Australian Government

Department of Foreign Affairs and Trade

Lessons from Australian Aid

2013 report on independent evaluation and quality assurance

Office of Development Effectiveness

January 2014

ISBN 978-0-9872584-7-2

Published by the Office of Development Effectiveness, Australian Government Department of Foreign Affairs and Trade, Canberra, 2014.

This document is online at http://www.ode.dfat.gov.au/

Disclaimer: The views contained in this report do not necessarily represent those of the Australian Government.

For further information, contact:

Office of Development Effectiveness
Australian Government Department of Foreign Affairs and Trade
GPO Box 887
Canberra ACT 2601

Phone (02) 6178 4000
Facsimile (02) 6178 4880
Internet www.ode.dfat.gov.au

Office of Development Effectiveness

The Office of Development Effectiveness (ODE) at the Australian Government Department of Foreign Affairs and Trade builds stronger evidence for more effective aid. ODE monitors the performance of the Australian aid program, evaluates its impact and contributes to international evidence and debate about aid and development effectiveness.

Acknowledgements

This report was written by the Office of Development Effectiveness (ODE) under the management of Dereck Rooken-Smith. The primary author was Jo Hall, a director in ODE, assisted by Simon Henderson from IOD PARC. Thanks go to Sam Vallance and Tom Davies from ODE who managed the analysis underpinning Chapter 5, assisted by IOD PARC. Thanks also go to Program Effectiveness and Performance Division colleagues, particularly Clare Howell, Rob Kennedy and Simon Ernst, who helped with data and comments. We are grateful to all the evaluation authors of the six ODE evaluation reports synthesised in this report. Report preparation was overseen by the members of the Independent Evaluation Committee—Jim Adams, Professor Patricia Rogers, Dr Wendy Jarvie and Gary Dunn—who provided valuable feedback during the drafting process.

This report should be read in the context of recent administrative changes in Australia. The Australian Agency for International Development (AusAID) ceased on 1 November 2013 when integration of its functions with the Australian Government Department of Foreign Affairs and Trade commenced.

Foreword

Established in 2006, the Office of Development Effectiveness (ODE) at the Australian Government Department of Foreign Affairs and Trade (DFAT) builds stronger evidence for more effective aid.

ODE draws its evidence from in-depth evaluations and reviews of Australian aid, analysis of aid performance systems, and collaborations with leading international think-tanks and research organisations to influence and advise the Australian aid program.

As an operationally independent unit within DFAT, ODE is uniquely placed to assess performance across the Australian aid program and bring international best practice to bear in identifying new and better ways of working. The evaluation program for ODE is framed in this context and targets areas where effectiveness can be improved.

Evaluation, done well, can help managers of aid understand what works and what does not work in different country contexts. As part of a broader performance-oriented culture, evaluation can directly inform investment decisions and program designs to maximise the impact of Australian aid on the poor, building on good practice where it has been identified and, similarly, learning from experience in particular problem areas. This is particularly important for Australia, where the aid program has more than doubled during the past few years. It is also particularly important because Australia has so many developing countries as its closest neighbours, many of which are in fragile circumstances. Much is at risk for people in countries where sustained development gains are extremely difficult to achieve. Beyond generating lessons for practitioners operating in these complex settings, independent evaluation also provides evidence on the effectiveness of the use of taxpayer funds and thus serves an accountability function. Evaluating aid can help deepen the understanding of Australians about their immediate region and increase their ownership of Australia's aid program.

In May 2012, the then Minister for Foreign Affairs, Senator Bob Carr, announced the establishment of the Independent Evaluation Committee (IEC) and appointed myself, Jim Adams, as the committee's chair. I had recently retired from a long career with the World Bank, including a period as Vice President for East Asia and the Pacific. I was lucky to be joined on the IEC by two other external members, Dr Wendy Jarvie, who has previous senior experience in the Australian Public Service and at the World Bank's Operations Evaluation Department, and Professor Patricia Rogers, a leading international evaluator from RMIT University, as well as Gary Dunn, then the Chief Operating Officer of the Australian Agency for International Development (AusAID). A representative from the Department of Finance and Deregulation has also attended meetings as an observer.

The IEC is an advisory body with a whole-of-government mandate, providing independent expert evaluation advice to the Australian aid program. The IEC also oversees the activities of ODE in planning, managing and delivering its program of independent evaluation and quality assurance of Australian aid.

This report aims to provide managers of Australian aid with an overarching view of lessons from across the aid program. It synthesises the work of ODE between January 2012 and June 2013,

including its evaluations and its quality assurance products. During that period, the IEC has met five times and ODE has published the following six evaluations:

- Australian aid to the Philippines: mid-term evaluation of the Australia–Philippines Development Assistance Strategy 2007–11
- Working beyond government: evaluation of AusAID's engagement with civil society in developing countries
- From seed to scale-up: lessons learned from Australia's rural development assistance
- Responding to crisis: evaluation of the Australia aid program's contribution to the national HIV response in Papua New Guinea
- Building on local strengths: evaluation of Australian law and justice assistance
- Thinking and working politically: an evaluation of policy dialogue in AusAID.

Although the work of these evaluations largely predates the establishment of the IEC, the Committee did comment on the last two evaluations on this list, as these reports were finalised after the IEC's creation. The first evaluation to be overseen by the IEC from conception to publication will be an evaluation of the Australian volunteers program, which is expected to be published later in 2013. It will be included in the 2014 *Lessons from Australian aid*.

ODE's *Lessons from Australian aid* identifies patterns of practice and common lessons from ODE evaluations and quality assurance work that can provide further insights into how aid can be made more effective. This first report draws out three main lessons.

1. The importance of policy dialogue in scaling up the effectiveness of aid.
2. That government is not the only partner, and effectiveness can be leveraged through engagement with the private sector and civil society.
3. Thinking institutionally is crucial, if efforts to build capacity are to yield sustainable benefits.

These lessons are not particularly new to international development, but they continue to be relevant to the Australian aid program. Applying the lessons consistently across the aid program should improve the effectiveness and impact of Australia's aid program.

I commend the report to you as a contribution to continuous improvement of the aid program's efforts to improve the lives of the world's poorest people.

Jim Adams, Chair of the IEC

Abbreviations and acronyms

AFP	Australian Federal Police
APPR	aid program performance report
AusAID	Australian Agency for International Development
DAC	Development Assistance Committee
DFAT	Australian Government Department of Foreign Affairs and Trade
IEC	Independent Evaluation Committee
M&E	monitoring and evaluation
NGO	non-government organisation
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
PNG	Papua New Guinea
RAMSI	Regional Assistance Mission to Solomon Islands
QAI	quality at implementation

Contents

Executive Summary

Lessons from Australian aid is the first annual report produced by the Office of Development Effectiveness (ODE) and overseen by the Independent Evaluation Committee. It provides an independent perspective on the strengths and weaknesses of the Australian aid program.

Lessons from Australian aid fulfils two primary objectives: to review the significant, common factors affecting the performance of Australian aid and disseminate lessons applicable to the wider aid program; and to assess the quality of key performance reports produced by the aid program. In doing this, the report draws on information from recent ODE evaluations, key performance reports produced by the aid program itself and ODE's own quality assurance activities.

Recognising Australia's unique geography and focus on fragile and conflict-affected countries, this first *Lessons from Australian aid* is written in the context of an aid program that has been growing and improving in quality terms. This was the overall conclusion of the 2013 peer review of the Organisation for Economic Co-operation and Development, Development Assistance Committee, an established international benchmarking process, which found that recent policy and organisational reforms have been effective.

The ODE evaluations that informed this report identified strengths and weaknesses in their respective fields of review. From these analyses, this report highlights three primary lessons.

1. Policy dialogue is a key tool in scaling up the effectiveness of aid. Good policies can benefit many more poor people than can be reached by aid investments directly. Although progress cannot be made without willing partners, where opportunity does exist, it is a crucial means of leveraging the impact of the aid dollar.
2. Government is not the only player. Harnessing the strengths of the private sector and civil society is important as well, but requires more holistic strategies in the provision of assistance.
3. In low-capacity settings, building the capacity of institutions (rather than individuals) in ways that are tailored and paced to reflect local realities holds most potential for success.

Reported performance by the aid program itself indicates that the clear majority of initiatives continue to be rated satisfactory, while the majority of country and regional-level program objectives remain on track to be achieved. The quality of these assessments is, in general, sufficient to provide confidence in their findings. Compliance with reporting requirements is excellent and the reports themselves provide good coverage of the aid program, though this needs extending beyond AusAID (now integrated into the Australian Government Department of Foreign Affairs and Trade) to include other government bodies undertaking aid-eligible activities. Arrangements to measure the effectiveness of multilateral and other partnerships also need to be further embedded, and improvements are needed in the quality and utility of evaluations commissioned by aid program managers. Overall, increasing the use of performance information to inform program decisions will help the aid program realise the major benefits from its good performance systems.

1. Introduction

1.1 This report

Lessons from Australian aid is the first in what is expected to be a series of annual reports produced by the Office of Development Effectiveness (ODE) and overseen by the Independent Evaluation Committee. Its publication responds directly to a recommendation of the 2011 Independent Review of Aid Effectiveness.[1] It provides an independent perspective on the strengths and weaknesses of the Australian aid program.

Lessons from Australian aid falls into two parts. The first part synthesises recent ODE evaluations to identify common lessons about the factors affecting the performance of Australian aid. The evaluations included in this review are:

- *Australian aid to the Philippines: mid-term evaluation of the Australia–Philippines Development Assistance Strategy 2007–11* (ODE Philippines evaluation)
- *Working beyond government: evaluation of AusAID's engagement with civil society in developing countries* (ODE civil society engagement evaluation)
- *From seed to scale-up: lessons learned from Australia's rural development assistance* (ODE rural development evaluation)
- *Responding to crisis: evaluation of the Australian aid program's contribution to the national HIV response in Papua New Guinea* (ODE PNG HIV evaluation)
- *Building on local strengths: evaluation of Australian law and justice assistance* (ODE law and justice evaluation)
- *Thinking and working politically: an evaluation of policy dialogue in AusAID* (ODE policy dialogue evaluation).

The second part of *Lessons from Australian aid* examines key performance reports produced by the aid program itself, to see what insights they provide about the quality of the Australian aid program. These comprise aid program performance reports, which publicly report against achievements at country and regional level; and quality at implementation reports, which report on the quality of individual aid initiatives. It also includes findings from ODE's own quality assurance of these products, which rely on assessment by aid program managers.

Australian Government Department of Foreign Affairs and Trade senior management has already received and responded to the sources of evidence included in this report; as a result, no additional

[1] That a 'synthesis and quality assurance report should be produced annually, overseen by an Independent Evaluation Committee'.

management response is required. The value of *Lessons from Australian aid* instead comes from pulling together these different sources to draw major insights in a manner that is accessible to both aid practitioners and interested, non-specialist audiences.

As the first *Lessons from Australian aid*, the remainder of this chapter provides some context for the reader about the aid program. In doing this, it is informed by the recent peer review of Australian aid by the Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD DAC). These peer reviews provide a periodic, authoritative assessment of aid quality, benchmarked against the practices of comparable bilateral donors.

