AusAID Management Response

Independent Review of the Australian Political Parties for Democracy Program

The Australian Political Parties for Democracy Program (Program) was established at the initiative of Prime Minister Howard in the 2005-06 Budget and was initially managed by the Department of Finance and Administration. The Program moved to AusAID in 2009 and a number of changes were made to the Grant Agreement at that time, including that 50 per cent of the funds must be used for Official Development Assistance.

An independent review of the Program commenced in mid-August 2011 and reported in mid-September 2011. The review considered the 2009-2012 grant agreement and activities pursuant to that agreement.
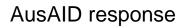
The Review's two objectives were:

- 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 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 the Program to operate effectively.

The review made no recommendations. It did, however, comment on 12 areas including transparency, risk management, strategic engagement, performance and program management. AusAID agrees to 11 of the comments and one is noted.

Following the review, and in light of the fact that the 2009 Agreement expired on 30 June 2012, AusAID worked with political parties to negotiate a new agreement. The new clearer agreement has Program objectives which align with Australian aid policy and has simplified both funds disbursement and reporting requirements. These changes reflect the review's findings and also address the recommendations raised by an internal AusAID audit into the program.

A key outcome of the negotiations has been the agreement by parties to publish the head agreement along with an agreed summary of activities based on information drawn from work plans and activity proposals. This commenced on 1 July 2012, as part of the revised agreement, with the first report due in July 2013. This addresses the review's comments regarding the public availability of Program material.

The new agreement will run to 30 June 2015.

AusAID response

	Review comment	AusAID response
1	In close consultation, AusAID and parties to develop a stronger strategic program framework that articulates the purpose of the program, what to engage on and how to engage.	**Agreed**. AusAID and the parties have negotiated a revised program objective: "*to assist the development of political party systems in partner countries.*" This objective better reflects the activities that the parties undertake.
2	Reconsideration of the Program structure, including goals and aims of the Program and accommodation of ODA and non-ODA strands.	**Agreed**. The Program goal, aims and suggested list of activities are now better aligned and are more achievable and measurable. The information required when submitting activity proposals has been revised to reflect this under the new agreement.
3	Develop and apply a standardised performance framework: "APPDP would benefit from the development of a single performance framework to bring some internal coherence and structure to activity development and reporting."	**Agreed**. The new agreement has improved processes around performance monitoring: parties are to submit a monitoring and evaluation statement with their Activity Proposal, which identifies how the proposed activities fit within the objective and aims of the program, what will be achieved from the activity and how outcomes will be measured. In addition, parties are required to submit, on an annual basis, a summary detailing implementation progress on activities and achievements towards overall program objectives. Parties are required to also submit an implementation strategy that highlights any lessons learned and proposes alternative approaches if required. It is expected that these amendments will assist in outlining progress towards overall development impact. Management notes that describing the effectiveness of outputs or cumulative contribution to outcomes in governance-related interventions only becomes evident over a number of years and that a long-term approach to monitoring and evaluation is required. Management highlights the review's comments in this regard: "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 cumulative contribution to

3		outcomes that will only become evident over a number of years. Across the literature on political party assistance, this emerges as a common dilemma."
4	Utilisation of tools for effective engagement: • needs assessment and planning; • multi-year plans; • multi-partisan assessment teams.	Management **agrees** that consideration of the country context is important and will continue to consider how best to ensure that appropriate country analysis is undertaken. The use of multi-party teams and multi-year assessments is a matter that AusAID will discuss with the parties when considering future activity proposals (see comment 8).
5	Coordination with other governance elements in AusAID and with other donors working in the field.	Management **agrees** on importance of linkages across activities on political governance programming and will work to ensure that when considering parties proposed activities there is alignment with broader political governance programming in

| 5 | | the particular countries.

As noted above, under the new agreement AusAID is to review all required reports and acquittals for compliance with the grant deed and provide formal written acceptance to the parties. A dispute resolution clause has been inserted in the event that AusAID requires additional information and/or clarification. The new agreement maintains the requirement under the former agreement that parties consult with relevant Australian missions before planning and carrying out major parts of overseas activities. |
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| 6 | Transparency: "wide disclosure coupled with a stronger Program rationale should go a considerable way towards countering accusations of political interference." | **Agreed**. AusAID has published program information, including objectives, activity guidelines and funding, on its website since February 2011. A key outcome of the negotiations for the new agreement has been consensus by parties to publish the head agreement along with an agreed summary of activities based on information drawn from work plans and activity proposals. This started on 1 July 2012, as part of the revised agreement, with the first report due in July 2013. |
| 7 | Development of a risk management matrix. | See comment 12. |
| 8, 9, 10 and 11 | Consideration of alternate program delivery approaches including:
• Multiparty approaches
• Priority countries
• Increasing in-country training; and
• Embedding learning from study tours. | For comments 8, 9, 10 and 11, AusAID notes that it is responsible for administering the program and the parties are responsible for delivering activities in accordance with the agreement. The decision on the activities that are conducted is a matter for the parties. |
| 12 | Program administration: independence of the program and changes to management structures.

Review noted that "the choice of management structure is beyond the scope of this review" however it outlined a number of options to consider as well as the factors that may influence the decision making process.

Options:
• maintain status quo;
• involve the Centre for Democratic Institutions (CDI) in assessment of annual plans;
• establish senior reference group of officials and stakeholders
• establish an independent panel linked to AusAID;
• transfer administration of APPDP to another government department; | **Noted**. Discussions around suitable management structures for the Program have taken place previously. Having the Program's activities managed at some distance from a government agency as canvassed in the review is consistent with other similar international aid programs and could assist to address any perceptions of direct interference by the Australian Government in the domestic political processes of other countries. Part of this consideration will also reflect on what is considered appropriate in terms of managing risk. AusAID will consult with parties during 2012-13 on whether further change is appropriate. |

| 12 | align APPDP with the management of the Political Exchange Program; merge APPDP into the Australian Electoral Commission post-election grants to political parties; transfer administration to CDI; and establish a multi-party foundation. Factors to consider: What is the primary purpose and character of the Program – is it international development or political party work? What is the degree of distance between the Australian Government and the activities of the APPDP; and What is the level of strategic support that the Program receives? | |