launch of the Highlands Regional Office of the Green Party in July 2011.

In Indonesia the Australian political parties are joining a larger field of donors and party foundations. Both IRI and NDI and some of the German *Stiftungen* have substantial offices in Jakarta, the Netherlands Institute of Multi-Party Democracy funds an impressive local NGO which develops political activism at the grassroots level and a number of multilateral and international organisations including UNDP and IFES have broader democratic governance programs that approach political party strengthening through the Parliament or civil society. In PNG on the other hand the Australian political parties occupy an empty stage: none of the party institutes appear to be active in PNG, and UNDP was forced to withdraw a few years back from its Parliamentary strengthening program. Because they are blazing the trail in PNG, the Australian parties are not able to piggyback on the analysis, networks and logistical support of partner organisations in the same way as in Indonesia.

Indonesian participants in APPDP activities provided a mixed report card on particular features of Program implementation, but were unanimous about its usefulness overall. Critics pointed to the inappropriateness of aspects of training or visits to the Indonesian context, and the occasional mismatch between training and participant competencies. On the other hand, others pointed to the value of what they had learnt and provided concrete examples of how they had applied the knowledge gained.

In PNG, all the participants in APPDP activities with whom we spoke emphasised the value of the experience, and those who had undertaken training in Australia or joined study tours to observe campaigning in the lead-up to elections spoke convincingly of what they had learned and those elements of the experience that they were incorporating into their party processes in PNG. As one participant observed, “the exposure to the sort of politics in Australia has given an edge to our political planning”. He added that “once people get some overseas exposure, they shift their approach; the experience sets the tone for policy makers in PNG”. Examples given included observing the way that the Liberal Party mobilises support through women’s and youth wings, understanding how Australian political parties were “owned” by the people rather than by prominent individuals, and understanding the value of platforms to which the leaders must adhere.

Beyond hearing the voices of participants, it is not easy to assess the development impact of the Program. Although the workplan proformas seek descriptions of both intended outputs and intended outcomes, the information provided under both headings is generally in the form of simple outputs (e.g.

deliver training, participate in a conference, develop relationship with a party) or, less often, as loose outcomes (e.g. improved skills of party officials, strengthened capacity to operate effectively or enhanced knowledge). This flows through into the program progress performance reports which seek information on progress against outcomes achieved to date. Again, the responses are along the lines of: seminars successfully held; visit enhanced cooperation; or number of candidates educated.

In fairness to the parties participating in APPDP, it is widely recognised that it is notoriously difficult to measure the true impact of political party work: while simple outputs can be described, it is harder to describe the effectiveness of the outputs or their cumulative contribution to outcomes that will only become evident over a number of years. Across the literature on political party assistance, this emerges as a common dilemma. At the same time, it is not an excuse for settling for rudimentary measures and there are potential learnings from some of the larger foundations, such as the US ones, which have been grappling systematically with effective measurement.

3.5 Value for money and consistency with international approaches

Activities under the APPDP are broadly in line with the work of other political party institutes, which also concentrate on training and seminars as the “standard method” of assistance. This has been rather brutally characterised by the author of a seminal work on international political party aid as a “sea of training” (Carothers, cited in NORAD: 11).

The recent evaluation of the Norwegian Centre for Democracy Support, the most uncompromising in a succession of recent reviews of political party aid, was sceptical about the value that such training delivers:

Most project activities of NDS hinge on a well-developed optimism with respect to the power of knowledge transfer, reasoned arguments, moral examples, awareness raising, sensitisation etc. to bring about changes in the conduct of political actors in cooperating countries. Another presupposition that can be derived from this is that the “problems” of partner organisations and of political systems in cooperating countries are viewed as problems deriving from lack of knowledge and understanding, or at least this is what the projects address with their “solutions”. This programme theory may prove valid in some socio-political contexts and less valid in others. In other contexts again, it is probably misdirected as a programmatic basis for party assistance activities. (NORAD: 11)

In the absence of robust measurement tools and longitudinal assessment, it is difficult to judge where the truth lies. Equally, in the absence of effective measurement, it is difficult to assess whether the work undertaken through APPDP yields value for money. On a crude measure of dollar inputs, it may be possible to compare the cost of training through APPDP with comparable training

in other areas of the aid program, but this work was well beyond the light touch of this review.

The allowance of 15% of program funds for program administration is comparable with the administrative levy permitted under comparable programs. The Westminster Foundation for Democracy, for example, authorises an administrative component of between 13% and 17% to the various political parties, depending on their size (River Path Associates: 33).

3.6 Quality of reporting, monitoring and evaluation

The limitations of APPDP reporting, monitoring and evaluation have already been touched upon in section 3.4. The APPDP Guidelines include proformas for the parties to use for their annual workplans and periodic program progress reports and for the preparation of a performance framework. A copy of these proformas is at **Attachment 3**.

- For the workplan, parties are required to provide separate outlines of each activity including a description of the purpose and intended outcomes, and of expected outputs. There is no guidance suggesting that outcomes be linked back to the Program's aims although this would be logical and one party has in fact done so in some of its activity descriptions.
- The progress reports, to be lodged after 80% of the grant tranche has been expended, again require information at activity level describing progress against outcomes and outputs achieved to date, and a description of how progress is measured. Where outcomes and outputs are poorly described in the workplans, the progress reports are unlikely to yield any better information. Importantly, as both require information at activity level only, they provide no explicit information about strategic performance.
- There is potential to address strategic performance in the performance framework which each party is required to provide, and which is described in the proforma as outlining "broader objectives, outcomes and how these will be measured. The activities and outputs should contribute to the achievement of these outcomes and objectives".

The progress reports provided to date by two of the parties are of contrasting quality. One of the parties has provided a well-considered set of activity statements which provide useful information against all questions. The other party is clearly having difficulties with the reporting requirements and, in particular, with the required identification of performance measures, risks and lessons. These difficulties were raised by the party during their meeting with the review team.

While the progress reports are important for accountability purposes, their structure and the quality of information they currently provide limit their

usefulness as a guide to overall performance. This is where the performance framework comes in: it has the potential to relate individual activities to higher order objectives. These objectives, in turn, should link back to the aims of the Program. Unfortunately none of the performance frameworks achieve this. In one case, each of the objectives provided replicates one of the nominated activities. In another, objectives and outputs are conflated and measures are very poorly conceived. The third framework is stronger, and distinguishes between ODA and non-ODA elements but does not link back to program aims. As a result, there is no coherence across workplans, performance frameworks and program aims.

This lack of coherence could be seen as a legacy of the Program's evolution: first the retrofitting of administrative guidelines by Finance after the policy decision was taken to establish it, and three years later the retrofitting of the Program into an aid mould. Under AusAID's normal business processes, a program is designed with an integrated M and E framework and this is an essential tool for subsequent management of program implementation. This ensures a logical cascade from program goals to component objectives to individual activities: something that has not been done in the case of APPDP.

APPDP would benefit from the development of a single performance framework to bring some internal coherence and structure to activity development and reporting. This is really the task of a designer, and AusAID may wish to make one available for this purpose. In considering the elements of a performance framework, a careful judgment is needed as to what is realistic, given the modest value of the program. At the same time, as a triennium grant of \$6.3M, the Program is above the floor value that activates AusAID's QAI provisions.

3.7 Adequacy of AusAID administrative and financial support

The Program Guidelines and Grant Deed are largely procedural in character and provide little in the way of strategic guidance or rationale. While this may be understandable given the genesis of the Program and its unforeseen transfer to AusAID, some of the current concerns around strategic direction and the quality of development outcomes may be reduced if the Program builds on a robust analysis of the place of political parties in democratic systems and the principles that inform the program. This is discussed further in Section 3.8 below.

Based on comments from party officials in the course of this review, there seems to be little engagement from AusAID on the workplans, performance frameworks and acquittals submitted. One party official asked whether AusAID would provide feedback on interim acquittal documentation and observed, reasonably, that it would have serious consequences for party finances and administration were an expenditure item to be challenged at the end of the three year grant term.