The first part of the report then focuses on three major lessons for the aid program arising from ODE's synthesis of its recent evaluations, with a chapter devoted to each. The full evaluation reports, along with their summaries and management responses, can be found on ODE's website at www.ode.dfat.gov.au. Where appropriate, evidence from aid program performance reports is also used, which are also publicly available documents.

Chapter 5 comprises the second part of the report and reflects on the arrangements for performance and quality management within the aid program. It also summarises the findings of ODE's own quality assurance activities, which examine the robustness of reported performance. The final chapter describes the implications of this year's *Lessons from Australian aid* report for ODE's future work plan.

1.2 Australian aid in context

Characteristics of Australian aid

Geography plays a defining role in Australia's aid priorities and allocation decisions—more than for any other OECD donor. Although Australia maintains global interests, more than 80 per cent of Australia's official development assistance goes to its nearest neighbours in the Asia–Pacific region, where Australia has long-standing experience and relationships. In 2012, Australia allocated 60 per cent of its bilateral aid to its top 20 country recipients. All of these countries are in Asia or the Pacific, with Indonesia currently the largest recipient of Australian aid, followed by Papua New Guinea.

Australia is also a leading aid donor in many of its partner countries. Roughly one-quarter of Australian aid goes to countries in the Pacific, providing around half of all aid received in the region. Australia is the largest bilateral donor in nine partner countries in the region, providing at least half of all official development assistance in a number of these (Table 1). The Human Development Index rankings in Table 1 also illustrate that Australia's efforts are focused on some of the poorest countries in the world.

As the primary aid donor in many of these very poor countries, Australia is under pressure to deliver regardless of the partner government's performance. This point is underlined by a third observation that Australia is a significant donor in fragile environments, being one of only six donor countries to devote more than half of its country-specific aid to fragile and conflict-affected states. In 2012–13,

more than 55 per cent of Australia's bilateral and regional development assistance—approximately $1.77 billion—went to fragile or conflict-affected states.[2]

Table 1 Countries where Australia is the largest bilateral donor, 2011

Country	Australian official development assistance (ODA) as a percentage of total ODA	2011 Human Development Index rank (out of 187 countries)
Nauru	90	Unranked
Papua New Guinea	78	153
Solomon Islands	74	142
Vanuatu	64	125
Kiribati	63	122
Fiji	45	100
Timor-Leste	37	147
Tonga	33	90
Samoa	27	99

Source: AusAID statistics, United Nations Development Program.

Finally, since 2004, growth has been a key characteristic of Australian aid. In 2012, Australia was the eighth-largest OECD DAC donor. Australia has increased the aid program by around 80 per cent (in dollar terms) since 2007, increasing the imperative for aid funds to be spent well. The size and characteristics of Australia's aid program has increased Australia's international position as an influential donor, as well as prompting significant internal changes to ensure that the growth is properly managed.

Quality of Australian aid

The most recent OECD DAC peer review of the Australian aid program was published in May 2013.[3] Against a range of criteria, the report paints a picture of significant progress in the quality of Australian aid. Based on OECD DAC's previous review in 2008, 80 per cent of the recommendations were fully implemented and a greater number of areas of good practice were identified.

On the quality of allocations, the review highlights an increased share of aid going to the least developed countries, a growing share going to fragile states and, at the same time, a reduction in the overall degree of fragmentation of the aid program. Fully untied aid, significant efforts to improve transparency[4] and good-practice approaches to engaging in fragile states stand out as strengths in the quality of Australian aid. Relatively limited use of program-based approaches and country systems, along with risks to aid predictability, are highlighted as continuing areas for improvement.

Overall, the OECD DAC peer review found that Australia has established clear priorities and direction, taken appropriate steps to integrate development across government departments and had managed the organisational demands of a growing program well.

---

[2] Fragile means that a country's capacity is so weak it cannot carry out basic governance functions.

[3] OECD DAC (2013). OECD DAC peer reviews offer authoritative feedback on donors' aid performance. Given that they are conducted every five years, they also provide insights into the quality of donors' assistance over time.

[4] DAC Peer Review says that 'Australia has taken exemplary steps to increase the transparency of its development cooperation and is one of the forerunners in implementing the Busan commitment on transparency'.

2. Lesson one: Using policy dialogue to help Australian aid reach more of the poor

Throughout the years, more has been learned about the conditions that contribute to successful development assistance. In particular, donors have wanted to find ways to leverage more results for more people from limited aid budgets. Good policies are a necessary element in creating an environment conducive to pro-poor growth and sustainable poverty reduction on a bigger scale than individual aid projects can ever reach. As a result, aid should support not only material investment projects, but also improvements in the policies and institutions that shape the opportunities for poor people to improve their situation. This is especially true if aid is expected to impact on poverty reduction at the scale and sustainability implied by the United Nations Millennium Development Goals. Efforts in the past to impose policy reforms as a condition of development assistance have had limited success, particularly in fragile contexts. Instead, attention has shifted to improving policy dialogue.

In its simplest form, policy dialogue may be seen as a conversation with policy makers on the effectiveness of the overarching policy framework in which aid is being delivered. It provides an opportunity for stakeholders, including donors, to understand, inform and contribute to the development of that framework and the associated public expenditure choices. Policy dialogue is not just a technical challenge—the quality of the process also matters. It needs to be recognised that it can take time to yield results. Policy dialogue may in practice take many forms and this chapter describes some of these.

The Australian aid program has long recognised the need to more explicitly engage with partner country policy makers. For example, the closer Australia's agreed partnerships are with Pacific countries, the better position Australian aid will be in for dialogue that will help leverage the resources of both partners in ways that can reach more of the poor than material projects alone:

In the absence of strong policy dialogue, Australia sometimes struggles to position its support in a way that helps its partners to make best use of the resources available to them to improve service delivery. (AusAID 2010)

The ODE policy dialogue evaluation highlighted the core function of policy dialogue in the aid program and concluded that more work was needed to more consistently implement it through the program. This begins with a broader understanding of the different channels through which policy dialogue can be supported. It also necessitates having a very clear intent and credible advisers with a deep understanding of the local context. Drawing on all the ODE evaluations, as well as examples from aid program performance reports, this chapter explores these two lessons in more detail.

2.1 There are a range of channels available to support more effective policy dialogue

There are no simple recipes for effective policy dialogue. However, understanding the context for aid and development in individual countries is fundamental to any aid program and a prerequisite for policy dialogue. Furthermore, the ability of donors to promote good governance is extremely limited where partner governments are unable or unwilling to undertake reforms. Without domestic ownership, the credibility, acceptability and effectiveness of public policies are undermined. Even if partner governments are open to meaningful engagement on policy issues, donors still face challenges in providing effective support. What approaches seem to work? The ODE evaluations indicate that key aspects to successful policy dialogue include:

- supporting the provision of good-quality evidence to inform policy development
- building capacity among partners
- bringing front-line experience to bear on discussions
- creating and positioning flexible funding instruments to respond to opportunities.

Support the provision of good quality evidence to inform policy development

Generating evidence and linking better evidence to policy makers can make a substantive difference to policy. Generating good evidence is important within the aid program—for example, the aid program's efforts to develop further its own economic analytical capacity are likely to be particularly important in the Pacific region. However, the following examples illustrate how good-quality evidence can be generated as part of policy dialogue with partner countries.

One of the case studies for the ODE law and justice evaluation focused on Australia's financial, technical and logistical support to the Indonesian Government's National Team for Accelerating Poverty Reduction in the Office of the Vice President. This helped to generate high-quality evidence and link it directly to reform proposals intended to reduce poverty in Indonesia.

In Solomon Islands, the annual People's Survey collects a wealth of information on public perceptions of a range of matters, including public safety and security, the performance of law and justice institutions, and views on the Regional Assistance Mission to Solomon Islands (RAMSI). Given that the Pacific region's data collection is generally weak, this is a significant source of evidence and represents best practice in monitoring in a postconflict context.

In Papua New Guinea (PNG), the ODE PNG HIV evaluation found that improving HIV-related evidence through research has been one of the most effective contributions to the health program, helping to improve the PNG evidence base and informing responses such as the development of the new National HIV and AIDS Strategy. At the same time, the evaluation found that simply generating information is not sufficient; more value could have been extracted from the data with greater attention to dissemination and application.

Build capacity among local stakeholders

The importance of domestic ownership of policy is almost a truism, but in low-capacity settings, it can be challenging to achieve. Assistance to build capacity for policy dialogue among local stakeholders can be an effective strategy. Evidence from aid program performance reports demonstrate how this support can be provided in ways that foster ownership (Box 1).

Box 1: Building capacity to balance negotiations

In Kiribati, the government has limited capacity and few staff to conduct robust policy dialogue with development partners. The aid program, therefore, provides the resources for the government to engage its own national facilitator to help it assess, agree and articulate the issues they wish to raise with Australia at the annual high-level partnership talks.

In Samoa, Australia resources government-convened sector working groups to analyse sector performance under the aid relationship and identify issues for policy dialogue.

Source: Annual program performance reports.

Australia can also address gaps in local stakeholders' capacity to engage in effective policy dialogue. In the Indonesian justice sector, for example, Australian aid supported mutual learning between Indonesia's justice institutions and its strong community of legal non-government organisations (NGOs) by funding a judicial reform team staffed by secondees from the NGOs in the Indonesian Supreme Court. As well as increasing the policy capacity of the counterpart institution at a key point in their reform process and contributing to progress against sector objectives, the approach helped the NGOs to gain a detailed understanding of the reform challenges, thus improving their capacity to engage in the policy dialogue process.

Bring front-line experience to bear on discussions

The ODE civil society engagement evaluation highlighted the potential value in involving civil society in policy dialogue and implementation of sector-wide approaches. In the Philippines, within its broader sectoral program of education support, the aid program works with Procurement Watch, a small NGO, which is mobilising Parent–Community–Teacher associations to monitor the quality and quantity of the Department of Education's procurement program for classroom desks and chairs. The potential to take such an approach to scale exists because groups like Procurement Watch can mobilise volunteers across the Philippines.

One of the success stories of Australian assistance in Indonesia has been an initiative to help female household heads from poor communities access the justice system and, through that, a number of government social programs, including cash transfers, rice subsidies and free health insurance. This initiative—involving the religious courts, an Australian justice institution and an advocacy NGO—demonstrates how bottom-up approaches based on good-quality empirical research can be combined with top-down institutional reform partnerships to support policy development and improve service delivery.

There is also scope for Australian aid itself to generate on-the-ground experience, at a small scale, to demonstrate the value of a new policy. Where applicable, trialling innovations represents a particularly powerful use of more traditional aid projects, because it can offer partner governments a relatively cost-effective and low-risk way of testing and learning about how a policy change will work in practice. For example, AusAID reported on support for an innovative approach to financing urban water connections in the Indonesia aid program performance report. The Water Hibah is a grant program that uses a results-based reimbursement approach to financing arrangements between central and local government. As well as increasing access to water for a large number of low-income Indonesians, the program has enabled central government to provide more targeted funding, promoted greater local government investment in water supply utilities, and strengthened governance of water and wastewater operators—effectively minimising the potential for fraud or

corruption. The approach provides a model of good practice for both grant aid and for the management of transfers between differing levels of government. The Indonesian Government is now exploring opportunities to apply the model more broadly.

