

## Audit Report No. 15 2009-10

# AusAID's Management of the Expanding Australian Aid Program

## Introduction<sup>1</sup>

- 5.1 The objective of Australia's aid program (the aid program) is 'to assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest'.<sup>2</sup> In 2008-09 the Australian Government provided an estimated \$3.8 billion in overseas aid.
- 5.2 The aid program has increased in size by 42 per cent since 2004-05.<sup>3</sup> Strong growth will continue to be required in order to meet the Australian Government's commitment to increase official development assistance (ODA) from 0.33 per cent of gross national income (GNI) in 2008-09, to 0.50 per cent in 2015-16.

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1 The following information is taken from Audit Report No. 15 2009-10, *AusAID's Management of the Expanding Australian Aid Program*, pp. 13-16.

2 Commonwealth of Australia 2009, *Australia's International Development Assistant Program, A Good International Citizen*, Statement by the Hon. Stephen Smith MP, Minister for Foreign Affairs and the Hon. Bob McMullan MP, Parliamentary Secretary for International Development Assistance, 12 May 2009, p. 1.

3 Real growth, adjusted for inflation. In September 2005, the Australian Government announced a doubling in the aid program on 2004 levels to around \$4 billion annually by 2010. [See press Release, 13 September 2005, by Prime Minister John Howard, *Increases in overseas aid.*]

- 5.3 The Australian Agency for International Development (AusAID) is the main Australian Government agency responsible for managing the aid program. In 2008-09 AusAID was accountable for \$3.2 billion, or 83 per cent of ODA. Other government agencies are responsible for smaller amounts of aid in areas such as defence, policing and trade.
- 5.4 Since 2000-01, the main source of growth in ODA has been bilateral programs of assistance (known as country program aid) planned and coordinated by AusAID. The agency is expected to remain predominant in the design and implementation of increased aid investments in the coming years.
- 5.5 AusAID provides advice and support to the Minister for Foreign Affairs and the Parliamentary Secretary for International Development Assistance on development policy. Australian aid policy aims to accelerate progress towards the Millennium Development Goals (MDGs),<sup>4</sup> and places emphasis on supporting the Asia-Pacific region. Australian Government strategies to improve aid effectiveness include a focus on partnerships with recipient country governments,<sup>5</sup> and publication of comprehensive information about the aid program.
- 5.6 The Australia Government is a signatory to the international aid effectiveness agenda, as articulated in the 2005 *Paris Declaration on Aid Effectiveness* and the 2008 *Accra Agenda for Action*. Under these agreements, Australia has made commitments to strengthen and use partner country institutions and systems (including financial systems) to deliver aid; to reduce aid fragmentation and proliferation<sup>6</sup> – which have imposed high transaction costs on partner governments and made aid difficult to manage; and to increase the predictability of aid flows, thereby supporting budget planning of partner governments.

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4 The MDGs set global development targets to be achieved by 2015 for poverty and hunger reduction, primary education, gender equality, maternal health and child mortality, combating disease, environmental sustainability, and global partnerships. The MDGs are drawn from actions and targets contained in the 'Millennium Declaration,' which was adopted by 189 nations and signed by 147 heads of states and governments during the United Nations Millennium Summit in September 2000.

5 This approach is illustrated by Pacific Partnerships for Development, which were launched by the Prime Minister under the 2008 Port Moresby Declaration. The partnerships jointly commit Australia and Pacific nations to achieving and assessing progress against shared goals. [Media Release from the Prime Minister of Australia, 6 March 2008, Port Moresby Declaration.]

6 In the aid context, fragmentation refers to the situation when there are many small projects being delivered; proliferation refers to the provision of aid by a wide variety of donors in relatively small amounts.

- 5.7 In early 2007, in response to an aid program White Paper,<sup>7</sup> AusAID instigated internal reforms to deliver a considerably expanded and more effective aid program. These reforms included increasing program management responsibilities of country offices (known as devolution), adoption of new arrangements for the design and delivery of aid – in line with the *Paris Declaration on Aid Effectiveness*, and implementation of more rigorous performance assessment practices. AusAID also embarked on a program to upgrade country strategies to improve the focus (or selectivity) of Australia's support to particular countries.

## The Audit

### Audit objective<sup>8</sup>

- 5.8 The objective of this audit was to assess whether AusAID's management of the expanding aid program supports delivery of effective aid. The audit focused on progress of AusAID's internal reforms to achieve this objective.
- 5.9 The audit considered critical aspects of AusAID's management of the aid program. These include: management arrangements and staff capacity; how aid investments are selected; major forms of aid or modes of delivery (being technical assistance and use of partner government systems); coordination of whole of government engagement; monitoring and evaluating aid performance; and external reporting.
- 5.10 The audit fieldwork was undertaken at AusAID in Canberra and three countries to which Australia is providing increasing levels of aid – Papua New Guinea, the Philippines and Vietnam. The audit methodology included a survey of AusAID staff, and analysis on the changing make-up of the aid program.
- 5.11 The audit did not examine AusAID's management of global programs,<sup>9</sup> Australian development scholarships, and AusAID's contracts with suppliers.

