



Evaluation of the Australian NGO Cooperation Program (ANCP)

The ANCP is an annual grants program that provides matched funding to accredited Australian NGOs to support their work in developing countries. Funding supports projects across a range of sectors including education, health, water and sanitation, governance and economic development. Established in 1974 the ANCP is the Department of Foreign Affairs and Trade's (DFAT's) longest running NGO program. It also represents the largest program for Australian NGOs, with a 2014–15 allocation of \$134 million, constituting 2.7 percent of Australia's Official Development Assistance budget*, and approximately one fifth of all NGO funding. As a large global program ANCP activities span multiple countries and regions with individual projects numbering in the hundreds.

Assessing the impact of the ANCP on individuals and communities in developing countries across the

globe was beyond the scope of the evaluation. Rather, the Office of Development Effectiveness set out to assess the effectiveness of the ANCP as a mechanism to assist NGOs in reducing poverty and supporting sustainable development.

Overall finding

The evaluation confirmed that the ANCP is a successful and highly valued program. It identifies positive features which might usefully inform the Australian Government's approach to a number of other development programs and partnerships. However it also highlights areas for improvement, such as the need to address the complexity and limited transparency associated with funding allocations and the opportunities for greater sharing of knowledge and learning across the partnership.



Vomboe Molly, World Vision Vanuatu Area Program Manager for Sanma, speaking with the village Chief on Malo Island.
Photo Credit: DFAT/Julie Hart

* The 2015-16 budget for ANCP is \$127 million, representing more than 3% of Australia's official development assistance.

Evaluation findings and recommendations

The ANCP offers flexibility and extends the reach of the Australian aid program

The ANCP is a flexible program which remains relevant to the Australian Government's aid and foreign policy priorities, including those relating to economic diplomacy and the private sector. The evaluation found a high degree of alignment between ANCP interventions and the Australian aid program's strategic goals. For example, 77 per cent of ANCP funding is currently dedicated to the Indo-Pacific region. This alignment occurs without explicit direction from DFAT.

The ANCP delivers strongly on results; in 2013–14 ANCP represented around 2.7 per cent of the aid budget and delivered 18.2 per cent of outputs reported in the Department's aggregate development results. Furthermore the ANCP extends the reach of Australian aid to beneficiaries beyond the footprint of DFAT's bilateral aid programs. It enables NGOs to deliver effective development activities from the grass roots through to the institutional and policy levels.

Whilst the ANCP represents a small percentage of the Australian Government's total aid expenditure, its reach and scale present many benefits to DFAT. These include maintenance of residual capacity to scale up or respond

to future shifts in the aid program's sectoral or geographic focus. Any attempt to narrow the program to current priority areas risks undermining ANCP's flexibility, the principle of respect for NGOs' organisational autonomy, and the benefits that flow from these key features.