The two major parties are divided on the benefit of interim acquittals after expenditure of 80% of funds, decoupled from financial years. For one, this was a more sensible arrangement than the previous financial year acquittals; for the

other, acquittals out of sync with financial years represented an additional administrative burden.

The Australian Greens, whose annual grant is set at \$100,000 – one tenth that of the two major parties – have questioned setting the administrative levy as a proportion (15%) of the total grant, arguing that from their low grant base this is insufficient to cover administration costs. Their suggestion is for a base rate that is common across the parties, with a supplement on top to reflect the size of overall funding.

The level of administrative attention expended on this Program by AusAID is disproportionate to its value, but understandable in terms of the profile of the Program and its character as a non-contestible grant within an agency that largely administers purchaser-provider arrangements. The development of a performance framework and a review of the guidelines in concert with the political parties may help to bring greater predictability to the Program and a more collegiate relationship with the implementing parties.

Despite the attention given to the Program, its non-ODA elements are largely unscrutinised, beyond ensuring compliance with Financial Management Act requirements.

3.8 Options for Improvement

The foregoing discussion adumbrates several areas for potential improvement. These are developed more fully below:

a) a stronger strategic framework for the Program

As mentioned in Section 3.7 above, the Program Guidelines are essentially procedural in character and provide little in the way of strategic rationale: they describe “what” but offer little in the way of “why”. There is now a well-developed literature around political party aid on which to draw in order to develop a stronger rationale and strategic framework for the Program, which would assist in building a shared understanding between AusAID and the parties about the purpose of the Program and the framing of activities under it. Importantly, the development of a strategic framework should be undertaken in close consultation with the parties.

In developing the strategic framework, it would be useful to address the following elements:

- the purpose of the program: all stakeholders should have a common understanding of why governments (and the Australian Government in particular) invest in political party aid and what it can achieve;

- what to engage on: International IDEA has identified the basic functions of political parties as: (1) to develop policies and programs; (2) to pick up demands from society and bundle them into different options; (3) to recruit and select people into executive and legislative positions (and other positions in politics; and (4) to exercise control over government. The report goes on to observe that instead of having “unrealistic, normative ideas about how parties should work”, these basic functions should inform approaches to political party aid (Caton: 5). Interestingly, these functions align closely with the priorities identified by political party officials in Jakarta and Port Moresby to whom we spoke for this review.
- how to engage: several recent reports highlight the importance of establishing common principles for assistance to remedy the current situation in which “party assistance is still very weakly systematized and lacks coherent standards and principles with regard to what projects should achieve, how appropriate activities can be identified and how effects are to be measured” (Caton: 4-5; Amundsen: 17-18; Review Team: 45). Some obvious operating principles that have emerged in the course of the present review are: understanding context, designing for context, and ensuring relevance. Another set of principles contained in a recent report include: basing assistance to parties on a thorough analysis of the political situation in the recipient country; basing assistance on partnership, whereby beneficiaries identify their needs; basing assistance on parallel support to political system reform; and basing assistance on donor cooperation and harmonisation (Amundsen: 17-18). These are echoed and expanded upon in the principles for political party strengthening contained in Recommendation 13 of the *Power to the People* report (Government of Australia 2009: 45).

b) Reconsideration of the Program structure

The overall Program objective – to strengthen democracy internationally – is very high level relative to the activities of the Program, and it has elsewhere been observed that “The major obstacle to effective party assistance is the difficulty of linking activities directly to their ultimate goal of enhancing democracy” (Caton: 5). The National Democratic Institute has pitched its goal much closer to its domain of activity: to foster a vibrant, multi-party system with parties that are representative, transparent, effective and foster accountability. It may be useful to reconsider both the APPDP goal and its aims: while the aims are acceptable to the parties, there may be a better formulation – particularly if the overall objective for the Program is brought closer to its actual sphere of operations.

It will also be useful to reflect on how to accommodate and describe the two very different strands of the Program – ODA and non-ODA – within a single program framework and management process. At the moment the non-ODA element seems almost incidental in the attention it receives, but it accounts for half the

budget and could easily be structured as a discrete component within a program structure.

Sensibly, a designer should be used to redevelop the program structure in consultation with AusAID program managers, political parties and other stakeholders.

c) A standardised performance framework

As discussed in Section 3.6 above, the performance framework has been left to each of the parties to develop – a very unusual arrangement for a single, small program and one bound to work against program coherence. In using a designer to redevelop the program structure, a related step is to develop an integrated performance framework addressing both the ODA and non-ODA components of the Program. It may be helpful to contact the central offices of the US and Netherlands Institutes (NDI, IRI and NIMD) to draw on their experience with performance management.

The recent Aid Effectiveness Review underscores the importance of investing in a robust performance framework, identifying ineffective aid as the greatest risk to the taxpayer in the aid program, ahead of fraud and waste (Government of Australia, 2011:34).

d) Tools for effective engagement

International work on political party aid consistently identifies the meagre capacity and stock of research and analyses of party and political systems (Amundsen: 28). The starting point of any activity, it is suggested, should be careful needs assessment and planning that answers three essential questions: (1) what is the situation like now; (2) what will it be like in the future and how do we want it to be; and (3) what are the appropriate activities to achieve the desired outcome (Capon: 21).

Programing could be strengthened if the parties had multi-year plans that were based on rigorous assessments of the political environment in the target countries – at least in those countries where the parties are leading rather than partnering with institutes with substantial field offices such as IRI and NDI. A multi-partisan assessment team (or teams) with members from different Australian parties, CDI and academe could look at countries within the program's remit and make recommendations for the implementing parties and the Australian Government.

There are established methodologies used by organisations like IRI, NDI and the European foundations that could be adapted for use by APPDP. The assessments use a combination of existing public domain quantitative information such as polling, academic studies and interviews with political party

leadership and other political and civil society actors in the host countries to examine the political context in a given country.

The assessments would give AusAID and the parties a baseline of information upon which to make decisions about allocation of resources and appropriate approaches for each country. The assessments would also take note of programs provided by other donors and implementers. Ideally, the assessments would also help to build an overview of the regional context. Frequently, political party programs are most effective when they leverage expertise within transitional democracies. An example is the recent CDI-sponsored Egypt-Indonesia dialogue that took place in Jakarta and Cairo.

e) Coordination

Political parties are one component of a political system whose operation shapes the quality of popular representation for good or ill, and work to strengthen political parties will have best effect if coordinated with and leverages work across all the elements of political governance. Many of the recent reports on political party work have emphasised the need for closer coordination. If the Australian Program continues to be characterised as significantly ODA and managed within AusAID, participating Australian political parties should be assisted to coordinate more closely with other governance elements of the aid program and with other donors working in the same field. In discussing annual work plans with the parties, AusAID should be alert to how activities may complement broader political governance programming and bring this to the attention of the parties. Parties should also be encouraged to make use of AusAID and DFAT knowledge and networks at post.

f) Transparency

The Aid Effectiveness Review has called unambiguously for wide public disclosure of aid activities:

Transparency, scrutiny and public engagement are not optional add-ons to the aid program; they are part of its foundation. A 'warts and all' approach to aid transparency is needed. Transparency and scrutiny lead to more informed discussion and debate, which in turn leads to a more effective program. (Government of Australia 2011: 36)

Little about the APPDP appears on either AusAID's website or the websites of participating parties. While parties, for strategic reasons, may be loathe to disclose material that reveals internal processes or tactics, to the maximum extent feasible material about Program activities should be made publicly available. Importantly, wide disclosure coupled with a stronger Program rationale should go a considerable way towards countering accusations of political interference.

g) Risk management

This review traces its genesis, in part, to unease about perceptions of political interference in the affairs of sovereign states. Given this history, the views of both participants in APPDP activities and development practitioners in the field with whom we consulted are instructive. Political party officials in both Indonesia and PNG had encountered but dismissed claims of political interference. In a couple of cases, they had themselves been accused of “being in bed with” overseas parties, but disregarded the slight. One interlocutor commented “even some of my friends say ‘you are being brainwashed’, but I can put aside what is not suitable”.