These examples illustrate the practical use of individual aid projects in leveraging greater impact by influencing broader policy settings.

Create and position flexible funding instruments to respond to opportunities

In Indonesia, Australia responded to the opportunities emerging from political transition by putting in place a flexible funding instrument capable of mobilising assistance quickly in response to opportunities to support the reform process. This flexibility compared very favourably to the programs of some other donors, whose rigid approaches left them unable to adapt to a dynamic political environment. Australia's flexibility and responsiveness enabled it to forge strong relationships with key reform agents in the Indonesian justice institutions.

However, responsiveness requires funding mechanisms that permit managed but rapid scaling up and down of assistance. It is also demanding in terms of senior management input. Clear positioning of potential Australian assistance and agile prioritisation processes are therefore important to ensure assistance is effective and efficient.

Vanuatu's successful Governance for Growth program described in Vanuatu's 2013 aid program performance report was designed from the start to be not just a platform for policy dialogue, but a means to support government-led programs resulting from those dialogues. It was also meant to be a vehicle for rapid and flexible responses to emerging policy opportunities. Governance for Growth is a custom-made, DFAT-staffed facility embedded within the partner government, with high levels of delegated authority within its mandate to engage in policy dialogue and follow through. It challenged design conventions at the time, but has had significant impact on policy processes and outcomes. For example, it played a key role in supporting the Vanuatu Government's decision to liberalise its telecommunications monopoly, resulting in huge increases in mobile phone subscription rates (from 5 per cent of Vanuatu's population in 2004 to 71 per cent in 2011). This has made a big difference to the lives of ordinary people living across many remote islands, such as providing access to banking services for the first time.

2.2 Policy dialogue works best with clear purpose and supported by credible advisers

Australian aid faces a particular challenge in establishing effective policy dialogue in low-capacity environments where aid represents a significant proportion of total expenditure. The ODE PNG HIV evaluation found that the Australian Government has dominated much of the policy and strategy development in this sector in PNG since 1995. This situation was largely the result of weak PNG Government leadership on the issue, but it led to confusion in stakeholders' minds regarding the respective roles of the PNG Government and Australian aid, and impacted on the strength of ownership of the national HIV response by national actors. Although the assistance provided by successive programs was relevant, in practice, it left little space for other actors to also take on leadership roles in the national response.

In a similar vein, the ODE law and justice evaluation found that RAMSI's extensive role in the law and justice sector in Solomon Islands has crowded out national leadership to a large extent. This means

it is less likely that the government would undertake its own policy initiatives or increase its budgetary allocations in the sector.

ODE's evaluations provide a number of lessons regarding ways that Australian aid can strengthen its approach to policy dialogue and, in doing so, manage some of these risks.

Ensure all parties' objectives are clear

The Solomon Islands Core Economic Working Group is a purpose-built policy-dialogue structure created between the Ministry of Finance and Treasury and others in the Solomon Islands Government, and donors to support Solomon Islands' efforts to improve spending, promote economic growth and institutionalise sound public financial management. The group was established due to the perilous fiscal situation in Solomon Islands in 2009, and both the Solomon Islands Government and the donors are clear about what they want to achieve. The Solomon Islands Government wanted to build up their cash reserves and encourage donors to provide more of their assistance within the government budget. The donors (Australia, New Zealand, European Union, World Bank, Asian Development Bank and RAMSI) wanted to coordinate their support for the government, improve the quality of their relationship with the government and promote key public financial management reforms. The working group has contributed to improvements in Solomon Islands fiscal policy, including reforms in budgeting, forecasting and financial management. As a result of these reforms—at least in part—the Solomon Islands Government's foreign exchange reserves increased from less than one week's expenditure in 2009 to six month's expenditure by mid-2011.

The case study of the Solomon Islands Core Economic Working Group (part of the ODE law and justice evaluation) shows how the problem can be partially addressed through careful and deliberate positioning of Australia's assistance and policy dialogue within a broader coalition of like-minded donors. Australia's success in securing greater engagement by Multilateral Development Banks in the Pacific region can also contribute here.

Evidence from elsewhere highlights the risks where clear agreement on the purpose of the engagement is not secured. In Cambodia, to address fragmentation risks in the law and justice sector, the aid program promoted the use of sectoral committees to oversee and coordinate Australian assistance. Although this would appear to be an effective approach in theory, in practice, these coordination bodies focused more on distributing external assistance than on engaging in genuine policy dialogue or coordinating justice services.

Ensure those involved have the necessary credibility

The quality of advice provided is an important factor in establishing effective policy dialogue processes. Twinning arrangements or other linkage programs between Australian government and partner country departments can be a particularly effective means of delivering expertise (Box 2). The government-to-government nature of these arrangements can also enhance credibility beyond that afforded by contracted experts. However, the ODE evaluation of policy dialogue found that credibility depends not just on substantive technical and professional expertise and experience, but also on the depth of country experience and sensitivity to the political and social context, and on the skills of advisers in harnessing consensus and resources across the wider donor network. Success of policy dialogue processes in Indonesia, for example, has been in part due to Australia's investment in skilled advisers with strong cultural understanding and language skills. AusAID's 2011 Workforce Plan identified a number of steps to help build the aid program's capacity in this regard, including

country knowledge and longevity of postings, language skills and greater use of national staff in understanding and negotiating policy processes.

Box 2: Drawing on Australian whole-of-government expertise

Through the Strongim Gavman Program, senior Australian government officials work for 2–3 years as advisers in Papua New Guinea (PNG) Government agencies to provide strategic policy advice and capacity development assistance. The mid-term review of the program found that heads of PNG agencies credit the program with assisting them to address high and pressing priorities. They particularly value advice to the executive management on policy options and corporate reform, citing the seniority and experience of advisers who are respected and trusted by executive managers, and their ability to access additional expertise from their home departments if required.

Source: *AusAID 2012 mid-term review of Strongim Gavman Program.*

3. Lesson two: Harnessing the strengths of civil society and the private sector

From a program-effectiveness perspective, aid initiatives should work with the most appropriate partners to achieve the desired outcomes. This includes non-state actors such as the private sector and civil society, in addition to partner governments. To support change at the pace needed to achieve the United Nations Millennium Development Goals, the Australian aid program needs to better understand the roles played by all development actors.

Civil society in developing countries can be a powerful agent for change. Alongside government and the private sector, civil society can contribute to positive and sustainable development in partner countries in many ways, including delivering services, enhancing social inclusion, and making governments more effective, accountable and transparent.[5] Australia has a long history of working with civil society both domestically and in developing countries. A significant proportion of the Australian aid program is spent on activities involving civil society organisations—approaching 30 per cent in the three countries studied for the Office of Development Effectiveness (ODE) civil society engagement evaluation.[6]

Australia also recognises that a dynamic private sector that powers economic growth, generates employment and contributes to public services through taxation is fundamental to moving people out of poverty. Australian aid has provided significant assistance aimed at creating the enabling environment for private sector development—for example, it has supported financial services, women's economic empowerment, infrastructure development, education, health, economic reform and governance. More recently, the aid program has indicated its preparedness to provide targeted interventions to assist specific firms or industries, where these are important players in fragile and conflict-affected states, remote island countries and in areas of entrenched poverty.[7]

A number of ODE's evaluations point to the importance of working beyond government with relevant agents of change in the private and non-government sectors. Some of the lessons emerging from these evaluations can help implement the aid program's frameworks and strategies for partnerships with civil society and the private sector.

3.1 Engagement should be informed by a clear analysis of roles

Recognising civil society and private sector actors as integral to the development process begins with a clear understanding of the roles these non-state actors play in the region or sector of interest,

---

[5] AusAID (2012). AusAID's Civil Society Engagement Framework: working with civil society organisations to help people overcome poverty, was developed in response to the ODE civil society engagement evaluation.

[6] Vanuatu, Papua New Guinea and the Philippines

[7] AusAID (2012). Sustainable economic development: Private Sector Development Thematic Strategy.

and an analysis of whether and how aid should support them. This was a key finding from two of the ODE evaluations.[8]

The ODE rural development evaluation highlights the need to analyse the roles of different agents of change to decide on the most logical place to locate aid interventions. It concludes, for example, that agricultural extension services are, in many cases, likely to be best placed outside the public sector. In Papua New Guinea (PNG), the evaluation highlights the roles of civil society and the private sector in extension activities aimed at increasing smallholder income from coffee, which supports about half of PNG's rural households and generates more income than any other commodity. Box 3 illustrates the risk of neglecting to engage with relevant groups and concentrating efforts solely with a known partner institution.

Box 3: Australia's support for taro varietal research

With support from AusAID and the Australian Centre for International Agricultural Research, the Papua New Guinea National Agricultural Research Institute (NARI) led research to screen taro varieties to find resistance to leaf blight and taro beetle. NARI introduced farmers to the new taro varieties through farmer open days, agricultural shows and partnerships with provincial agricultural agencies and civil society groups. Although this led to adoption by some, scope to scale up the benefits in agricultural productivity and nutrition was constrained by limited public-sector capacity for reproducing and distributing the new taro material. By initially focusing only on NARI as the means to achieving a solution, other actors who were needed to realise the intended food security benefits were excluded from the program's design.

In the end, demand for the high-quality planting material was so strong that some innovative women's groups established plant propagation businesses to sell young taro corms. These groups could have been identified and involved in the program at an earlier stage to bring more widespread benefits sooner.

Source: ODE rural development evaluation.

The Vanuatu program is one that applied a more analytical approach to its work with civil society (Box 4). However, programs often tend to separate their support to civil society organisations from their main programs, with the risk of a piecemeal approach, higher administrative costs and missed opportunities for greater impact. The analysis conducted by the Vanuatu program, for example, translated into support for selected civil society organisations that was managed separately from sector programs in health, education, governance and law and justice. The Vanuatu program, in its aid program performance report, recognises that partnerships with civil society organisations in the health sector are critical, and proposes that the new Partnership for Development between the Australian and Vanuatu governments explicitly acknowledge the role of partnerships with the private sector and civil society. Vanuatu's 'drivers of change' study is now six years old, and additional analysis on the role of the private sector and how to partner most effectively with the churches is underway.

[8] ODE civil society engagement and rural development evaluations

Box 4: Working strategically with chiefs and churches in Vanuatu

Australia's Vanuatu program illustrates well the use of a contextually relevant strategic approach to working with civil society. With the Vanuatu Government, AusAID used a 'drivers of change' methodology in 2007 to identify the key actors in civil society relevant to the aid program's goals in Vanuatu. The methodology identified two categories of non-government actors—the churches and chiefs—that had reach and authority across the islands and were potentially important partners for the aid program. As a result of this analysis, the Vanuatu program was able to cease its resource-intensive small grants program and focus civil society support on four strategic partnerships: Wan Smolbag (a theatre group carrying out public awareness work), the Vanuatu Women's Centre, the Vanuatu National Council of Chiefs and a selection of churches.

Source: ODE civil society engagement evaluation.