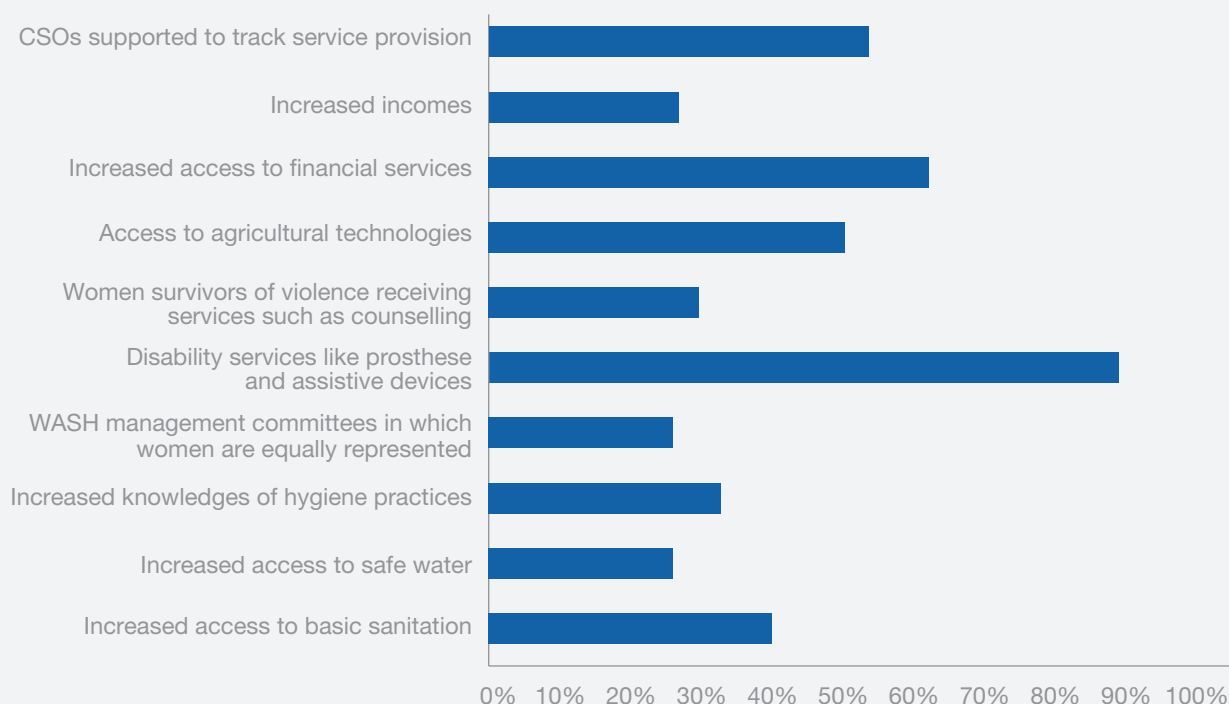
Accreditation is valuable and brings a range of benefits

The accreditation process provides an efficient means of selecting capable NGOs with well-established systems and processes. It also provides a number of important, indirect benefits. Whilst accreditation is time and resource intensive, ANCP NGOs were unanimously of the view that the process strengthened their organisational capacity and was worthwhile, not least because it then ensured a minimum level of annual funding. Within DFAT, ANCP accreditation is regarded as an indicator of organisational sophistication and superior performance and a number of other programs use ANCP accreditation status in place of a separate due diligence processes when selecting NGO partners.

The evaluation found that ANCP funding bolsters the credibility of member agencies and is helpful in leveraging other funding within Australia and internationally, from other parts of their organisations, from the private sector and from other donors. A significant factor in the ability of NGOs to leverage from other sources is their accreditation status.

Percent of total DFAT reported aggregate development results 2013–14

Reported by ANCP



The funding allocation model is not adaptable to changing circumstances

To be eligible for ANCP funding NGOs must demonstrate financial backing from the Australian community. The use of Recognised Development Expenditure (RDE) as both a measure of support from the public and as a basis for the allocation of funds across agencies is a long standing and well accepted ANCP practice. The evaluation found that while there is general consistency between RDE levels and funding allocations some significant discrepancies also exist. The current funding arrangements and calculations have been adequate to date, but this has been within the context of an expanding program. The introduction of new NGOs into ANCP, a decline in funding, or a combination of both presents a challenge to DFAT and the NGOs alike.

In addition the value of the current fund structure with two accreditation levels (Base and Full) and three funding tiers (Base, Full and Partner) is unclear and the language used to distinguish between the different tiers is unhelpful. Base and Full NGOs expressed frustration at the perceived lack of transparency surrounding arrangements with the ten Partner NGOs.

Recommendation: That DFAT explain the relationship between accreditation levels (currently two) and funding tiers (currently three) and detail how NGOs qualify for, and progress through, these. Any difference in obligation or benefit associated with each tier or level should be clearly articulated. DFAT should also ensure that the principle of partnership applies across all ANCP members and that this is reflected in a suitable naming convention.

Recommendation: That DFAT revise the current approach to allocating funds across ANCP member agencies with a view to formalising funding arrangements through a transparent funding allocation policy. The policy should retain key elements of the established model, such as the use of recognised development expenditure, but also enable DFAT performance assessments to impact on allocations. A scalable approach is required to ensure adaptability to changes in budget or other circumstances.