Accusations of political meddling seem to go with the territory when working in the area of political governance, and it is not only work with political parties that attracts criticism. In Indonesia we were told of several opportunistic attacks: on UNDP for having an office for its Parliamentary strengthening project located within the Parliament building; on NDI for its work with women political candidates in Aceh; on IFES, which was accused by Megawati and her party of rigging the results of the 2009 election through its work with the Electoral Commission; and on the Friedrich Ebert *Stiftung* for promoting its political philosophy.

The unanimous view of development practitioners is that we should not overreact to accusations of interference: all development work comes at some risk, and attacks are frequently mischievous, albeit with a clear political motive. The best approach is to plan to manage risk, rather than being overly risk averse. Both risk management strategies and transparency are strong defences: while they will not inoculate a program, they do offer good protection. An assessment of potential program risks and their treatment is a normal part of program design, and a risk management matrix could be developed for APPDP as part of the design process envisaged in subsections 3.8(b) and (c) above.

h) Multiparty approaches

As discussed in section 2 above, most of the overseas foundations/institutes elect to work on a multi-party basis in emerging democracies, and those familiar with political party aid point to the difficulties in finding neat ideological matches with parties outside Europe where quite different principles and allegiances provide the basis for political affiliation. Accusations of interference have generally been associated with one-on-one assistance, such as support for the Presidential candidate in Sri Lanka, and political party officials consulted in Indonesia spontaneously advocated a multi-party approach to assistance. To specify multi-party work only would be to oversimplify a complex sphere of operations and would in particular cut across the existing work of the Australian Greens whose point of entry is supporting emerging green organisations and

parties. At the same time, there is a persuasive logic to working, wherever feasible, on a multi-party basis.

i) Priority countries

The number of political party institutes, multilaterals and international NGOs working on aspects of political systems development in Indonesia stood in sharp contrast to PNG, where Australian players have the field to themselves: neither the US nor the European institutes have a presence in PNG or elsewhere in the Pacific, and the UNDP Parliamentary program in PNG was forced to wind back several years ago.

The absence of other support in the Pacific and low levels of support in Timor-Leste suggest that this region should be a priority for Australian engagement alongside Indonesia which is one of Australia's most important development partners and a CDI priority country. At the same time, it is acknowledged that the Pacific is a tougher environment in which to operate due both to the absence of locally-based international partners through which to work and the inherent challenges of working with weakly developed parties and party systems. For these reasons, Australian parties may need to draw more on the analysis and networks of overseas posts when moving into the Pacific.

j) Value for money in training

From our consultations in Indonesia and more particularly in PNG there emerged a strong endorsement for the conduct of training in-country in order to increase the number of participants and hence the impact of the training. In PNG there was also a call for training at the sub-national level. In-country training presents real challenges where Australian parties cannot work through the field offices of European or US political party institutes, and working at sub-national level multiplies the logistical challenges. All parties are mounting at least some in-country training in countries independently of international partners, through the identification of local partners. In these situations, liaison with overseas posts may again be particularly beneficial.

k) Embedding learning from study tours

Several people who had undertaken training or study tours in Australia spoke about the importance of sharing their learning with colleagues on their return home. One study tour participant made the interesting suggestion that it would be useful to extend the duration of the tour by a few days to allow for a two-day orientation at the outset to brief participants and facilitate an interactive discourse between them on their own systems and the Australian system, and a review and debrief at the end to examine the usefulness and applicability of the observation to their own systems and the take-out lessons. The commentator emphasised that participants must be encouraged to think about how to apply the experience

on their return home. This thoughtful suggestion – and the larger issue of embedding learning - should be discussed with the parties when annual workplans are considered.

4. Options for future management structures

The trigger for this review was the proposal to transfer day-to-day administration of APPDP to the Centre for Democratic Institutions (CDI) and the subsequent agreement to first consider more carefully the Program's activities and optional management structures.

Several factors underpin the uneasiness about direct management of the Program by AusAID:

- The optics of a government directly funding domestic political parties to work with their counterparts in emerging democracies – in stark contrast to the practice of other donor countries to channel funds through intermediary foundations/institutes;
- A concern that activities undertaken by Australian political parties may be perceived as constituting interference by the Australian Government in the politics of a sovereign state;
- The anomaly of a non-contestable grant program under which the grantee undertakes activity design being administered within an agency that more commonly drives program design and contracts out program implementation;
- The concern and relevance of direct administration of a very small program when the policy thrust of the aid effectiveness review is to aggregate smaller activities to facilitate effective management of the rapidly expanding aid program; and
- A question as to whether the Program is best characterised as development assistance.

On the other side of the equation, the political parties have a strong preference to maintain a direct line relationship with the responsible Minister, and are reluctant to see the Program managed by an intermediary body such as CDI. While favouring a direct Ministerial relationship, the parties are not wedded to Program administration remaining with AusAID.

There are many possible management structures, each of which addresses to varying degrees the concerns outlined above:

- the first cluster of options would retain the Program within AusAID, on the basis that ODA is a fundamental of the Program, but introduce an advisory or supervisory mechanism to bring greater strategic focus and/or arm's length management;

- the second cluster explores several relatively minor interagency transfers based on a revised view of the Program's fundamental character and structure; and
- the third cluster would involve some reengineering of existing organisations or the creation of new organisations, with significant associated cost.

These options are not exhaustive, and elements from more than one option can be combined in other configurations. Whatever option is favoured, there is a caveat, in that a change in organisational arrangements will not in itself remedy systemic issues around overall accountability and performance. To the extent that these are legitimate concerns, they must be tackled wherever administration rests.

4.1 Status quo

To the extent that the Program is undertaking significant ODA-related activity, its management by AusAID allows closer management of development outcomes. This was clearly a factor in the decision to transfer it from Finance to AusAID following the ANAO report. One of the recent European studies also points to performance concerns where party-based organisations are separated from the oversight and control mechanisms of official development assistance (Amundsen: 17-18). To realise the benefits of the location of the Program within AusAID, however, it is important that the Agency engage more closely on the achievement of its development outcomes, including through the closer consideration and discussion of workplans and interim performance reports.

4.2 Involve CDI in the assessment of annual workplans

To broaden technical support for the program, AusAID could refer the annual workplans of the parties to CDI (and/or other organisations) for consideration and advice. The involvement of CDI in this way was recently considered by AusAID, but effectively overtaken this review. The proposal aimed to “value add” to AusAID's own capacity by drawing on an independent, expert organisation which is itself undertaking political party strengthening in the region and has sound development credentials in this field. In this capacity, CDI is well equipped to provide AusAID with technical advice on the workplans, including their alignment with Program aims and with the specific criteria against which the Program guidelines require all activities to be assessed.

The proposal is less likely to achieve the objective of placing some distance between the Program and AusAID, since CDI would be operating in a purely advisory capacity. It may also prove sensitive with the political parties, which see CDI as a peer and may not welcome its elevation to the position of commentator/critic.

4.3 Establish a senior reference group of officials and stakeholders

At the moment, the points of engagement between the international secretariats of the political parties, AusAID and DFAT are relatively limited and focused on operational matters. The administrative relationship between the parties and AusAID is predominantly managed at the EL1 level within the Politics, State and Society Section in Canberra. At the overseas posts visited, there is no reported contact between the parties and AusAID governance staff, although these staff constitute an expert resource on which the parties could draw.³ In Jakarta, for example, AusAID has a strong team of locally engaged and posted governance staff, including a Governance Adviser with two decades of relevant experience in Indonesia.

DFAT officers at post, who are immersed in local context and networks, also report very little contact with APPDP: at most a periodic request to distribute information about forthcoming training opportunities, but no subsequent involvement in the recommendation of candidates. This is a lost opportunity for the parties, and for the Australian Government. And in those countries where the parties cannot work through the established infrastructure of NDI and IRI, posted staff represent an invaluable resource to guide the parties through the complexities of local context, facilitate relevant entry points and provide local knowledge about logistical needs.