A similar issue was evident in the PNG program, where the Australian Government and Australian non-government organisation (NGO) partners have had significant success working with PNG churches, strengthening their capacity to deliver services like health and education where they are a significant provider of services, especially in remote areas. Recognising the aid program's close partnerships with NGOs—and notwithstanding the low capacity of the Government of PNG to govern health service delivery—the evaluation suggested that more could be done to integrate Australia's work with church partnerships with Australia's large health program, which focuses on working with the Government of PNG.

Of course, engagement with non-state actors is neither simple nor a panacea. They are not a homogenous group and can suffer from weak management, probity, transparency and legitimacy shortcomings. The drivers of change analysis in Vanuatu, for example, drew attention to gender issues in relation to the church and chief systems and, more broadly, reflected on the lack of representation of women in Vanuatu's political system.

These complex issues increase the imperative to base any engagement with non-state actors on a deep understanding of the key agents of change in the country through specific gendered analysis. Such analysis would identify the main legitimate actors in civil society and the private sector, and their contribution to development. It would seek to understand their relationship with government, and identify if and how donor support can serve to progress development goals.

3.2 The aid program can play an important role brokering relations between government, the private sector and civil society

Beyond providing direct support to enable civil society and the private sector to implement activities in support of development outcomes, the aid program can also play a critical role in developing the linkages between government, private sector and civil society. This might include, for example, working with governments and civil society on improving the enabling environment and legal frameworks in which civil society operates. The aid program can also strengthen the formal and informal linkages between governments and non-state providers in service delivery, advocacy and policy dialogue arenas.

Australian support for service-contracting arrangements between state and non-state providers allows the state to retain the functions of stewardship and oversight by setting policies and regulating the provision of services, but leaves the delivery of services to non-state providers. This type of contracting model harnesses the capacities of both state and non-state providers for service delivery—particularly relevant in countries like PNG and Vanuatu where capacity is limited (Box 5).

Box 5: Involving non-state actors in service delivery in Vanuatu

To improve health outcomes, AusAID supported village health workers through the Save the Children Fund for several years. The Vanuatu Ministry of Health is now managing the contract with the Save the Children Fund to support these workers. Australia's funding of a partnership arrangement between the Ministry of Health and the Save the Children Fund has increased the reach of government health services to 753 villages across Vanuatu, treating more than 60 000 people in 2010. As a result, provincial governments directed increased government resources to support the village health workers, as they are considered part of the health system

Source: ODE civil society engagement evaluation.

Another example from Vanuatu, but in association with the private sector, is Australia's rural roads program, described in the 2013 aid program performance report. The original design for this program was based on the use of large construction firms, but, in practice, it proved to be more expensive than expected and resulted in delays. Australian and Vanuatu government officials worked together with specialist advisers to find alternative approaches better suited to the fragmented context of small island developing states. A new contracting model has helped local entrepreneurs establish 28 small businesses capable of small-scale road rehabilitation and maintenance, employing local villagers as labourers, and using plant and equipment hired from the national government. Most of the new island-based contractors have since gone on to win new contracts outside the Australian-funded roads program, demonstrating the beginnings of a sustainable island contracting industry. As well as generating economic activity on the islands, the approach has:

- reduced the unit costs of roadworks
- removed bottlenecks in approval processes
- increased private sector involvement (both national and local)
- helped the Vanuatu Public Works Department focus on their core business of making policy, prioritising infrastructure works, organising procurement and managing contracts.

In addition to formal contracting arrangements, Australia has also supported the establishment of networks involving public, private and civil sectors. For example, the PNG 2013 aid program performance report describes how Australia's church partners are helping to broker partnerships between government, church, private sector and civil society groups in Hela Province to help respond to the challenges and opportunities of the PNG liquefied natural gas project in Hela. Another example of partnership brokering is the Coalitions for Change Program, which started in the Philippines in 2011 and reported in the aid program performance report. In partnership with the Asia Foundation, Australia is promoting positive policy change by supporting coalitions of civil society, government and private sector representatives to join forces to promote particular development outcomes.

Although these few examples illustrate what is possible in brokering relations between government, private sector and civil society, there are limited examples across the aid program. This suggests that untapped potential exists for further integration of Australia's work with civil society and the private sector into its mainstream program efforts.

4. Lesson three: Taking a more institutional view of capacity building

The overriding objective of all development assistance is to help build the capabilities of partner countries to establish their own mechanisms to enable a self-financed, timely and secure exit from poverty.

Throughout the years, perspectives on the nature of this capacity-building challenge have changed, from primarily training individuals to strengthening organisations. More recently, there has been growing recognition of the importance of the institutional environment in shaping the capacities of both individuals and organisations to act for development. This institutional environment refers to the mixture of formal and informal rules and norms, sanctions and rewards that condition social organisation and change.

The influence of institutions on development outcomes can be subtle and complex; for these reasons, donors can find it difficult to engage effectively at this level. Nevertheless, the institutional environment is an essential part of the reality on the ground and failure to adequately take it into account may result in, at best, ineffective effort and, at worst, damage (Box 6).

This conclusion was evident in the Office of Development Effectiveness (ODE) rural development evaluation, which found that the activities likely to deliver deep and long-lasting benefits to the rural poor were those guided by a shared strategic intent, developed in consultation with partner governments and informed by analysis of the political, economic and social systems in which they were situated. The programs that displayed this 'systems' perspective were designed from the outset to influence the drivers, institutions, rules and actors constraining poor people's livelihoods and, as a consequence, were better placed to scale up early successes.

Box 6: Failure to take into account local realities in Cambodia's justice system

In Cambodia, Australia was providing a fairly standard package of capacity-building support to the ministries of justice and interior, the police, the judiciary and the corrections system. This included support for strategic planning, budgeting, executive training, human resource management and gender mainstreaming.

In most cases (with the exception of the corrections component), this support failed to achieve enough traction to make any appreciable difference to organisational performance. The Office of Development Effectiveness law and justice evaluation found that many of the goals of the assistance, such as promoting an independent judiciary, worked against the logic of the Cambodian political system. There was evidence that the Ministry of Justice, in particular, had been kept deliberately weak to minimise its influence over the courts, frustrating attempts at capacity building. Corruption was another major constraint. The justice sector is overlaid by highly developed systems for extracting rents, which work against reform. In this environment, a capacity-building approach

risks treating the symptoms, rather than the cause.

In response, the Cambodia program has formulated a new delivery strategy for its law and justice assistance to shift the focus from top-down institutional reform to interaction between the justice system and the public and address practical constraints on the delivery of justice services. To this end a new program for justice assistance was mobilised in 2013.

Source: ODE law and justice evaluation and Cambodia aid program performance report.

So what can a donor do? Two strong messages come out of the ODE evaluations: aid should be tailored to local realities and stand-alone activities should be avoided.

4.1 Assistance should be tailored to local realities

Achieving positive development reforms is rarely simply a technical process; reform is more commonly achieved through processes of political contestation and negotiation. This was certainly the conclusion of the ODE law and justice evaluation. The evaluation found that where common ground has emerged on the principles, purpose and functions of law and justice institutions, international support may be able to help with putting those institutions in place. In such circumstances, 'orthodox' capacity-building activities, such as training staff, providing infrastructure and equipment, and introducing new management systems and practices, may certainly have a role. However, they should not be the default option.

Where there is no consensus, international assistance may more usefully focus on supporting the underlying mechanisms of change (e.g. processes of representation, consultation, networking and information flows), and the organisations through which different social interests are expressed (e.g. business associations, trade unions and non-government organisations [NGOs]). In practice, this means that Australian assistance needs to be more limited and realistic in its goals. This understanding is already being applied in the roads sector in Papua New Guinea (PNG) (Box 7).

Box 7: Roads in Papua New Guinea: 'right-sizing' local capacities

Learning from experience has taken the aid program from a previous emphasis solely on road construction to one that seeks to develop the functions and capacities that support a sustainable road system, which in turn helps develop the private sector. In Papua New Guinea, recent Australian interventions in the road sector have pursued a systemic approach, with greater priority placed on increasing local capacity—in both public and private sectors—to maintain and manage existing roads rather than focus on constructing new ones, thus better ensuring the development of the road system is aligned with capacities for subsequent maintenance and management.

Source: ODE rural development evaluation.

Ensuring assistance is linked to local capacity is critical for sustainability, but can be difficult to apply in fragile and low-capacity settings where the risks of conflict or pressing welfare of the poor raise the perceived costs of doing too little. In such cases, tailoring assistance needs clear analysis and agreement about what is appropriate for particular circumstances. It also needs to be explicit on the longer term assistance strategy.

The ODE law and justice evaluation raised important questions around the sustainability of Australian assistance in this area, which call for further examination and debate. The evaluation found some good examples of sustainability at the activity level, such as the shift from large-scale to small-scale capital investments in Cambodia. However, in small Pacific Island states, in the face of limited financial and human resources, the evaluation pointed to the challenges in developing capacity on a sustainable basis. Australian assistance often involves significant elements of capacity substitution. In Solomon Islands, in particular, where Australia currently carries 65–70 per cent of the recurrent costs of justice and policing, it is likely that the level of law and justice services required to guarantee peace and public order exceeds what the government will be able to afford in the long term. In such circumstances, a long-term Australian commitment to sustaining basic law and order capacity may be appropriate, and would probably be more cost-effective than a succession of postcrisis interventions. Australia should clarify where it is aiming for sustainable results and where it is willing to play a capacity substitution role, and make sure that the design of its assistance reflects this distinction.

In low-capacity environments, the number of shortcomings in any organisation is likely to be high, while the ability to manage wholesale change is likely to be low. Needs assessments, undertaken during the design of assistance, often propose comprehensive packages of reform. Yet a capacity-building approach that tackles too many problems at once is unlikely to succeed. In these settings, it may be more realistic and practical to adopt a strengths-based approach to assistance, and tailor support to build on existing areas of positive or promising practice. The Law and justice sector evaluation found that advisers from the Regional Assistance Mission to Solomon Islands frequently attributed lack of progress to the extreme lack of capacity within the Solomon Islands Government; in the view of the evaluators, attention should be focused on how to do more with the capacity that already exists.

4.2 Avoid isolated activities

Several of the ODE evaluations found problems with small, short-term and stand-alone activities delivered in isolation of a broader strategy for developing sustainable capacity. The ODE civil society engagement evaluation, for example, describes how the common donor practice of short-term grants to civil society organisations constrains the contribution that the organisations can make. This is because their focus becomes one of securing multiple projects to gain sufficient funds to recruit and retain qualified people, and to provide basic administrative support for the organisation. However, in fragile environments, it is often difficult to direct funds through local systems because of their inherent weaknesses, meaning that some degree of parallel activity is needed. Nevertheless, providing stand-alone and ad hoc assistance carries other risks, including undermining wider objectives of state building (Box 8).

This, however, should not preclude the use of small-scale assistance as a catalyst for change. When faced with seemingly intractable development challenges, it may be neither feasible to provide comprehensive assistance nor desirable to treat the challenges as ‘too hard’. In these cases, small-scale initiatives can play an important role if based on solid understanding of context and how they might contribute to change. For example, land systems are central to rural development, but are complex and need long timeframes to reform. Australia has understood this and taken time to invest in research in the Pacific, in particular, to better understand the complicated and often informal systems intertwined with social issues. With its partners, the Australian aid program has pursued a number of small-scale pilot programs based on strong knowledge of existing practices. In PNG’s oil

palm sector, a clan land usage agreement for long-term land leasing was trialled and then institutionalised. Some of these developments show promise and have stimulated investment.