Learning within the program is not optimised

DFAT, in conjunction with ANCP NGOs, has developed robust and appropriate monitoring and reporting processes for ANCP. Like many other aid programs, monitoring and evaluation systems are focused on desired results at the output level. Potential exists for a deeper assessment of results at the outcome level or, put another way, what the ANCP has achieved as a whole. There is also room for improving knowledge

Summary of ANCP strengths and weaknesses



sharing and learning within the ANCP. The evaluation notes the lead role of the Australian Council for International Development (ACFID) and ANCP Partner Agency Collaboration (APAC) group of NGOs in this area.

The focus on cross-cutting themes such as disability, child protection and gender (particularly as part of the accreditation process) distinguishes ANCP from other funding models and has a positive effect on the NGO sector as a whole. ANCP has elevated the profile of these themes amongst in-country partner organisations with potentially far-reaching effects.

While the ANCP reporting framework does not necessarily suit all NGOs it has provided a systematic approach to reporting across the program, including standard indicators. There is a general consensus that the Monitoring, Evaluation and Learning Framework (MELF) enhances the effectiveness of NGOs' work and has led to continuous improvement, some shared learning and improved reporting from field based partners. The MELF effectively captures the outputs of ANCP funding but not development outcomes. It will be important to ensure the forthcoming theory of change, currently being formulated by ANCP partners, provides sufficiently detailed outcomes to enable better performance assessment and communication of achievement against these outcomes.

Recommendation: That DFAT build upon the ANCP monitoring, evaluation and learning framework (MELF) in order to strengthen the role of qualitative, quantitative and geographic data in generating evidence for learning, policy and program improvement. This should include;

- a. development of a performance assessment framework, based upon the forthcoming ANCP theory of change, to aid reporting of outcomes at a program level;**
- b. clear links to the Australian aid program's high-level targets and other performance reporting processes; and**
- c. introduction of a system of independent review and validation of the performance management and results reporting systems used by the larger ANCP members.**

The MELF provides a lot of information but not all of this is being used optimally. There is also limited learning, policy and program development from the MELF. In particular the thematic reviews are a rich source of evidence and an excellent foundation for further learning across the sector. There is an appetite for better use of information among ANCP NGOs, and recognition that this could also benefit DFAT.

Many recognise that useful information is being produced, however, it is also recognised that learning could be better facilitated. One possibility is for ACFID to play a greater role in supporting learning events or providing online access to resources.

Recommendation: That DFAT, ACFID and the ANCP NGOs commit to testing new approaches to improve the sharing of lessons between Australian and local NGOs and DFAT aid staff. This could be largely undertaken within existing resources, harnessing opportunities to bring people together through learning events and using available technology to make existing evaluations and other studies more readily available. The ANCP theory of change could be used to help define a focussed learning agenda.

Engagement across DFAT is variable

The level of engagement across DFAT with the ANCP is highly variable and understanding of ANCP roles and responsibilities is often dependent on the individuals involved. DFAT NGOs and Volunteers Branch acknowledged that the ability to clearly articulate key areas of mutual benefit between DFAT and ANCP NGOs could increase the value of the ANCP partnerships substantially.

The forthcoming ANCP theory of change will for the first time articulate the overall aims of the ANCP and thus play a major role in helping to address some of the misunderstanding that exists around the program.

Recommendation: Whilst maintaining the role of NGO and Volunteers branch in managing the program, DFAT should clarify the role of Posts in the ANCP with a view to establishing a consistent and minimum level of resourcing and engagement between DFAT Posts and ANCP members in-country.

Office of Development Effectiveness

The Office of Development Effectiveness (ODE) is an independent branch within the Department of Foreign Affairs and Trade (DFAT). ODE monitors the Australian aid program's performance, evaluates its impact, and contributes to international evidence and debate about aid and development effectiveness. ODE's work is overseen by the Independent Evaluation Committee (IEC), an advisory body that provides independent expert advice on ODE's evaluation strategy, work plan, analysis and reports.

The full evaluation report and DFAT management response can be accessed at www.ode.dfat.gov.au.