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7 AusAID 2006, *Australian Aid: Promoting Growth and Prosperity: A White Paper on the Australia Government's aid program*.

8 The following information is taken from Audit Report No. 15 2009-10, pp. 14-15.

9 Global programs include funding for humanitarian, emergency and refugee programs, funding for programs run by multilateral organisations such as the World Bank, Asian Development Bank, and United Nations agencies, and funding for non government organisations, volunteer and community programs.

## Overall audit conclusion

5.12 The ANAO made the following overall audit conclusion:

Management of Australia's aid program is a complex undertaking – it requires engagement in multiple countries and sectors to help address difficult development challenges. The effective management of the aid program requires that AusAID develop sound aid initiatives and astutely manage their implementation, by working closely with Australian Government partners, recipient country governments, and other development stakeholders. Scaling up of Australian aid and the impetus to change how aid is delivered amplify these challenges.

The ANAO concluded that, since 2005, AusAID has managed the expansion of the aid program in a way that supports delivery of effective aid. This period has seen AusAID increase the management responsibilities of country offices, recruit additional staff and build in-house technical expertise, and strengthen monitoring and evaluation of aid – supporting delivery of more aid and improved aid effectiveness. Consistent with the international aid effectiveness agenda, AusAID has also made progress in changing the way Australian aid is delivered, by commencing to increase use of partner government systems, and working more collaboratively with other donors.

Notwithstanding this progress, the aid program is likely to double in size between 2008-09 and 2015-16, and AusAID faces considerable management challenges amidst ongoing program growth. AusAID staff are concerned about workloads and stress levels at many overseas posts and there is a shortfall of expertise in some areas; many country programs have operated without an agreed development assistance strategy; the number of aid activities under management has grown strongly – contributing to aid proliferation; and reducing reliance on traditional forms of aid is proving difficult. Resolving these issues requires a particular focus on AusAID's internal capacity and the composition of Australian assistance – to make the delivery of aid more manageable and effective.

The ANAO has made six recommendations aimed at improving AusAID's management of the aid program, and strengthening accountability for aid funding and its results. In particular, AusAID can improve management of human resources by addressing its long-standing problems with regards to the level of

staff turnover, further increasing management responsibilities of locally engaged staff, and continuing to progress workforce planning and development – thereby building internal capacity to deliver aid. Completion of country program strategies that are central to, and record, aid allocation decisions would help make Australia's increasing level of aid more focused and predictable. Further, the development of a comprehensive policy on using partner government systems to deliver assistance would facilitate increased use of these systems, thereby helping to strengthen them and providing a scalable means of delivering aid. Finally, clarification of AusAID's approach to classifying administered and departmental expenses, and improved external reporting, would help make aid program running costs more transparent to external stakeholders.

Importantly, implementation of strengthened performance assessment for aid programs and activities, and the work of the Office of Development Effectiveness (ODE),<sup>10</sup> are focusing the attention of AusAID's management and staff on the factors that lead to better aid outcomes. Continued improvement in monitoring and evaluation of aid is required if AusAID is to remain in a good position to meet the challenges of the coming years.<sup>11</sup>

## ANAO recommendations

**Table 5.1 ANAO recommendations, Audit Report No. 15 2009-10**

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| 1. | <p>The ANAO recommends that, in order to better support program management, AusAID refine its approaches to human resource management, including by:</p> <ul style="list-style-type: none"> <li>• regularly monitoring, and analysing the key drivers behind staff turnover and developing strategies to increase the length of time staff spend in roles; and</li> <li>• increasing management responsibilities of locally engaged staff, where appropriate, including in relation to management of APS personnel.</li> </ul> <p><b>AusAID response:</b> <i>Agreed</i></p> |
| 2. | <p>The ANAO recommends that, in order to make country and regional strategies more central to aid allocation decisions, and thereby improve selectivity of aid investments, AusAID:</p> <ul style="list-style-type: none"> <li>• completes strategies for all major country and regional programs and keeps them up-to-date; and</li> </ul>   |

<sup>10</sup> ODE was established by the 2006 White Paper as an independent unit within AusAID responsible for monitoring the quality and evaluating the impact of Australian aid.

<sup>11</sup> Audit Report No. 15 2009-10, pp. 15-16.

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- builds on the framework provided by Pacific Partnerships for Development, by including indicative multi-year resource allocations in all country and regional strategies.

**AusAID response:** *Agreed with qualification*

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3. The ANAO recommends that, in order to facilitate increased use of partner government systems in delivering aid, and improve the effectiveness of the approaches adopted, AusAID develops policies that address:
- the benefits of using partner government systems and the lessons learned to date;
  - how decisions to use partner government systems are reached, including thorough assessment of potential development benefits and associated risks; and
  - how the more significant risks of using partner government systems are managed by AusAID.