Box 8: Stand-alone HIV services in Papua New Guinea

Australia supported considerable numbers of mainly non-government partners in Papua New Guinea (PNG) to develop HIV testing capacity. In conjunction with the Global Fund financing of testing kits, Australia contributed to a 260 per cent increase in testing between 2007 and 2009. However, many of the HIV clinical services supported were funded as stand-alone services and not integrated into broader primary health care services. Compared to what could be achieved through more joined up services, the evaluation team concluded that provision of separate support for HIV treatment and care was a missed opportunity for improving sexual, reproductive and maternal health services offered by both government and non-government partners. The PNG program has subsequently worked to integrate HIV support into its broader health activities.

Source: ODE PNG HIV evaluation and PNG aid program performance report.

The key issue appears to be the extent to which initiatives have a clear understanding of how they can influence the systems they are operating in. This contrasts with the provision of dispersed programs of assistance in response to demands for Australian support (Box 9).

Box 9: Focusing Australian aid to the Philippines

Achievements under the basic education pillar, which accounted for around 40 per cent of program funding in the Philippines, were found to be considerable, highly visible and well regarded by a wide range of stakeholders. Australia's engagement in this area has been focused and sustained for a long period.

However, the remainder of the program was overly dispersed across other sectors, and achievements were mixed. Under the economic growth pillar, there were modest achievements in laying the technical foundations for policies and procedures, and a framework for public financial management, human resources and organisation development. Under the national stability and human security pillar, there were achievements in peace and conflict resolution, basic services, health, disaster preparation and management, and port security. However, these were likely to be of limited depth and sustainability. These findings have helped to influence the program's latest, more focused, country program strategy.

Source: ODE Philippines evaluation.

4.3 A more institutional view is needed across whole-of-government efforts

Australia's whole-of-government approach to the aid program was recognised as a strength in the recent Organisation for Economic Co-operation and Development, Development Assistance Committee peer review. As the Australian aid program grew, increasing amounts of aid (representing

13 per cent of the 2013–14 aid budget) were delivered by other Australian Government agencies. This offers a number of potential advantages. Officials in partner countries often appear more open to advice from their Australian peers than from contracted advisers. Whole-of-government delivery also allows the development of long-term relationships between Australian justice agencies and their counterparts in the region, with advantages for both sides (Box 10).

Box 10: Twinning arrangements can ensure appropriate expertise and credibility

A twinning relationship between the Federal Circuit Court of Australia and Family Courts of Australia with the Indonesian Supreme Court, developed with the support of Australian aid during the past seven years, has established high-quality, professional relationships, and has increased Australia's level of access and policy influence. Australian judges and court officials relate to their Indonesian counterparts as peers, allowing them to provide advice in sensitive areas that would normally be closed to contracted experts.

Source: ODE law and justice evaluation.

However, coordinating and communication across different government departments is not simple, nor costless. If not managed well, fragmentation and reduced effectiveness may result. Rather than genuine whole-of-government collaboration, the ODE law and justice evaluation found many instances of parallel support by different agencies, with poor coordination and even elements of interagency rivalry. There had been a proliferation of small-scale assistance, delivered remotely or through short missions, such as training courses, regional meetings and legislative drafting. The practice of other government agencies making ad hoc funding requests to AusAID under regional programs, such as the Pacific Public Sector Linkages Program[9] and the International Seminar Support Scheme, has exacerbated this. The evaluation team had significant concerns about the effectiveness of support of this kind when offered in isolation from a broader package of law and justice assistance. It can easily become supply driven, even when formally agreed with the partner institution. Coordination among these different activities tends to be poor, with many reports of duplication and overlap. A clear conclusion from the evaluation is that the Australian Government Department of Foreign Affairs and Trade (DFAT) will need to invest more resources to improve coordination in this area.

Since the ODE law and justice evaluation, there have been improvements in whole-of-government collaboration. DFAT now chairs a Law and Justice Development Assistance Steering Group. This is one example of a number of ways that DFAT, the Attorney-General's Department and the Australian Federal Police (AFP), among others, have invested more in strategic direction setting, and delivery of law and justice aid.

Appropriate tailoring of assistance can also be a challenge when assistance is provided by agencies with limited experience in partner country conditions. Assistance can often be based on Australian views of organisational best practice, which has emerged in a very different context and reflects strong normative standards based on officials' own training and experience. In some cases, foreign

[9] Now replaced by the Government Partnerships for Development Program.

systems could be seen as simply 'broken versions of our own'. This can lead to a bias towards capital-intensive solutions—such as the introduction of expensive vehicles into police practices in Solomon Islands—and building sophisticated capacities at the expense of supporting adaptations and compromises that work in the local environment. The evaluation stresses the importance of building on local strengths and adopting objectives that are appropriate and achievable in the country context.

Evidence of this growing understanding is provided by AFP. As the AFP's International Deployment Group (IDG) increases its focus on capacity building, it has encountered the same set of issues and challenges as those that were faced by AusAID with its traditional law and justice projects. Indeed, research produced by IDG makes an eloquent case for the long-term nature of capacity building, the danger of trying to export Western institutional models and the interrelationship of policing with broader political and socioeconomic trends.[10] This research emphasises that a whole-of-government approach to law and justice assistance does not offer a means of shortcutting the slow pace of traditional development approaches.

[10] Murney et al (2011).

5. Quality assurance

The second main objective of *Lessons from Australian aid* is to review and report on the aid program's own efforts to maintain and improve the quality of Australian aid. This chapter begins by reviewing the aid program's approach towards performance and quality management. It then examines the findings from the aid program's most recent performance reports to see what they tell us about the quality of Australian aid. The final section considers the robustness and reliability of these reports, based on the findings of the Office of Development Effectiveness's (ODE's) own quality assurance activities. The performance and quality management system discussed below was the one in place under the former AusAID during 2013. At the time of publication, DFAT is reviewing its aid performance and quality management arrangements, with a view to retaining the system's strengths and addressing any shortcomings.

5.1 The Australian aid program's approach to performance and quality compares favourably with international practice

As part of its commitment to aid effectiveness and to foster management, learning, and accountability, AusAID developed a Performance Management and Evaluation Policy (Box 11).

Box 11: Performance management and evaluation policy

The Performance Management and Evaluation Policy (PMEP), based on internationally agreed aid performance measurement principles,[11] established the minimum expectations for performance assessment, reporting and evaluation across AusAID at the agency, program and initiative level. In 2012, AusAID developed uniform standards for performance assessment across other government departments delivering official development assistance.

PMEP incorporates a results framework, including headline results and performance indicators, against which the aid program reports through the Annual Review of Aid Effectiveness. The framework is complemented by annual progress reporting by individual initiatives (particularly quality at implementation reports) and programs (particularly aid program performance reports). Independent 'operational' evaluations are conducted for aid initiatives worth more than $3 million, in addition to evaluations that are commissioned by other government departments or by program and thematic areas across the aid program. The Office of Development Effectiveness (ODE) conducts strategically important evaluations, including assessment of whole-of-government initiatives.

11 Organisation for Economic Co-operation and Development, Development Assistance Committee

Oversight of PMEP implementation is largely the responsibility of the Program Strategy and Results Branch, while some aspects are managed by the Whole-of-Government Branch, and the Multilateral and Donor Partnerships Branch. ODE assures the quality of a selection of performance products, in line with its remit to review the quality of the aid program's performance systems.

Source: AusAID Performance management and evaluation policy

The recent Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD DAC) peer review acknowledged the major efforts taken to strengthen performance assessment and evaluation systems for Australian aid, as well as the common nature of the challenges faced by all donors in this area. It identified a number of areas where improvement is underway, as well as areas of good practice worth sharing with other OECD DAC members (Table 2).

Table 2 Assessment of results, learning and accountability

Good practice areas	Improvements in progress	Area for attention
› Increase in the transparency of its development work › Evaluation function meets Organisation for Economic Co-operation and Development, Development Assistance Committee quality standards and principles	› Performance assessment frameworks and headline results targets introduced for all country programs › Promotion of results-orientation and evaluation culture and learning focus › Quality of annual program performance reports perceived as improving over time	› Deeper use of performance information to avoid overly simple messaging › Quality, utility and transparency of operational evaluations and use of partner-led evaluations › Improve learning aspects

Source: OECD DAC (2013).

Positive steps have been taken to build a stronger, more independent culture of evaluation, most notably with the creation of the Independent Evaluation Committee (IEC). The IEC oversees the work program of ODE in planning, commissioning, managing and communicating a high quality independent evaluation program. As a result, ODE's independence has been reinforced, and it has a clearer and narrower mandate focused on strategic evaluations and quality assurance work. ODE's forward work plan is submitted by the IEC Chair to the Development Effectiveness Steering Committee for approval and made public on ODE's website. These positive findings were, however, balanced with the need to improve the quality and utility of operational evaluations commissioned by aid managers. AusAID released updated evaluation guidance and a suite of associated tools and evaluation standards in early 2013. ODE is also undertaking a review of the quality of operational evaluations and a synthesis of their findings (see Chapter 6).

The peer review also concluded that performance information needed to be better integrated across the different levels of the system to ensure that information provided by country programs is used to tell a deeper story about performance and results (beyond headline results alone), and that the system focus more on learning in addition to accountability. To this end, this chapter seeks to complement other aid reporting by analysing performance and quality findings from established reporting mechanisms.

5.2 Australian aid is performing effectively but could be improved through paying more attention to monitoring systems and sustainability

Two key elements of the aid program's results framework are the focus of this section: quality at implementation (QAI) reports and aid program performance reports (APPRs).

QAI reports are self-assessments conducted annually by managers for active aid initiatives worth more than $3 million (or less, if important for other reasons). QAI reports are the foundation of the aid program's performance and quality system, achieving a high degree of compliance (99 per cent in 2013), with nearly 500 reports covering about 68 per cent of the aid program's budget administered by the former AusAID.[12] QAI reports do not include other Australian government department's activities or core funding of multilateral organisations, the latter being covered by the Australian Multilateral Assessment and annual multilateral reporting. QAI coverage by sector is reasonably representative, except for law and justice (because of the significant role played by the Australian Federal Police and other government departments) and short-term humanitarian response (which is exempt).

Annual program performance reports (APPRs) report on the achievement of the country or regional objectives of the aid program and are the primary means of capturing achievement of the headline results reported each year to Cabinet. Authored by Australian Government Department of Foreign Affairs and Trade managers, APPRs are peer reviewed and signed off at senior level. Covering every country and region where the Australian aid program operates, 34 reports were produced and published in 2013. APPRs are among the most comprehensive and transparent program performance reporting mechanisms of all bilateral donors.

Additional performance assessment systems are still in development. In 2012, Australian aid undertook its first Australian Multilateral Assessment exercise. The aim is to update this each year with scorecards—currently in development—for individual multilateral partners. An approach to measuring partnerships with civil society organisations is also being designed. The aid initiatives of other government departments covered about 11 per cent of total aid in 2011–12. Each department has its own systems of measuring performance, but these do not necessarily generate the same types of information. Actions are underway to establish uniform standards for performance measurement across the aid program. Given the early stages of these developments, ODE has not included them in this year's review.