The parties, for their part, seem to have been frustrated by the administrative distractions of the relationship with AusAID and do not seem to have had much of an opportunity to engage strategically at a more senior level about program vision and direction.

One remedy for this constellation of issues could be the formation of a reference group chaired at the SES-level by AusAID and including a representative of DFAT, the international secretaries of the political parties and, logically, CDI which could meet once or twice annually to discuss the strategic focus of political party aid, consider the broad direction of both APPDP and CDI programming and strengthen overall coordination of political party activity. Importantly, the reference group would provide a forum to discuss program parameters and any areas of difficulty or sensitivity, reflect on experience with program implementation and reporting, share information about international developments and practice in the field, consider priorities for country-level research and analysis, and consider complementarities with AusAID's political governance programming. A further contribution of the reference group would be to consider areas where overseas posts could assist with context and networks and to close the loop with overseas posts more generally.

³ We understand that there is direct and regular contact between one of the Australian parties and the post in East Timor.

4.4 Establish an independent panel linked to AusAID

One of the possible options flagged in the TOR for this review is limited transfer of management responsibility to an independent panel to review and approve APPDP annual work plans. This option differs from the reference group described above in that it aims, by stipulating an independent mechanism, to distance the Government from the significant decisions taken under the program. This is a significant consideration as the Australian Program is unique in giving funding direct to political parties rather than to an arms-length organisation. It makes the Program relatively more vulnerable to accusations of pork-barrelling and junketeering in Australia and to charges of political interference in recipient countries.

For a panel to be independent, it needs a separate institutional identity. One model is the Council of the Political Exchange Program described in section 4.3 above. Another model is the Developmental Leadership Program (see **Attachment 4**), an international policy initiative linked to AusAID which provides a vehicle to explore the character of leadership in less developed states and to generate knowledge that may be translated into effective development programming. The policy work of the program is supported by targeted research. The strategic objective of the Program is to identify and communicate the policy, strategic and operational implications of emerging research evidence about the critical role of developmental leadership and coalitions in the formation of institutions which promote inclusive development.

The work of the Program is guided by an independent Steering Committee which ensures overall quality and guides the direction of the Program. It also has a key role in reviewing and approving the financial reporting (including annual independent audits) from the contractor employed to administer funds allocated under the program. The Steering Committee is chaired by a prominent Australian, and committee members are drawn inter alia from senior positions in AusAID, NZAID, GIZ, the Asia Foundation, Oxfam and Transparency International. AusAID is the principal funder for the Program, and a small Program Management Team is attached to AusAID which provides day-to-day direction and oversight of the Program.

The management structure for the Program puts a distance between AusAID and the Program, reinforced in this case by the international character of the Program and its management. The model may, nonetheless, be transferrable to APPDP, with a committee comprising, for example, eminent retired parliamentarians with strong development credentials, a representative of International IDEA (assuming it opens an office in Australia) and ex officio representatives of AusAID and DFAT. This represents a much more elaborate mechanism than a reference group, and would require additional running costs.

A further attraction of the model is the potential it affords to outsource day-to-day administration to a commercial company, creating a separation between policy and administration that the political parties may find more comfortable. This approach would also allow AusAID staff to step back from the minutiae of administration of a small program, in line with the approach outlined in the aid effectiveness review.

The success of the model would hinge on the standing, authority, level of engagement and effectiveness of the Board as decision-maker on Program execution, and its perceived separation from Government. It may be pertinent in this regard that the Norwegians, who initially established an expert board to oversee funding for the international work of political parties, replaced it a few years later with a multi-party institute.

4.5 Transfer administration of APPDP to another Government Department

The organisational location of the Program is a function of its essential character and purpose. Its transfer to AusAID coincided with a decision that 50% of its funding should be committed to ODA-eligible activities, but it remains arguable whether the Program overall is best characterised as international development assistance.

Internationally, the assistance channelled by governments to *individual* political parties, via their affiliated foundations, is most often administered by Ministries of Foreign Affairs. This is the case for the UK Westminster Foundation for Democracy, the Norwegian Centre for Democracy Support and the Dutch Matra Political Parties Program. The overseas work of the German *Stiftungen* is funded by both the Foreign Ministry and the Federal Ministry for Economic Cooperation and Development (NORAD: 68-80; Amundsen: 19-27). The outliers are the US institutes, whose core funding come direct from Congress via the National Endowment for Democracy. Should the Australian Program be assessed as principally concerned with advancing Australia's interests internationally, then the Department of Foreign Affairs and Trade would be the logical home for it.

When APPDP was initially placed within the Department of Finance in 2005, it can be speculated that the logic was collocation with the suite of other programs supporting political parties and politicians. Finance already administered two programs which provided funding for functions closely associated with the activities and interests of Australian political parties: the annual grants program for political party research institutes⁴, and the Political Exchange Program (see section 4.6 below). These functions are incorporated within Finance's third program, *Parliamentary Services*, which also provides support services to current and former Parliamentarians and their staff. The Australian Electoral Commission

⁴ The Page Research Centre (\$106,865 in 09/10); the Menzies Research Centre (\$213,728 in 09/10); the Green Institute (\$55,000 in 09/10); and the Chifley Research Centre (\$213,728 in 09/10)

also sits within the wider Finance portfolio and it administers the program providing election funding to eligible parties, further reinforcing the portfolio's administrative relationship with the political party system. Despite this natural alignment, it may be difficult to contemplate transferring APPDP back into Finance as a discrete program so soon after the decision to transfer it to AusAID.

4.6 Align APPDP with the management of the Political Exchange Program

The Australian Political Exchange Program was established as a vehicle to facilitate exchange visits by young people drawn from the participating Australian parties to other countries and study tours to Australia by young political leaders from countries important to Australia for trade or strategic reasons. The budget allocation for the Program in 2009/10 was \$829,000. The Program is supervised by a high level seven-member Council, six members of which are selected by the Parliamentary leaders of the four main political parties represented in the National Parliament; the Council's independent chairperson is appointed by the Prime Minister. The current chairman is retired Senator Robert Ray. The Department of Finance provides secretariat support to the Council. More information on the Council is at **Attachment 5**.

The functions of the Political Exchange Program are not dissimilar to those of the APPDP, and the high level council appointed by Parliamentary leaders is well-equipped to supervise strategic direction and underwrite accountability while establishing a degree of distance between the Program and the Government of the day. Importantly, as the Council machinery already exists, transfer of the APPDP should involve no new costs.

It should be emphasised that there has been no consultation with the Council or its Secretariat about this option.

4.7 Merge APPDP into the Australian Electoral Commission post-election grants to political parties

All Australian political parties gaining at least 4% of the primary vote in an electoral contest receive one-off funding after the election; originally structured as a subsidy towards electoral expenses, since 2000 it has been paid as an automatic entitlement irrespective of actual campaign expenditure (Ghazarian: 64).

One option may be to abolish APPDP as a discrete program and inject the associated funding via an increment to the electoral grant that the parties receive through the Australian Electoral Commission (AEC). The advantage of such an approach for the parties is that they would no longer have to account separately for international activities: financial accountability would be provided through the parties' regular audits, and activity planning and reporting would be endogenous to their own organisations.

This option may be rather less realistic than it first appears. AEC has not been consulted and may advise that an increment to the campaigning grant is outside the purposes envisaged in the enabling legislation. The international secretariats of the parties may also see real disadvantages in the disappearance of earmarked funding.

4.8 Transfer administration of the Program to the Centre for Democratic Institutions

The Centre for Democratic Institutions (CDI) was established by the Australian Government, on the initiative of the then Minister for Foreign Affairs, in 1998 under the auspices of the Australian National University (ANU); its purpose is to support the strengthening of democratic processes and institutions in Southeast Asia and the Pacific through knowledge sharing and interchange between Australia and the region. The two priority areas of CDI's work are political party development and parliamentary strengthening, establishing a synergy with the work of APPDP, and CDI and the political parties collaborate to varying degrees on each others' programming.

