Building on the 2010 Blueprint

A reform agenda for 2015

Introduction

The Australian Agency for International Development (AusAID) plans, coordinates and manages the Australian Government's international development assistance program. AusAID's objective is "to assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest".

AusAID is accountable to the Minister for Foreign Affairs and the Parliament—and through them the people of Australia—for quality implementation of the aid program and serving the national interest. This requires strong leadership and sound management practices that ensure efficient, effective and ethical use of Commonwealth resources.

In February 2007, *AusAID 2010 – Director General's Blueprint* (AusAID 2010) was released. This document detailed a comprehensive reform agenda articulating how AusAID would function in order to deliver a significantly increased aid program by 2010, and improve aid effectiveness across the Agency's operations.

Since November 2007 the Rudd Government has strengthened and deepened Australia's commitment to international development. This has been demonstrated in many ways, but most notably through the Government's commitment to achieving the Millennium Development Goals and to increase official development assistance to 0.5 per cent of Gross National Income (GNI) by 2015.

AusAID is on a strong trajectory towards the operating state laid out in AusAID 2010. However, fresh challenges emerging out of new Government priorities, international donor commitments to greater aid effectiveness, scaling up and the need to respond to a wider set of development challenges (for example the global economic crisis) require refinements and additions to the Agency's strategic direction and reform agenda looking out to 2015.

This document, *Building on the 2010 Blueprint: A Reform Agenda for 2015*, provides a broad strategy to carry the Agency forward to 2015. It builds off the substantial reform accomplishments already in place, and provides a clear reform road map carrying the Agency forward.

AusAID 2010: Implementation Progress

Under *AusAID 2010,* the Agency embarked upon a program of staged restructure to better position AusAID to meet the challenges of the new operating environment. The revised structure addressed a recognised need for AusAID to have a strong centre in Canberra that sets the strategic directions for the program and agency, supports the aid delivery function and manages the risks posed by the shift to predominantly offshore program management and delivery.

Central to the new structure was a significantly expanded role for overseas offices. This included the devolution of activity management from Canberra[1] with a greater role for policy engagement with partner governments and other donors. The expanded role for country offices has resulted in a changing staff profile for the agency with a significantly increased number of staff located overseas. Most country programs are now fully devolved, with some posts operating as regional hubs for smaller posts.

To strengthen the aid program's access to sectoral expertise, AusAID established a range of technical/thematic groups and recruited Principal Advisers in key sectoral areas. In addition to providing technical support, the thematic groups play a critical role in ensuring the contestability of program design and review.

A high priority for the Agency has been to ensure it has a consistent set of core business processes that are appropriate for the new operating environment. Many of the agency's business processes have been streamlined and simplified to support delivery of an aid program that is higher volume, better quality and largely devolved.

A robust quality and performance management framework is in place providing a hierarchy of mandatory quality processes and reviews from the activity to the country level. This framework increasingly delivers real time information to managers about programs, enabling a process of continuous improvement.

An Office of Development Effectiveness (ODE) was also established within AusAID to monitor program quality and effectiveness and provide robust assessment and review processes. ODE reports directly to the Director General. ODE prepares an Annual Review of Development Effectiveness report, which assesses the effectiveness of all Australian official development assistance. The report is publicly available and is an important mechanism for ensuring the transparency and accountability of the aid program to Australian tax payers.

The Development Effectiveness Steering Committee (DESC) was established in 2006, chaired by the Director General and with Deputy Secretary membership from the Departments of the Prime Minister and Cabinet, Foreign Affairs and Trade, Treasury and Finance and Deregulation. The DESC has overseen the development of a number of new budget measures that provide the basis for future growth in the aid program, and has taken an active role in engaging with reports and findings from the Office of Development Effectiveness.

---

[1] While devolution of activity management to country offices had commenced a few years earlier, AusAID 2010 provided both a strategic framework and the systems and support for devolution to be rolled out across the aid program.