Quality at implementation

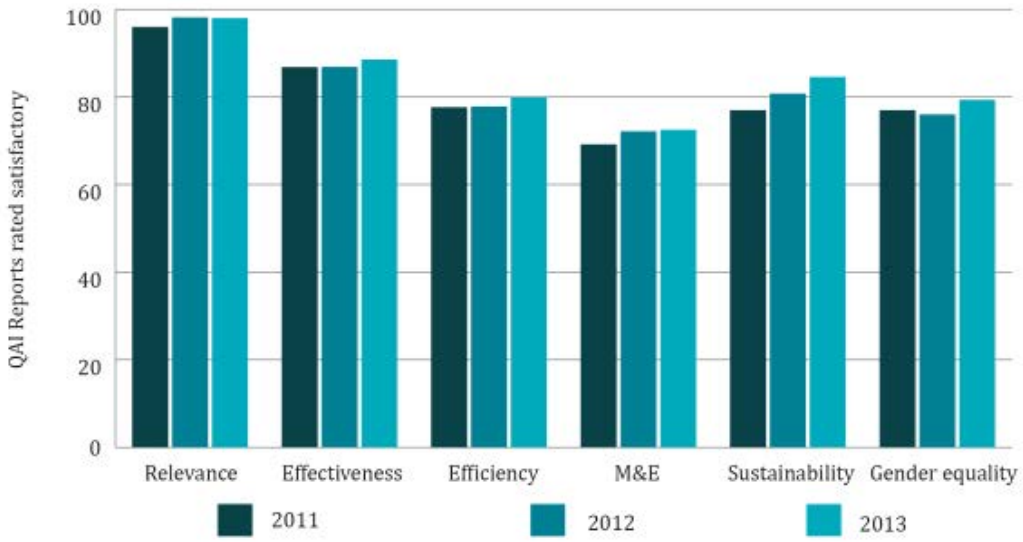
Figure 1 shows the proportion of aid initiatives reported as satisfactory for each of the quality criteria included in QAI reports, for the past three years.[13] The results suggest two main findings. First, across all quality assessment criteria, the clear majority of initiatives are considered satisfactory. Even in the weakest area—the quality of initiative monitoring systems—more than 70 per cent of initiatives are reported satisfactory; for relevance, this proportion approaches 100 per cent. Second, the pattern of relative performance between criteria over time is remarkably stable, suggesting that areas of strengths and weaknesses evident in Figure 1 have a structural element.

---

[12] QAI reports written in 2013 covered $2.73 billion of expenditure.

[13] QAI reports use a six point rating scale: 1, 2 and 3 are considered not satisfactory, and 4, 5 and 6 are satisfactory.

Figure 1 Initiatives rated satisfactory by all quality criteria, 2011–13



M&E = monitoring and evaluation; QAI = quality at implementation
Source: QAI reports (2011, 2012 and 2013).

Although relevance and effectiveness are strongly performing criteria, gender equality, efficiency, and monitoring and evaluation (M&E) are areas requiring some attention. The difference between sustainability and effectiveness ratings also requires some analysis. Gender equality is recognised as the key cross-cutting theme of Australia's aid program, because it is central to economic and human development. Australia is investing in addressing gender gaps and constraints and ODE has a rolling program of gender-based evaluations.

The efficiency criterion has strong elements of value-for-money considerations, another high priority for the aid program. Measuring value for money is a challenging area for all donors. Tests can be applied at multiple levels, from the cost of inputs, the efficiency of designs and the degree to which better outcomes could have been achieved by cheaper means. AusAID initially focused on a far-reaching review of the remuneration framework for advisers used by the aid program and other procurement reforms. In 2013, AusAID established a working group to further develop value-for-money principles to guide the assessment of value for money across all modalities and partner types.

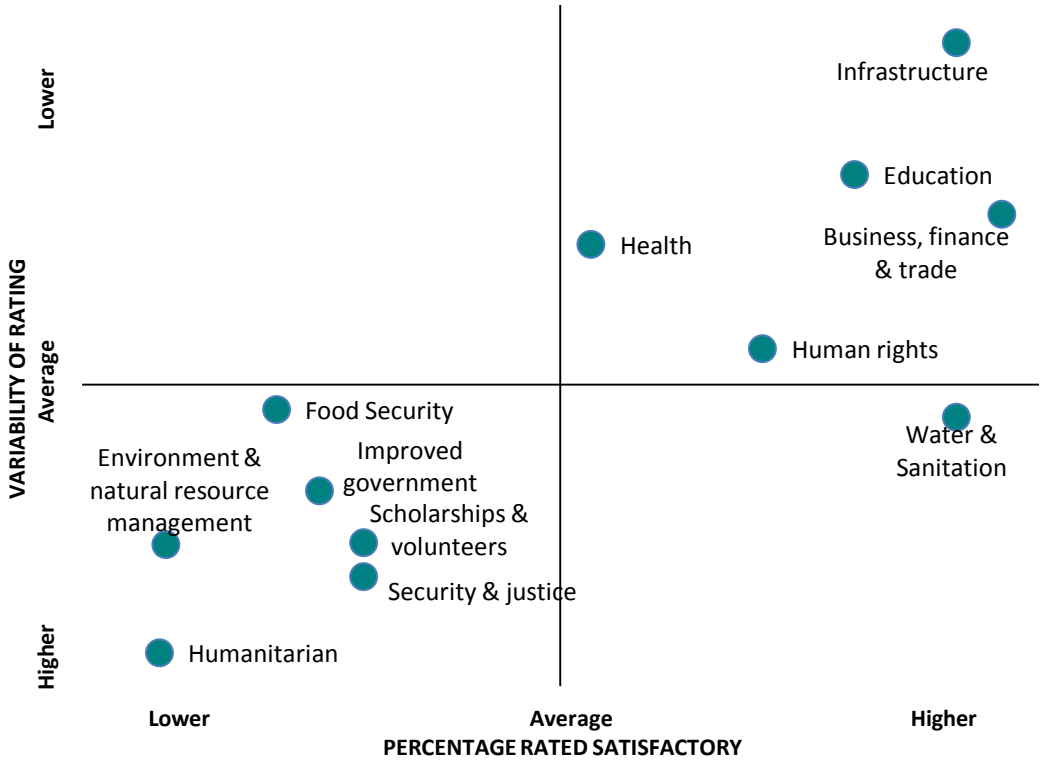
The quality of M&E arrangements consistently ranked lowest across the years, and the continuing difference in quality ratings for effectiveness and sustainability are discussed further here.

Monitoring systems

Sound monitoring systems enable the aid program to demonstrate and account for the performance of individual initiatives. They also assist the program to manage and adapt ongoing initiatives in response to poor performance. Although the majority of initiatives (73 per cent in 2013) rate their monitoring systems as satisfactory, there is scope to improve. Given high reliance on partner government systems, ratings for initiative-level monitoring may reflect the quality of national-monitoring systems, with implications for the pace and scale of improvement efforts, as well as the partner country's ability to monitor and manage their own development progress.

Analysis of monitoring ratings in different sectors (Figure 2) indicates that sectors with relatively high-quality monitoring systems (as assessed by initiative managers) are in general also applying positive ratings more consistently (upper right-hand quadrant). In contrast, lower M&E ratings tend also to have more variable scores (bottom left-hand quadrant), suggesting that, in spite of the challenges, there are examples of good practice in these sectors that could be used to support improvement. ODE will build on these findings and investigate initiative monitoring systems more deeply in 2014 to help program areas learn more about successful practice in this area.

Figure 2 Monitoring and evaluation criteria ratings, 2013



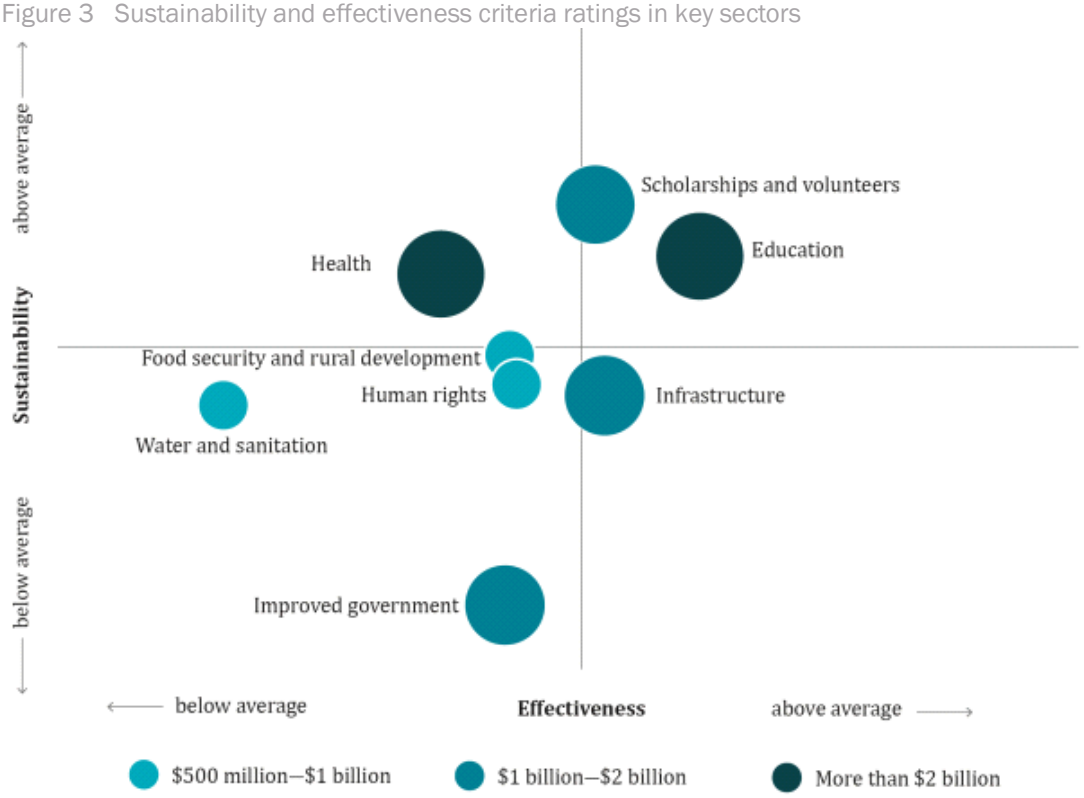
Note: Most expenditure in humanitarian and security and justice is not subject to QAI reporting as it is either exempt or managed by government departments other than AusAID.

Source: ODE analysis of QAI ratings, 2013.

Sustainability

That quality ratings for effectiveness are higher than quality ratings for sustainability is not surprising, because aid managers generally have greater control as to whether initiatives achieve their objectives, rather than the sustainability of those achievements, which is more subject to the influence of external factors. Nevertheless, narrowing this gap is important. Many of the lessons from recent ODE evaluations presented earlier relate closely to sustainability—whether improving the enabling environment through initiating policy dialogue, strategically selecting partners, or ensuring aid is designed and delivered with a good understanding of the realities on the ground. QAI reports provide a valuable means to further examine sustainability issues. Figure 3 presents the relative performance of aid initiatives for both effectiveness and sustainability for the major sectors (by expenditure).