These natural synergies provided a defining logic for the decision to transfer APPDP management to CDI. However neither the political parties nor CDI are supportive of the move. The political parties see CDI as a peer in the field of political party development and argue that a managerial role would distort the character of the relationship and compromise the institutional autonomy of the parties. CDI is equally unenthusiastic, and for similar reasons, seeing its relationship with the parties as essentially collegiate. It argues that a shift to a directive relationship is out of step with what CDI is constituted to do and may be unacceptable to ANU management.

Beyond these considerations, the transfer of APPDP administration to CDI would require additional funding to cover the costs of assessment, strategic planning, monitoring and evaluation and financial accountability. CDI in all probability would also require some additional degree of flexibility from ANU in regard to administrative and financial systems.

While not supporting the transfer, CDI would welcome the creation of some other kind of mechanism that strengthened coordination between APPDP and CDI's own programming.

4.9 Establish a multi-party foundation

The structural route followed by all other governments funding domestic political parties to engage in party strengthening in emerging democracies is to channel funds through party-associated institutes/foundations which in many cases have been established for this express purpose. The institutes set up are both single

party and multi-party organisations. An example of the latter is the Netherlands Institute for Multiparty Democracy (NIMD), which the *Power to the People* report described as “an interesting model to consider in the event that Australia moves to set up a multi-party foundation for similar purposes” (Government of Australia 2009: 20).

Multiparty agencies have had a patchy track record: both the Westminster Foundation for Democracy (WFD) and the Norwegian Centre for Democracy Support have fared badly in recent reviews⁵ although the most trenchant criticism of WFD was reserved for that part of its work which the Foundation itself, as opposed to the UK political parties, designed and administered. More positively, one analyst has suggested that multiparty institutes are more receptive to development criteria and performance assessment, and have been the first to undertake systematic evaluations and impact assessments (Amundsen: 18).

A significant disadvantage is that this would be a very high cost model to introduce for what is one of the smaller programs of support to political parties internationally.

4.10 Selecting an option

Several considerations shape the selection of a preferred management structure for APPDP. Important amongst these is the primary purpose and character of the Program. If international development is at its heart, then it sits appropriately within AusAID. If, however, it is primarily concerned with political party work, then it more logically belongs elsewhere, and the Political Exchange Program appears to offer good synergies.

A second important consideration is the degree of distance required between the Australian Government and the activities of the APPDP. Several of the options outlined above increase the distance from Executive Government: from establishing an independent panel linked to AusAID to the creation of an independent foundation along European or US lines. As a rule of thumb, the greater the distance from Executive Government, the higher the overall establishment and operating costs and the higher the ratio of management to program costs.

The third major consideration is the level of strategic support that the Program receives. This has been fairly limited to date, and may account for some of the unease around the Program. If it continues to be administered within AusAID, there could be benefit in setting up a reference group along the lines suggested in section 4.3 above. Were the Program to be collocated with the Political Exchange Program, the Council would similarly provide strategic direction.

⁵ “At best, NDS may enhance the interests and knowledge of Norwegian political parties about the developing world and give some party officials first-hand knowledge about the problems.” (Amundsen: 18)

As mentioned in the introduction to this section of the report, the options outlined are not exhaustive, and each addresses the various policy considerations to differing degrees. The final model of management structure may well involve a reconfiguration of elements from two or more of these options in order to achieve an optimum fit between program purpose, stakeholder interests and organisational forms.

TERMS OF REFERENCE

Australian Political Parties for Democracy Program (APPDP)

Review of APPDP Operations and Management

1. Background

AusAID currently manages the Australian Political Parties for Democracy Program (APPDP). Under APPDP, AusAID provides funding to the Australian Labour Party (ALP), the Liberal Party of Australia (on behalf of the coalition), and the Australian Greens to undertake democratic governance capacity building work with political parties in countries across the Asia-Pacific region. The overarching objective of APPDP is to strengthen democracy internationally. Specifically, APPDP aims to:

- support robust, responsive and sustainable democratic party processes that assist in achieving lasting development outcomes for Australia's partner countries
- encourage capable, effective, representative, accountable, inclusive and transparent democratic political parties
- assist other nations to learn about, and share experiences on, democratic practices, integrity in party processes, and the value of democracy
- encourage international cooperation between democratic political parties.

APPDP aims to achieve these objectives by providing grant funding of up to \$1 million annually to each the ALP and the Liberal Party, and \$100,000 to the Greens, to undertake activities. Of this, 50 per cent must be for international development purposes (ODA eligible funds).

On occasion, concerns have been raised about the propriety of AusAID funding and managing APPDP. Under APPDP, AusAID provides financial resources to Australian political parties so that they can offer assistance to parties in developing countries with which they have a political affinity. This has the potential to lead to accusations of interference by the Australian Government in the domestic political affairs of recipient countries. Former Minister Smith tasked AusAID with transferring management responsibility of APPDP to the Centre for Democratic Institutions (CDI) in order to increase transparency and ensure that APPDP can be seen to operate in often politically sensitive environments at arm's length from Government. This follows from the *Power to the People* political governance review, which stated that:

... direct support to political parties is politically sensitive because it risks breaking the principle of non-partisanship and non-intervention in sovereign and domestic affairs. Some donor countries ban donations to overseas political parties and some developing

countries (e.g., Indonesia) ban their receipt. Official donors often prefer to keep this support at arm's length, using channels that are seen as neutral (such as UNDP, International IDEA, CDI) and multi-donor mechanisms. (para 32)

AusAID has consulted with key APPDP stakeholders concerning the proposed transfer of management responsibility to CDI, and reached unanimous agreement that it would be necessary to conduct a comprehensive review of APPDP's activities and management processes prior to any such transfer. Such a review will allow for careful assessment of all available options for a new APPDP management structure that both addresses concerns about the proximity of Australian Government involvement in the political processes of partner governments, and can continue to support APPDP to operate effectively. A review will also allow for an assessment of APPDP performance to date.

The objectives of this review are therefore twofold. First, the review will assess APPDP activities to date to ensure that the program is operating effectively and meeting its stated objectives. Second, the review will explore all available options for the management of APPDP, including transfer to an appropriate non-government organisation such as CDI, and limited transfer of management responsibility to an independent panel to review and approve APPDP annual work plans. Current stakeholders of APPDP will be involved in the review process, as well as other actors working in the field of political party development. The review report will make recommendations concerning management of APPDP, to ensure the program continues to operate effectively.

2. Objectives of the Review

AusAID will conduct a review of the Australian Political Parties for Democracy Program to:

1. Assess the developmental impact and effectiveness of program activities against program objectives, and make recommendations for improvement as appropriate; and
2. Advise on possible new APPDP management structures that can both address concerns about the proximity of Australian Government involvement in the political processes of partner governments, and continue to support APPDP to operate effectively.

3. Scope of Services

- 3.1** To fulfil the objectives listed above, the Review Team will need to undertake the tasks outlined below.

Travel, Reading & Meetings:

- Meet with key stakeholders in Canberra as directed by AusAID.

- Complete pre-reading materials as directed by AusAID.
- Travel to Indonesia and PNG to hold discussions with key stakeholders and other relevant individuals or organisations, as directed by AusAID.