OECD Development Assistance Committee – independent progress appraisal

In 2008, the OECD's Development Assistance Committee (DAC) conducted a Peer Review of the Australian Aid Program, which praised the substantial and positive changes in the direction of Australia's development policy since the last peer review in 2004. In particular the Review positively noted Australia's:

> Commitment to scaling up to 0.5 per cent of GNI by 2015.

> Renewed focus on the Millennium Development Goals and poverty reduction.

> Transition to a devolved operating state.

> Increased technical and thematic internal capacity.

> Pragmatic approach to the application of aid effectiveness principles.

> Strategic focus on the Asia-Pacific region and targeted engagement in Africa.

> Efforts to promote whole-of-government coherence and aid effectiveness, as well as our approach to fragile states.

> Strengthened approach to partnerships, exemplified by the Pacific Partnerships for Development.

> Commitment to accountability and transparency through the Annual Review of Development Effectiveness tabled in Parliament.

The Review also noted that AusAID 2010, and subsequent transition planning and management, was instrumental in positioning the Agency to deliver on an expanded and more complex aid program.

A reform agenda for 2015

AusAID's vision, building on the 2010 Blueprint, is to deliver a bigger and more effective Australian aid program which is strongly responsive to Government priorities and responds effectively to changing international development circumstances. It seeks to do so by:

> Drawing on a full range of aid modalities, with choice of delivery driven by deep analysis, country context and dialogue with development partners.

> Supporting a strong suite of partnerships with whole-of government, multilateral, other international and non-state actors.

> Utilising highly capable, skilled and experienced Australian, developing country partner and international expertise.

> Being a well managed Agency which values and supports its staff and has in place a strong corporate spine to enable program delivery.

> Demonstrating improved development outcomes to the Government, Australian public and development partners.

> Achieving best practice in a number of areas.

A new overarching policy framework for the Australian aid program is under development and is expected to be finalised during 2009.

Development of an operational policy and management framework: Aid Effectiveness

AusAID will develop an Operational Policy and Management Framework for delivering an effective, scaled up Australian aid program. It will sit underneath the overarching policy framework and provide guidance and options for aid delivery and management.

Key elements of the Operational Policy and Management Framework will be to:

> Communicate a systematic approach to managing and delivering a bigger and higher quality aid program through country, multilateral and humanitarian programs.

> Articulate a clear pragmatic Australian policy on aid effectiveness linked to the Paris Declaration and Accra commitments[2].

> Provide detailed, clear operational guidance on working in new aid modalities, including working in partner government systems through program based approaches.

> Provide directions and criteria to underpin the choice of aid modality by program managers.

> Outline minimum requirements of accountability under different aid modalities.

> Articulate risk management strategies.

The Operations Policy and Support (OPS) Branch within AusAID will be mandated and resourced to function as the operational policy and business process development hub for the Agency. A strengthened OPS which will play a critical role in developing operational policy and program guidance, as well as providing a more active support role for country offices.

The program committee

Country and regional strategies, which provide a single whole of government framework for Australia's development engagement with partner governments, remains the cornerstone for much of AusAID's program delivery. To further strengthen AusAID's internal review of these key whole of government strategies, a Program Committee will be established, chaired by an Executive member. It will focus on contestability, quality, aid effectiveness and government policy priorities in relation to program strategies and provide disciplined feedback across the Agency. Program Committee members will include the Chief Economist, Assistant Director General (ADG) Operations Policy and Support, ADG Office of Development Effectiveness and a small number of senior staff drawn from Principal Advisers, Program and Program Enabling Branch heads.

Continuing to improve on existing reforms

Implementation of the AusAID 2010 operational model has positioned the Agency well to meet new challenges. AusAID will continue to improve on existing reforms and ensure that they are embedded within the Agencies operations.

---

[2] For further information on aid effectiveness see: http://www.ausaid.gov.au/ode/accra.cfm

Specific measures are:

> Ongoing refinement of the business model, continuing to articulate clearly roles and responsibilities of country offices and Canberra, draw on best practice examples of ways of working and recognise the need for flexibility in the way we operate.

> Continuing to deliver business process reform and deepen its reach to provide further instruction and guidance on aid activity management.