Figure 3 Sustainability and effectiveness criteria ratings in key sectors



Note: Axes represent average percentage of satisfactory ratings for effectiveness and sustainability.
Source: ODE analysis of QAI ratings, 2013.

Figure 3 suggests that sustainability is a particular challenge for work in the improved government sector. Assistance for improved government (which includes public sector policy, and administrative and financial management) tends to be given in weaker environments where sustainability is necessarily harder to achieve. Further examination of the 2013 sustainability ratings suggest that they are, on average, lowest in fragile environments, regardless of sector. These findings serve to underline the importance of aid managers having a realistic understanding of the institutional environment in which assistance is provided (see lesson 3 in this report). A key element of that lesson is the need for a clear understanding about what sustainability means in different contexts.

Annual program performance reports

Country and regional programs cover the main areas of engagement between Australia and partner countries. Objectives at this level typically represent broader development priorities agreed jointly with partner governments, and reflect the collective contribution of other partners including partner governments, as well as Australian aid initiatives (including aid activities of other government departments) and other channels of Australian influence (including policy dialogue). The strategy developed at the program level provides the basis to tailor Australian initiatives and target results to the particular needs of a partner country or region.

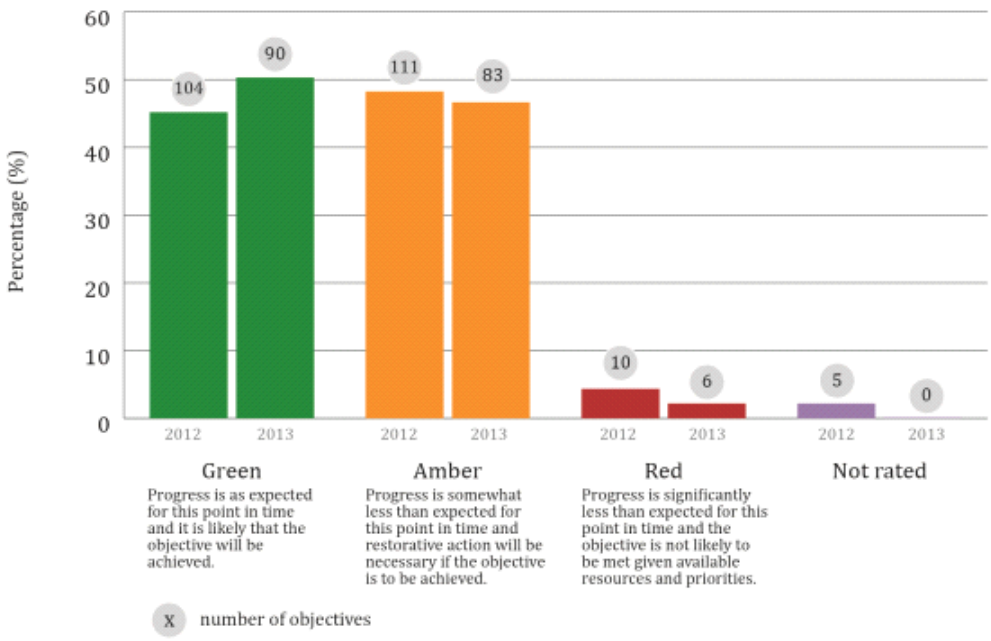
Each year, country and regional programs report progress against their priority objectives in APPRs. Because these objectives represent development priorities agreed with partner countries, progress towards them may lag behind the results achieved by Australian aid. For example, Australian aid has helped rehabilitate parts of the rural roads network in Timor-Leste, providing employment through

the process, even when progress towards the broader objective of improved national governance and capacity for rural roads maintenance is slower.

Figure 4 summarises the frequency of APPR ratings during the past two years. The figure suggests that the share of objectives rated 'green' (i.e. on track and likely to be achieved) has increased, but whether this represents a real improvement is less clear. This is because ODE has previously raised concerns about the consistency of APPR ratings and updated guidance introduced for the 2013 reports may have affected the way aid managers rate progress.

ODE examined APPRs prepared in 2012 and 2013 to identify the factors that appear to explain both good and poor performance.[14] Not surprisingly, most objectives rated 'red' (i.e. unlikely to be achieved in the time frame) are found in fragile contexts or small Pacific countries. In such environments, progress can be subject to set backs beyond Australia's control. In 2012, for example, three of the six programs with 'red' ratings experienced difficult elections that seriously disrupted implementation (Papua New Guinea, Pakistan and Timor-Leste).

Figure 4 Ratings against likely achievement of country and regional objectives, 2012 and 2013



Source: Annual program performance reports, 2012 and 2013.

Nevertheless, positive progress was also achieved in these environments. Many of the factors that appear to have been instrumental in explaining gains are also important, by their absence, when

[14] APPRs written in 2012 are published as 2011 APPRs because that is their reporting period. Reports written in 2013 (published as 2012–13 APPRs) cover 1 January 2012 to 30 June 2013.

determining poor performance. Although individual country and regional contexts differ, we identified three primary messages.

- **Policy dialogue, linked to stronger partnerships and improved country ownership, enhances performance:** We found that improved buy-in among partner governments was a key determinant in explaining improvements in performance. Stronger partnerships, strengthened policy dialogue processes and greater use of local systems, appear to have been both indicators of and reasons behind improvements in ownership. Similarly, a number of reports attributed poor performance to a lack of local ownership and limited partner engagement.
- **Capacity building focused on institutional support supports performance:** Limited capacity among partners is a frequent impediment to progress. Performance, however, seems to have been improved where the program focused on capacity building or enhanced resourcing at the institutional level, with a view to affecting the whole system, from the core capacities of central agencies, local systems and the operating context.
- **Less fragmentation is associated with better performance:** Program consolidation was also a key reason for improved program performance, enabling more targeted assistance to be provided based on a realistic appraisal of the difference Australian aid can make.

These three messages in many respects mirror and reinforce the lessons identified from ODE evaluations in earlier chapters.

5.3 Performance systems are generally robust and valued by staff; more could be done to improve their use in aid program decisions

In line with its remit to maintain an overview of the quality of the aid program's performance system, ODE quality assures a selection of performance-related products every year. To date, this has included spot checking a sample of QAI reports for initiatives and reviewing APPRs for country and regional programs.

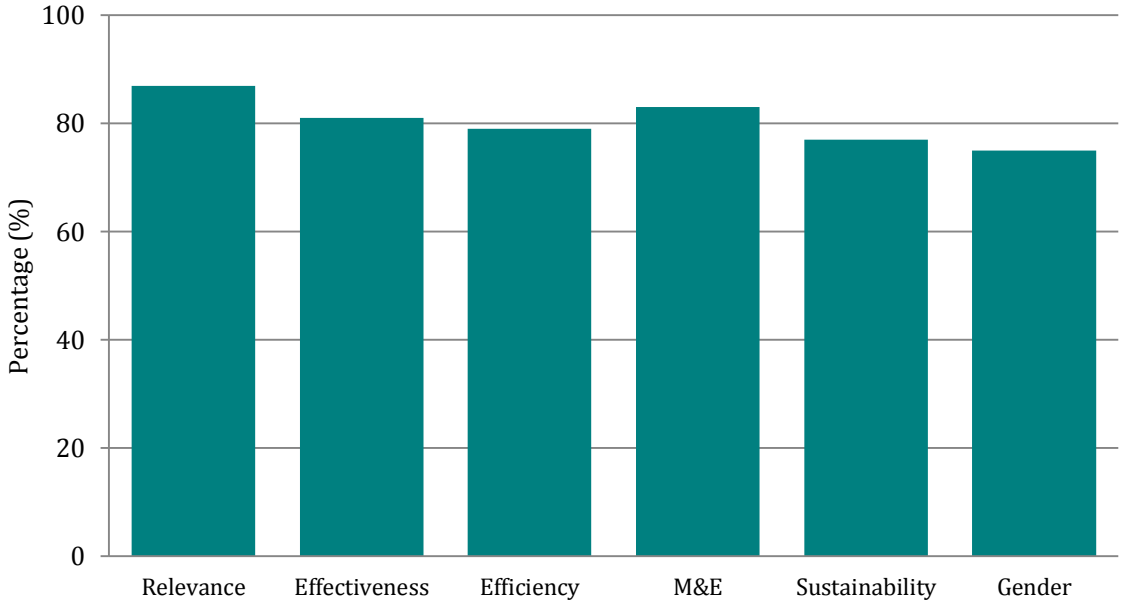
Quality at implementation

The 2013 independent spot check examined a random sample of 77 QAI reports,[15] as well as all QAI reports that were rated satisfactory for effectiveness in 2013 from an unsatisfactory rating 12 months earlier (27 reports); follow-up telephone interviews were held with 48 program and initiative managers.

Overall, the spot check found that the QAI process is well embedded and valued across the agency. A significant number of interviewees commented (as in previous years) that they found the QAI process a positive experience overall. They also noted that the moderation process (when third parties challenge the ratings through peer review) was usually helpful. The spot check also concluded that, overall, more than 80 per cent of the self-assessed QAI ratings were robust (Figure 5). Robustness was initially assessed based on the written reports, and a final assessment was made after interviews.

[15] Representing about 16 per cent of the pool of 472 QAI reports.

Figure 5 Robustness of quality at implementation ratings, 2013



Source: ODE commissioned QAI spot check, 2013.

For QAIs that had improved from 'unsatisfactory' effectiveness the previous year, ratings were judged more reliable than those in the random sample. Confidence in these ratings is important because the aid program's success in handling underperforming initiatives is subject to a corporate target.[16]

During the past few years, the ODE spot check has consistently found that QAI ratings are reasonably robust. Those reports found not be robust overwhelmingly overrated rather than underrated their scores. However, with the exception of sustainability ratings, this has a relatively small impact on confidence in the numbers rated satisfactory.[17] For sustainability ratings, more than 20 per cent of '4' ratings (see footnote 17) were judged as 'not robust'. This finding increases the concerns about the gap between effectiveness ratings and sustainability ratings discussed earlier. The results of the 2013 review suggest two main areas where improvement is possible.

- **The quality of the evidence base presented to support ratings needs strengthening:** as demonstrated by the difference between the results of the initial, desk-based assessment and the final assessment, which included follow-up interviews with initiative leaders.
- **The moderation function needs to be more consistent:** The moderation process that accompanies QAI submission is generally seen as helpful, but the spot check found that the process was not sufficiently standardised at present.

---

[16] One of the *Comprehensive Aid Policy Framework* indicators required that initiatives rated 'unsatisfactory' for two consecutive years against the effectiveness criterion must be improved or terminated. AusAID elevated such initiatives to senior levels of oversight through an 'initiatives requiring improvement' process.

[17] The ODE spot check does not rescore those ratings found to be not robust, but if it is assumed that any overrating was only by one point, then it would only affect the satisfactory/not satisfactory ratios for those rated a 4 on the six-point rating scale.