Objective 1:

- Assess whether APPDP Official Development Assistance (ODA) eligible activities (for each party and overall) are tailored to achieving the program's aims. APPDP's aims are to:
 - Support robust, responsive and sustainable democratic party processes that assist in achieving lasting development outcomes for Australia's partner countries;
 - Encourage capable, effective, representative, accountable, inclusive and transparent democratic political parties;
 - Assist other nations to learn about, and share experiences on, democratic practices, integrity in party processes, and the value of democracy; and
 - Encourage international cooperation between democratic political parties.
- Assess whether, and how, the political parties address the criteria contained in the APPDP Guidelines⁶ when designing and implementing activities.
- Assess and identify the developmental impact of APPDP activities (for each party and overall), including through:
 - Discussions with the beneficiaries of various APPDP activities in Indonesia and PNG; and
 - Analysis of APPDP planning documents and activity reporting.
- Assess APPDP activities (for each party and overall) in terms of:
 - Value for money; and
 - Consistency with international approaches to political party strengthening.
- Assess the quality of reporting, monitoring and evaluation of APPDP activities to ensure that lessons learned inform future planning.
- Assess and review the adequacy of AusAID administrative and financial support to APPDP.
- Make recommendations for how APPDP itself, and the parties' activities, may be improved in terms of focus, impact and effectiveness.

Objective 2:

⁶ APPDP Guidelines, March 2011, Sections 2-4.

- After comprehensive analysis, advise on possible new APPDP management structures, including but not limited to:
 - Full transfer of management responsibility to an appropriate non-government organisation; and
 - Limited transfer of management responsibility to an independent panel to review and approve APPDP annual work plans.
- When advising on possible new APPDP management structures, consideration should be given to factors including:
 - Where APPDP management would be taken over by an existing organisation, the compatibility of that organisation's management of APPDP with the institutional objectives and plans of that organisation, any parent institution, the ALP, Liberal Party and Australian Greens;
 - Any required changes to the APPDP Guidelines and any existing organisation's mandate (if appropriate) – including performance monitoring and reporting arrangements;
 - Where there would be limited transfer of management responsibility to an independent panel, the required structure, processes, membership, and terms of reference of that panel;
 - Potential benefits to APPDP and any existing organisation;
 - Potential risks for APPDP and any existing organisation, and risk management and/or mitigation strategies;
 - The risk of perceptions of Australian Government interference in the domestic political affairs of partner countries;
 - Structures used by other donors to manage similar programs (See **Annex 1**);
 - The findings of the *Power to the People* political governance review;
 - The capacity of the new management structure to support APPDP to operate effectively; and
 - Whether there will be a need for increased financial support to any existing organisation to effectively manage APPDP, and how much.
- Make recommendations for the most appropriate management structure for APPDP

Reporting:

- Following preliminary reading, the planning day, and consultations in Canberra, the Review Team will notify AusAID of stakeholders with which the Review Team wishes to meet
- The Review Team will produce the following Aid Memoires to assist in the writing of the review report:
 - Aid Memoire of 5-10 pages following consultations in Canberra – due by 18 August 2011;
 - Aid Memoire of 5-10 pages following consultations in Jakarta – due by 27 August 2011;

- Aid Memoire of 5-10 pages following consultations in Port Moresby – due by 1 September 2011;
- The Review Team will produce a draft review report of no more than 30 pages (not including annexes) that incorporates the comments of all Review Team members – due by COB 7 September
- The Review Team will produce a final review report of no more than 30 pages (not including annexes) outlining the findings and recommendations of the Review Team in relation to the review objectives. The report should also incorporate comments on the draft report provided by AusAID. The report should meet AusAID’s quality requirements and conform to AusAID documentary standards. The final report is due by COB 14 September.

3.2 AusAID will take responsibility for:

- Ensuring access to relevant documentation by the Review Team
- Arranging briefings and meetings for the Review Team with key stakeholders, including:
 - Beneficiaries of APPDP activities in country
 - Representatives from the ALP, Liberal Party, the Australian Greens, and CDI
- Procuring the services of the Review Team
- Managing distribution of the review report and implementation of its recommendations as agreed with stakeholders.

4. Duration, Phasing, Documentation and Reporting Requirements

The Review Team will undertake its duties over August – September 2011. The review process will have the following activities and timeline:

| Input | Activity | Report Required | Indicative Dates |
|--------|--|---|--|
| 2 days | <ul style="list-style-type: none"> • Complete prior reading list | - Provide list of requested additional meetings for in-country missions | Over the period 28 July – 10 August 2011 |
| 1 Day | <u>Planning meeting of Review Team</u> <ul style="list-style-type: none"> • Meet Review Team members and plan for conduct of the review | - Any input into the conduct of the review | 12 August 2011 |

| | | | |
|---------------------|--|--|---|
| | <ul style="list-style-type: none"> Identify themes for analysis, and approach for interviews | | |
| 3 days in Canberra | <u>Pre In-Country Mission</u> <ul style="list-style-type: none"> Meetings with ALP, Liberal Party, the Greens, CDI, and other relevant individuals or organisations | <ul style="list-style-type: none"> - Provide list of requested additional meetings for in-country missions - Aide Memoire (5-10 pages) | 15 – 17 August 2011 - Aide Memoire (5-10 pages) due by 18 August 2011 |
| 7 days in Indonesia | <u>In-Country Mission</u> <ul style="list-style-type: none"> Consultations in Jakarta with various beneficiaries of APPDP activities of all parties, and other relevant individuals or organisations Debrief and discussion Draft Aide Memoires Compile team input for review report draft | <ul style="list-style-type: none"> - Aide Memoire (5-10 pages) | 22 – 26 August 2011 (Plus 2 days travel) - Aide Memoire (5-10 pages) due by 27 August 2011 |
| 5 days in PNG | <u>In-Country Mission</u> <ul style="list-style-type: none"> Consultations in Port Moresby with various beneficiaries of APPDP activities of all parties, and other relevant individuals or organisations Debrief and discussion Compile team input for review report draft | <ul style="list-style-type: none"> - Aide Memoire (5-10 pages) | 29 – 31 August 2011 (Plus 2 days travel) - Aide Memoire (5-10 pages) due by 1 September 2011 |
| 4 days | <u>Report Drafting</u> <ul style="list-style-type: none"> Consultant to draft review report Submission of draft review report to AusAID | <ul style="list-style-type: none"> - Draft review report of no more than 30 pages (not including annexes) | Over the period 2 – 7 September 2011 - Review report draft overview (not including annexes) to be completed and submitted to AusAID by COB 7 September |

| | | | |
|--------|---|---|---|
| 2 days | <u>AusAID appraisal of draft review report</u> <ul style="list-style-type: none"> AusAID to comment on review report draft, and provide comments to Review Team. | - AusAID comments to be provided to Review Team | 7 – 9 September 2011 - comments to be provided to Review Team by COB 9 September |
| 3 days | <u>Submission of final review report</u> <ul style="list-style-type: none"> Consultant to update review report to reflect AusAID comments and submit final report. | - Finalised review report, including annexes. | 12 – 14 September 2011 - FINAL review report submitted for delegate approval by COB 14 September |

5. Personnel: Specification of the Review Team

1. Governance Specialist 1: External consultant (recruited through AusAID governance networks/Governance Period Offer)

Qualifications/Experience: A solid understanding of the complexity of the institutional interests of the various stakeholders and the development assistance objectives of APPDP and AusAID. An understanding of AusAID's political governance strategy, and the history and evolution of APPDP. A strong background in the nature and development of democracy promotion strategies internationally, with specific experience in strengthening parliaments and political party development issues.

Role: To provide expertise in relation to the assessment of APPDP parliamentary and political party strengthening activities, and advice on the transfer of management responsibility for APPDP. To draft all parts of the review report. Production of aid memoirs.

Input: 25 days total - 2 days reading. 1 day planning meeting in Canberra, 3 days in Canberra pre in-country mission, 12 days in-country (including travel), 4 days drafting review report, and 3 finalising report.

Output: Aid memoirs. All drafts of review report.

2. Governance Specialist: External consultant (recruited through AusAID governance networks/Governance Period Offer)

Qualifications/Experience: Strong background in the nature and development of democracy promotion strategies internationally, with specific experience in strengthening

parliaments and political party development issues. Detailed knowledge of APPDP, and experience managing similar programs.

Role: To provide expertise in relation to the assessment of APPDP's parliamentary and political party strengthening activities, and advice on the transfer of management responsibility for APPDP. To provide expertise in relation to the management requirements of any organisation that may takeover management of APPDP. To provide input into the review report. Production of aid memoires.