> Developing and maintaining in-house experienced aid activity management experts that are available to support the operations of country offices on a day to day basis.

> Recruiting staff from a range of sources—Australian based, country national staff and international experts where necessary—to ensure we have the right skills for each role.

> Developing robust communication channels and knowledge management systems between country offices and Canberra to ensure information and knowledge is shared.

Partnerships

Partnerships are central to the Government's approach to policy and program delivery and are grounded in dialogue, mutual accountability and mutual responsibility. The resources, networks and skills of other Australian Government departments, other donors, partner governments, non-government organisations, international organisations, business, research institutions and civil society are essential to the delivery of an effective scaled-up aid program.

AusAID has made significant progress in developing its whole-of-government, multilateral, NGO and bilateral partnerships. This work will continue and be augmented by new initiatives:

> Further development of Strategic Partnership Agreements with other government departments, providing an important framework for our whole of government engagement.

> Developing a Multilateral Engagement Strategy to guide the form and content of strategic partnerships with individual multilateral development and humanitarian agencies.

> Undertaking an international humanitarian response leadership role through Australia's assumption of the Chair for the OCHA Donor Support Group in 2009.

> Beginning to implement Partnership Agreements with selected Australian NGOs, as the first phase of reform to AusAID's NGO relationships.

Responding to the National Security Agenda

In December 2008, the Prime Minister made the first National Security Statement to the Australian Parliament. One of the fundamental national security interests articulated by the Prime Minister was "promoting an international environment, particularly in the Asia-Pacific region, that is stable, peaceful and prosperous, together with a rules-based order which enhances Australia's national interests". This is core business for the aid program. Increasingly, as part of this agenda, AusAID is engaged in complex international operations involving extensive military-police-civilian cooperation (e.g. Iraq, Afghanistan, East Timor).

AusAID's role as part of whole of government interventions along the security-development spectrum requires innovative ways of working. While aid effectiveness will remain the over riding imperative, the full suite of country strategy processes will not be appropriate. Setting

clear and realistic objectives for our programs, identifying delivery strategies and measuring performance will continue to underpin our operations.

The Agency has a strong policy leadership role on stabilisation, early recovery, peace building and 'do no harm' state building in complex situations. A new Crisis Prevention, Stabilisation, and Recovery Group has been established in the Africa, Humanitarian and Peace Building Branch to provide coherence on this growing and complex agenda and to lead engagement within AusAID, with other government agencies, and international players.

Human resource development

AusAID's people are a key strength of the Agency. AusAID needs a workforce with the skills and experience required to meet the challenges presented by devolution of program management, adoption of new aid modalities, scaling up, our commitment to aid effectiveness and new Government policy directions.

AusAID will develop new, and reform existing, human resource development strategies informed by more comprehensive workforce planning. These strategies will address:

> A continuing focus on the development of core Australian public service skills essential to our primary role in serving the Minister and Government.

> Identification of skills gaps, particularly in relation to working in new aid modalities, leading to rapid recruitment strategies and targeted internal learning and development programs.

> A strong continuing focus on both country and sectoral knowledge.

> Further development of policy dialogue, program management and delivery skills central to our operations.

Communications

An effective communication strategy and program is essential if AusAID is to demonstrate the effectiveness of the Australian aid program to the Australian Parliament and people. The scale up of the Australian aid budget will rightly bring additional scrutiny to the operations of the Agency and the delivery of the program. Australia's engagement in supporting development efforts in partner countries in the Asia-Pacific, as well as in Africa, is in Australia's national interest; a point that is even more critical at a time of global financial crisis. The Agency will also contribute to the aid effectiveness and development policy debates in Australia and internationally.

Management of the 2015 reform agenda

The reforms, building on AusAID 2010, detailed in this paper are designed to carry AusAID forward to 2015. However, our responsiveness to Government priorities and future challenges in the international development environment will require ongoing refinements and additions to existing strategies and plans. AusAID will need to maintain flexibility and responsiveness in relation to a fast moving agenda.