Improvements in initiative-level monitoring—an issue already discussed—would contribute to strengthening the evidence base. In 2014, ODE plans to investigate the weaker monitoring ratings in Figures 2 and 3 in more detail to help initiative managers with monitoring systems. More generally, these two findings indicate scope to improve the robustness of initiative ratings through more consistent internal moderation and challenge processes.

Annual program performance reports

Like the QAI process, ODE's quality reviews of the APPRs found that the APPRs are highly valued management tools for staff. The review of 2013 APPRs (34 reports) noted that there is still a level of variability among programs in the quality-of-performance assessment demonstrated in the reports. High-quality APPRs established a clear line of sight for interpreting performance of Australia's program, reflecting the alignment of quality of interventions (QAI ratings) with progress towards intermediate sectoral outcomes and movements tracked nationally against longer term development outcomes. In contrast, APPRs assessed as in need of strengthening in this regard most commonly had less-specific objectives, with weaker links between Australian support and expected outcomes.

Strong links between initiatives and expected outcomes, coupled with strong monitoring systems, maximise the scope for Australian aid to adapt its approach in response to actual performance on the ground. Concerns about program objectives being too broad and ambitious were a theme in almost all the ODE evaluations reviewed for this report. The ODE law and justice evaluation summarises the issue as follows:

… objectives … are relevant and important … [but] there is a tendency for individual programs to set objectives that are too ambitious, too generalised and not well adapted to the specific country context. The assistance would benefit from stronger assessment of what is achievable in each country given the political, economic and social context.

ODE's evaluation methods provide an example of the steps that can be taken to address this challenge (Box 12).

Box 12: Developing grounded objectives

To overcome the evaluation challenge of overly ambitious or unclear objectives, ODE developed a 'theory of change' with program staff in several of its evaluations.[18] The approach was useful in determining what outcomes were realistically intended. The other advantage of this technique is that it sets out the logic of how Australian aid interventions were expected to contribute to the intended outcomes. This provided a testable theory that could be evaluated, but this technique can also be used when developing country programs. The aid program has recently adopted it for this purpose. About half of the aid program performance reports in 2013 referred to their theory of change or explicit strategy for achieving objectives.

[18] ODE Philippines, civil society engagement, PNG HIV and policy dialogue evaluations.

Next steps

During the past few years, as the APPRs and QAI assessments became embedded in AusAID's systems, the focus has overwhelming been on the supply side—ensuring robust reports and compliance. It is widely recognised, however, that the major benefits from good performance systems are in the use of the information they generate in program decisions.[19] This constitutes the learning aspects of the performance system, which the OECD DAC peer review recommended strengthening. ODE and the IEC will continue to work closely with the relevant areas of the aid program to ensure its findings from quality assurance are disseminated and used to inform and target staff support, training and policy, but they will also turn more attention to analysing the performance information generated through the systems to help inform management decisions.

In addition to self-assessed performance systems, evaluation can directly inform investment decisions and program designs to maximise the impact of Australian aid on the poor. ODE will continue to help the aid program build on good practice where it has been identified and, similarly, learn from experience in particular problem areas through its evaluation program.

[19] See, for example, Lopez-Acevedo et al (eds) (2012).

6. ODE's forward agenda

The Independent Evaluation Committee (IEC) has endorsed tighter procedures around conducting evaluations and obtaining a management response that—along with a prioritised, rolling work plan of evaluations—is helping to ensure evaluations are produced in a timely fashion and remain relevant to the aid program. The rolling work program comprises a limited set of strategic and high-quality evaluations and quality assurance work endorsed by the IEC, approved by the DFAT Executive and published at www.ode.dfat.gov.au.

6.1 ODE evaluations

ODE will continue to ensure its strategic-level evaluations cover a range of global and bilateral programs, as well as provide sensible coverage of geography and particular themes where more learning is needed. Within its resource limits, ODE will also explore avenues to work with operational impact evaluations earlier in the activity design process, to make it possible to undertake more rigorous and systematic evaluations. The following evaluations are underway at the time of writing:

- The Australian Volunteers for International Development Program evaluation will examine the impact, effectiveness and efficiency of the volunteers program one year into its implementation.
- The Women's Economic Empowerment evaluation will help to build evidence to improve the Australian aid program's performance in promoting women's economic empowerment.
- The Improved Service Delivery at Subnational Level evaluation will examine support for subnational authorities to play significant roles in the delivery of government services, particularly education and health, in Papua New Guinea (PNG) and Indonesia.
- The Horn of Africa Humanitarian Response evaluation will examine the effectiveness of Australia's overall government response to the crisis and identify learning from existing evaluations to feed into the aid program's humanitarian action policy.
- The Timor-Leste Country Strategy evaluation will focus on Australian aid activities between 2006 and 2012 to inform future country strategy development and execution.
- The Child Nutrition evaluation will address the emerging issue of child nutrition, examining how the aid program addresses child under-nutrition through policy and programming responses. Findings are expected to inform a concurrent process of policy development.
- The Research Uptake evaluation will investigate the degree to which the development research program is used to support aid effectiveness, and identify the factors that support or hinder this from happening.
- The Review of Operational Evaluations will assess the quality and synthesise the findings of the 86 independent evaluations of aid initiatives commissioned by aid program areas in 2012.

- The Vietnam Country Strategy evaluation will evaluate Australia's fifth-largest country program, with the aim to develop lessons relevant to aid delivery in middle-income countries.
- The Independent Review of Pacific Violence Against Women Initiatives, conducted jointly with the Australian Government Department of Foreign Affairs and Trade's Pacific Division, will assess the relevance and effectiveness of six initiatives in Fiji, PNG and Vanuatu.

Work on the following reserve list of evaluations is expected to commence in 2014, subject to operational capacity and departmental priorities:

- AusAID NGO Cooperation Program
- women's economic empowerment and leadership
- influence of Australian aid on teacher quality
- DFAT–Australian aid's co-financing agreements with the Multilateral Development Banks
- evaluation of the Australian Government's aid program within a particular country or region to be determined.

ODE will also monitor and report on the implementation of previous ODE evaluation recommendations.

6.2 Quality assurance

Chapter 5 describes some of the key issues in the performance management system. It also describes some systems not yet designed or fully embedded, such as value-for-money principles, integration of performance systems of other government departments, measurement of civil society partnerships and the multilateral scorecards. As the aid program rolls out systems to cover these areas—that along with the broader performance management system will be subject to any changes stemming from the current review—ODE will progressively integrate analysis and assessment of them into its regular quality assurance work. Meanwhile, ODE will be emphasising particular elements in its quality assurance program in 2013–14.

- The APPR quality review will focus on performance assessment frameworks, as well as analysing overall findings in 2014.
- The QAI spot check will do additional work to analyse the QAI ratings data. It will also focus on understanding why staff struggle with monitoring systems—the lowest-rated quality criteria and closely linked to the issues of linking evidence to the QAI ratings.

6.3 *Lessons from Australian aid* in 2014

The 2013 *Lessons from Australian aid* is the inaugural report of its kind and it is expected the nature and content will evolve with time. Importantly, next year's report will synthesise the aid program's operational evaluations, as well as ODE evaluations to identify a broader range of relevant lessons. It is also anticipated it will include analysis of the performance information generated by newer performance measurement tools.

References

ODE evaluations

All ODE evaluations, background papers and case studies are published on its website: www.ode.dfat.gov.au.

ODE (2012). *Australian aid to the Philippines: mid-term evaluation of the Australia–Philippines Development Assistance Strategy 2007–11,* Office of Development Effectiveness, Canberra.

ODE (2012). *Working beyond government: evaluation of AusAID's engagement with civil society in developing countries*, Office of Development Effectiveness, Canberra.

Selected background papers and case studies

ODE (2011). *Analysis of five cases of AusAID's engagement with civil society in Vanuatu, Papua New Guinea and the Philippines*, Office of Development Effectiveness, Canberra.

ODE (2010). *Church Partnership Program, Papua New Guinea, case study report*, Office of Development Effectiveness, Canberra.

ODE (2010). *Evaluation of AusAID's engagement with civil society in Vanuatu, country case study*, Office of Development Effectiveness, Canberra.

ODE (2012). *From seed to scale-up: lessons learned from Australia's rural development assistance*, Office of Development Effectiveness, Canberra.

ODE (2012). *Responding to crisis: evaluation of the Australia aid program's contribution to the national HIV response in Papua New Guinea*, Office of Development Effectiveness, Canberra.

ODE (2012). *Building on local strengths: evaluation of Australian law and justice assistance*, Office of Development Effectiveness, Canberra.

Case studies

ODE (2012). *Providing the environment for evidence-based policy making in Indonesia: a case study of AusAID's support to the national team for accelerating poverty reduction*, Office of Development Effectiveness, Canberra.

ODE (2012). *Working collaboratively for economic reform in Solomon Islands: a case study of the core economic working group*, Office of Development Effectiveness, Canberra.

ODE (2013). *Thinking and working politically: an evaluation of policy dialogue in AusAID*, Office of Development Effectiveness, Canberra.

Annual program performance reports

All aid program performance reports are published on DFAT's website. Listed are the reports cited in *Lessons from Australian aid.*

AusAID (2012). *Philippines aid program performance report 2011*, Australian Agency for International Development, Canberra.

AusAID (2013). *Cambodia aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). *Indonesia aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). *Kiribati aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). *Papua New Guinea aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). Performance management and evaluation policy, Australian Agency for International Development, Canberra.

AusAID (2013). *Samoa aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). *Timor-Leste aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

AusAID (2013). *Vanuatu aid program performance report 2012–13*, Australian Agency for International Development, Canberra.

Other references

AusAID (2012). *AusAID's Civil Society Engagement Framework: working with civil society organisations to help people overcome poverty*, Australian Agency for International Development, Canberra.

AusAID (2012). *Sustainable economic development: Private Sector Development Thematic Strategy*, Australian Agency for International Development, Canberra.

AusAID (2012). *Funding of gender equality*, Australian Agency for International Development, Canberra.

AusAID (2012). *Mid-term review of Strongim Gavman Program*, Australian Agency for International Development, Canberra.

Australian Government (2013). *Aid Budget Statement 2013–14*, Canberra, p. 3.

Lopez-Acevedo, Karuse and Mackay (eds) (2012). *Building better policies: the nuts and bolts of monitoring and evaluation systems*, The World Bank, Washington DC.

Murney T, Crawford S-E, Hider A (2011). Transnational policing and international human development—a rule of law perspective. *Journal of International Peacekeeping* 15:39–71.

ODE (2010). *Annual review of development effectiveness 2009*, Office of Development Effectiveness, Canberra, p. 57.

ODE Brief (2011). *Effective aid in fragile states: an assessment of Australia's performance—lessons from QuODA.* Office of Development Effectiveness, Canberra.

OECD DAC International network on conflict and fragility (2012). *Fragile States 2013: Resource flows and trends in a shifting world,* Organisation for Economic Co-operation and Development, Development Assistance Committee, France.

OECD DAC (2013). *OECD development co-operation peer review Australia 2013*, Organisation for Economic Co-operation and Development, Development Assistance Committee, France.

UNDP (2011). *Human development report 2011: sustainability and equity: a better future for all,* United Nations Development Program, New York.