Input: 1 day reading. 1/2 day planning meeting in Canberra (telephone in), 2 days in Indonesia, 5 in PNG (including travel).

Output: Aid memoires. Input into draft review report.

3. AusAID Officer – Politics State Society Section

Qualifications/Experience: Understanding of the institutional interests of the various stakeholders and the development assistance objectives of APPDP and AusAID. An understanding of AusAID's political governance strategy, and the history and evolution of APPDP.

Role: To provide advice in relation to the institutional needs of AusAID and APPDP. To organise logistics and meetings for in-country missions, and coordinate the activities of the Review Team. Production of aid memoires.

Input: 18 days total - 1 day planning meeting in Canberra, 3 days in Canberra pre in-country mission, 12 days in-country (including travel), 2 days appraising draft review report.

Output: Aid memoires. Comments on draft review report.

Organisations supporting work with political parties

(the information below is drawn from reports listed in the bibliography and from organisation websites)

1. Organisations linked with national political parties

German Stiftungen

All political parties in Germany have a foundation (*stiftung*) which undertakes work in the areas of democracy building, outreach, research and international cooperation. They are primarily think tanks and promoters of a particular interest or ideology, and support for political parties in emerging democracies forms only a minor component of their work. Most *stiftungen* were established in the 1960s, although a few have deeper roots e.g. the Friedrich Ebert Stiftung was established in 1925, and the Konrad Adenauer Stiftung in 1956. The *stiftung* are largely financed through grants from the federal budget and the various *Bundeslander*. The overseas work is mainly financed by the Ministry for Foreign Affairs and by the Ministry for Economic Cooperation and Development, and this funding supports a significant overseas presence: for example, the Friedrich Ebert Stiftung has around 60 field offices and the Konrad Adenauer Stiftung has more than 100.

United States: International Republican Institute and National Democratic Institute

The International Republican Institute (IRI) and the National Democratic Institute (NDI) were established in 1983 and 1984 respectively and each is associated with the US political party from which it takes its name. Both institutes receive their core funding and a component of their supplementary project funding from the National Endowment for Democracy, which in turn is funded by direct Congressional appropriation (as are several other entities including the Asia Foundation). Significant supplementary funding is provided by the US State Department and USAID for specific activity.

IRI's goal is described as advancing freedom and democracy world wide by developing political parties, civic institutions, open elections, good governance and rule of law. NDI has an explicit approach on political party building, but is also actively involved in broader democracy support activities such as citizen and women's participation, election processes and strengthening of legislatures. Each institute has around 50 field offices around the world, and NDI's current annual budget is in excess of USD100M.

United Kingdom: Westminster Foundation for Democracy

The Westminster Foundation for Democracy was founded in 1992 as an “executive non-departmental public body” funded through and overseen by the Foreign and Commonwealth Office. It is administered by a Board of 14 governors, eight appointed by the political parties and six independent appointees. Its expenditure is bifurcated: half supports the international work of individual UK political parties; and half supports multi-party activity designed by the Foundation secretariat. The Foundation’s vision is to achieve sustainable political change in emerging democracies, centred around its capacity to design and deliver coordinated party to party political development programs in the countries in which it elects to work. At the time of its review in 2005, it had an annual budget of around £4M which underwrote activities in 62 countries.

Swedish party associated organisations

Sweden has seven party associated organisations (PAOs), each linked to a specific political party; a number also include civil society organisation membership. The PAOs date back to the early 1990s when each of the seven political parties represented in the Parliament was offered funds to support party-to-party work. The Swedish parties initially focussed on support to fraternal parties in countries that were slated to join the European Union, but from 2004 assistance has extended into the former Soviet republics and southwards to countries in receipt of Swedish development assistance. Funding for the party assistance scheme is handled administratively by the Swedish International Development Cooperation Agency (SIDA). Funding under the scheme in 2007 stood at \$9.44M for single-party activities and \$1.62M for multi-party activities. The aims of the scheme are to support the development of a well-functioning party system, political participation and democratic political systems in developing countries as well as in the countries of the Western Balkans and Eastern Europe.

Netherlands party foundations, and the Netherlands Institute of Multiparty Democracy

The Netherlands has two distinct arrangements for political party development which operate side by side: seven single-party foundations (*Stichtingen*) and one multi-party organisation, the Netherlands Institute for Multiparty Democracy. The individual foundations are mainly funded by the Government (with funding channelled through the Ministry of Foreign Affairs), but overall funding is low – of the order of €2M overall (2007 figures) – and the primary focus is party-to-party support for countries in Eastern and South Eastern Europe

The Netherlands Institute for Multiparty Democracy was established in 2001 by the Dutch political parties represented in the parliament, with a mandate to support the development and consolidation of political parties in young democracies. It comes under the Minister for Development Cooperation and its budget has grown to around €10M (2009 figures). Some 90% of its funding is directed towards support for political parties, with the remainder supporting civil

society activity. In 2009, it operated in 17 countries and cooperated with more than 150 political parties.

Norwegian Centre for Democracy Support

The Norwegian Centre for Democracy Support was established in October 2002 as a forum for cooperation between the political parties represented in the Norwegian Parliament. Its goal was to support the development of democracy in new and unstable democracies in the south. From 2002 to 2006 it operated as a “test arrangement” under the Ministry of Foreign Affairs. In 2006, it was established as an independent umbrella organisation for the political parties. Its main function was the financing of democracy development projects initiated by the parliamentary parties. The Centre was shut down in May 2009, pending the development of a new scheme for Norwegian party assistance.

2. International/multilateral organisations whose functions touch on political party strengthening

United Nations Development Program

The United Nations Development Program (UNDP) describes itself as the UN’s global development network, working with governments and people in 177 countries on solutions to global and national development challenges. It is the lead agency on democratic governance within the UN system, and one-third of its total resourcing goes into this area of work. Its aim in this area is to assist countries to develop institutions and processes that are more responsive to the needs of ordinary citizens, including the poor, and that promote development.

A key entry point in support of this aim is working with countries to strengthen their legislative and electoral systems, and this work in turn shapes the operating environment for political parties. UNDP is supporting parliamentary strengthening in 60 parliaments around the world and its work on electoral systems and processes sees it, on average, involved in supporting an election in the world every two weeks. Increasingly, UNDP also provides direct assistance to political parties, recognizing their role in structuring political participation, transforming social interests into progressive public policy, and training future political leaders.

International Institute for Democracy and Electoral Assistance (International IDEA)

International IDEA is an intergovernmental organisation – of which Australia is a member – which has as its mission to support sustainable democratic change by providing comparative knowledge, assisting in democratic reform, and influencing policies and politics. It works in several interconnected fields including elections, constitution building and political parties, and undertakes its work through three broad activity areas:

- Providing comparative knowledge derived from practical experience on democracy building processes from diverse contexts around the world;
- Assisting political actors in reforming democratic institutions and processes, and engaging in political processes when invited to do so; and
- Influencing democracy building policies through the provision of comparative knowledge resources and assistance to political actors.

International Foundation for Electoral Systems (IFES)

The International Foundation for Electoral Systems (IFES) is an international non-government organisation founded in 1987 which aims to promote democratic stability by providing technical assistance and applying field-based research to the electoral cycle in countries around the world to enhance citizen participation and strengthen civil societies, governance and transparency. It has worked in 133 countries, from developing to mature democracies.

IFES' work includes a focus on political parties. In Indonesia, for example, it manages a *Representative Political Parties Project* which involves its working with election administrators and civil society to review challenges in administration, process, materials and law from the 2009 elections. Under the Project, IFES staff and comparative election law experts are collaborating with local civil society partners to synthesize information gathered from electoral dialogues and international best practice.

ATTACHMENT 3

APPDP annual workplan proforma:

Annual Work Plan

| | |
|---|---|
| Activity number | Copy table and complete for each activity |
| Name of activity | |
| Nature/type of activity | |
| Estimated timing of activity | |
| Purpose of activity and intended outcomes | |
| Expected outputs | |
| Expected inputs | |
| Organisation to be assisted/visited | |
| Country of organisation to be assisted/visited | |
| Estimated cost | |
| | |

Australian Political Parties for Democracy Program

PROGRAM PROGRESS REPORT

Please revise and resubmit your Annual Work Plan and Program Budget with this report.

Progress Performance Report

The Agency and the Grantee agree that it is essential to ensure that the performance and impact of the projects undertaken are adequately and effectively monitored and assessed. As such the following information supports the projects and their impact on strengthening democracy internationally.

| | | |
|--|--|----------|
| Activity Reference | 1 (Copy and complete tables as necessary for each activity). | |
| Name/nature of activity | | |
| Start and finish dates | | |
| Name of organisation(s) that received assistance | | |
| The amount and type of assistance provided | | |
| The purpose of the assistance (objective) | | |
| International activities funded | | |
| International activities attended | | |
| Names of people travelling and the organisations they represent | | |
| Progress against outcomes achieved to date To what extent did beneficiaries derive measurable benefits and how is this known? What confidence is there that the outputs achieved are helping create the changes sought? Are there any unintended or negative outcomes? | | Evidence |

| Activity Reference | 1 (Copy and complete tables as necessary for each activity). | |
|--|--|----------|
| Outputs achieved to date Have planned outputs been achieved according to plan? Outputs are the tangible benefits (e.g. products and services) that are directly produced by an Activity and for which the Grantee is accountable. They are the immediate tangible results of undertaking tasks with a range of resources (inputs). They are generally quantifiable and are sufficient to achieve the Activity's objective(s). | | Evidence |
| How performance was measured eg action research: joint reflection to assess what is working well or not; factors contributing and ways to improve future activities. | | |

Are there any key risks that require response?

Sustainability

What factors contribute to or inhibit the sustainability of outcomes and how can we further promote sustainability?

Lessons

What lessons have been learned over the assessment period and how can they be incorporated in future activities?

Performance Framework

The Grantee should develop a performance framework outlining some broader objectives, outcomes and how these will be measured. The activities and outputs should contribute to the achievement of these outcomes and objectives.

| Objectives | Key Outcomes | Measurement approach |
|--|---|---|
| What does the program aim to achieve? These are the positive changes that you are seeking to influence: they should be feasible and realistic, commensurate with the level of resources being provided, the degree of influence available and the duration of the activity. | What developmental changes will be produced if it is successful? It answers the question: ‘what do we believe will have been achieved once we have finished our work?’ | How will it be demonstrated that outputs/outcomes have been achieved and that outputs are of a satisfactory standard? What are the indicators of success and how can they be verified? |
| Eg. To strengthen democratic processes in political party formation, organisation and management | | |

ATTACHMENT 4

Developmental Leadership Program

(source: Developmental Leadership Program website: <http://www.dlprog.org>)

Purpose and activities

The Developmental Leadership Program (DLP) is an international policy initiative supported by targeted research. It is directed by an independent steering committee of partner organisations with primary funding currently provided by the Australian aid program.

The strategic objective of the Program is to identify and communicate the policy, strategic and operational implications of emerging research evidence about the critical role of developmental leadership and coalitions in the formation of institutions which promote inclusive development.

The Program's work is focused on:

- Research and Analysis: through high quality research, DLP is creating a growing body of evidence about the role of developmental leadership and coalitions in the political processes of development.
- Policy and operational Implications: building on the foundations of the research evidence DLP provides policy and program recommendations for more effective development.
- Communications and dissemination: the Program is creating a community of interest and practice to communicate the important policy, strategic and operational implications of its work to the wider international development community.

Management structure

The work of the Program is guided by a Steering Committee which ensures overall quality and guides the direction of the Program. It also has a key role in reviewing and approving the financial reporting (including annual independent audits) from the contractor employed to administer funds allocated under the program. A small Program Management Team attached to AusAID provides day-to-day direction and oversight of the Program.

The Steering Committee is chaired by Alan Morris, chairman of the Australian Grants Commission and former Executive Director of the European Bank for Reconstruction and Development, and committee members are drawn inter alia from senior positions in AusAID, NZAID, GTZ, the Asia Foundation, Oxfam and Transparency International.

Australian Political Exchange Council

(source: Australian Political Exchange Council website and annual reports)

Purpose

The Council aims to develop young Australian political leaders by providing opportunities to gain insights into the political systems and cultures of countries with which it has established an exchange program. It also offers delegates visiting from overseas a chance to learn about Australia's political system.

The Council's Terms of Reference seek to:

- Arrange regular exchange visits for either individuals or groups of young people, drawn from the Parties of the Principals, with the potential to make a significant contribution to political life, between Australia and other countries;
- Provide learning experiences through study tours of Australia for young political leaders from countries important to Australia for trade or strategic reasons;
- Arrange related activities which provide developmental opportunities for the rising generation of Australian and other political leaders; and
- Arrange for regular reporting on the Council's activities to Parliament, the Principals and sponsors.

Structure:

A Council meets a number of times each year to provide guidance on the program of exchanges and discuss future directions. Nominations by the major political parties for positions on delegations travelling overseas are also considered at Council meetings.

The Council's activities are funded by the Federal Government and secretariat services are provided through the Department of Finance and Deregulation. The Minister with portfolio responsibility for the political exchange program is the Special Minister of State, the Hon Gary Gray AO MP.

The principals of the Council are the Parliamentary leaders of the four main political parties represented in the Federal Parliament. The Council itself is made up of six members who are selected by the Principals of the Council, and an independent chairperson appointed by the Prime Minister. The current chairman is retired Senator Robert Ray. The other members, in order of appointment, are:

- Mr Paul Neville MP, Federal Member for Hinkler and The Nationals Whip (representative of the Leader of The Nationals, appointed November 1998)
- Mr Brian Loughnane, Federal Director of the Liberal Party of Australia (representative of the Leader of the Opposition, appointed February 2003)
- The Hon Kevin Andrews MP, Federal Member for Menzies (representative of the Leader of the Opposition, appointed February 2008)
- Senator Michael Forshaw, Senator for New South Wales (representative of the Prime Minister, appointed June 2008)
- Senator Sarah Hanson-Young, Senator for South Australia (representative of the Leader of the Australian Greens, appointed April 2009)
- Mr George Wright, National Secretary of the Australian Labor Party (representative of the Prime Minister, appointed June 2011)

Budget and expenditure:

The program is funded through a Federal Government appropriation, and allocations and expenditure for the last three financial years detailed in the most recent triennial report are:

- 2007/08: \$805,000/\$392,000
- 2008/09: \$809,000/\$375,000
- 2009/10: \$829,000/\$540,000

ATTACHMENT 6

PEOPLE CONSULTED IN THE COURSE OF THE REVIEW

- Fatimah Achmad, Hanura Party (People's Conscience Party)
- David Anere – Integrity of Political Parties and Candidates Commission, PNG
- Rizky Argama – Deputy Director, Indonesian Centre for Law and Policy Studies
- Nurul Arifin – MP, Golkar
- Paul Barker – Director, Institute of National Affairs, PNG
- Simon Bole – Secretary, People's Action Party, PNG
- Nat Burke – Developmental Leadership Program
- Stephen Cima – Resident Country Director, IRI, Jakarta
- Sophia Close – AusAID, PNG
- Brett Constable – Australian Greens
- James Corera – Second Secretary, Political, DFAT, Jakarta
- Robert A Cushing III – Resident Program Officer, IRI, Jakarta
- Defriansyah -
- Merita Didarjati – Project Manager – Kemitraan Partnership
- Nixon Duan, Secretary, People's National Congress, PNG
- Peter Eben, Director, IFES, Jakarta
- Bruce Edwards – International Secretary, Liberal Party of Australia
- Hermawan Eriadi – Executive Director, AKSES Research Indonesia
- Colin Gracie – Corporate Services Manager, Liberal Party of Australia
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ATTACHMENT 7

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