**AusAID response:** *Agreed*

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4. The ANAO recommends that, in order to strengthen monitoring, evaluation and management of the aid program, AusAID:
- reports on the quality of monitored aid activities against the country program objectives to which they relate;
  - improves the quality of data captured on how aid is delivered;
  - publishes management responses for all major Office of Development Effectiveness reviews; and
  - publishes a proposed Office of Development Effectiveness annual program of evaluations.

**AusAID response:** *Agreed*

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5. The ANAO recommends that, in order to strengthen external reporting and help steer agency direction, AusAID develop additional PBS performance indicators to provide a more balanced set of measures that address a broader range of critical aspects of agency performance.

**AusAID response:** *Agreed*

**Finance response:** *Supported*

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6. The ANAO recommends that, to improve transparency and accountability for aid program expenditure, AusAID:
- obtain clarification from the Department of Finance and Deregulation on its use of administered expenses for departmental purposes; and
  - if the current approach to classifying administered expenses is to be continued, disclose, in its annual report, details of the program, role and cost of APS and locally engaged staff funded from the administered appropriation, as well as travel, accommodation, information technology and other administration costs paid for from this source.

**AusAID response:** *Agreed*

**Finance response:** *Supported*

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## The Committee's review

- 5.13 The Committee held a public hearing on Wednesday 17 March 2010, with the following witnesses:
- Australian National Audit Office (ANAO); and
  - The Australian Agency for International Development (AusAID).
- 5.14 The Committee took evidence on the following issues:
- local staff;
  - staff turnover;
  - country strategies;
  - non-monitored activities;
  - multi-year programming framework;
  - publication of reports;
  - departmental and administered expenditure; and
  - microfinance.

### Local staff

- 5.15 The ANAO commended AusAID on the employment of increasing numbers of local staff. However, the ANAO found that very few local staff are in management positions. The ANAO recommended management responsibilities for local staff, including in relation to management of APS personnel be increased.<sup>12</sup> The Committee asked AusAID what steps are being taken to implement this recommendation.
- 5.16 AusAID confirmed that local staff are being employed in broader and more senior roles and quoted the example of the Philippines where 'more than half of the staff at the portfolio manager level – the equivalent in the Public Service to an EL1 – are locally engaged staff'.<sup>13</sup> Numbers of local staff in management roles, including managing APS staff, are also increasing in Jakarta and Port Moresby.<sup>14</sup>

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12 Audit Report No. 15 2009-10, pp. 51-54 and 61.

13 Mr Clout, AusAID, p. 4. All references to witnesses' evidence comes from the Committee's hearing into this audit dated 17 March 2010, with page numbers relating to the Proof Committee Hansard.

14 Mr Clout, AusAID, p. 4.

5.17 AusAID cautioned that, unlike other multilateral agencies such as the United Nations, the agency operates under the *Financial Management Accountability Act* and the *Public Service Act* and must observe the delegations and limits of the delegations of those Acts. AusAID are still examining:

... how we can most effectively put senior level staff from other countries into the program in-country and give them meaningful senior management roles rather than ones that do not really operate because of limitations on their ability to approve financial spending or to make decisions and take actions under the Public Service Act delegations.<sup>15</sup>

5.18 The Committee asked if AusAID had encountered any problems with regard to the recruitment and retention of local staff. AusAID explained that the local labour market varies considerably across the Pacific and Asian region with large Asian cities providing a deeper and broader market and a better educated workforce.<sup>16</sup> AusAID added that the agency must be mindful of depleting the local labour force:

If too many of the donors take the good staff that actually deprives the local government of capacity. In fact a lot of the local staff I have talked to about what they want to do when they finish with AusAID - to go into their government and take with them the skills they have developed with us. We think that is a good path for them to take.<sup>17</sup>

## **Staff turnover**

5.19 The ANAO found staff turnover within AusAID remains high and highlighted that this problem has continued for over two decades and that over 2008 'only one in two APS staff remained in their position'.<sup>18</sup> The ANAO expressed concern that the doubling of the aid program between 2008-09 and 2015-16 will exacerbate the problem and increase already high staff workloads and stress levels.<sup>19</sup>

5.20 The Committee asked AusAID what the drivers behind the staff turnover are and what plans are in place to remedy the problem. AusAID emphasised that the agency's performance was equal to the Australian

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15 Mr Clout, AusAID, p. 4.

16 Mr Clout, AusAID, p. 4.

17 Mr Clout, AusAID, pp. 4-5.

18 Audit Report No. 15 2009-10, pp. 48 and 60.

19 Audit Report No. 15 2009-10, p. 60.



Public Service generally with regard to staff separation rates<sup>20</sup> and wished to clarify that the problem identified by the audit report related to staff churn, or internal movement. AusAID explained that a reconfigured HR system is allowing the agency to monitor and analyse internal staff movement more effectively.<sup>21</sup>

5.21 AusAID identified internal transfer at level as the most significant driver, accounting for approximately two thirds of internal staff churn.<sup>22</sup> The doubling of overseas postings in the last four years has also contributed to the problem as has internal promotions.<sup>23</sup> AusAID told the Committee that to alleviate staff churn a draft workforce plan has been developed and implemented that encourages staff to stay in their positions for at least two years.<sup>24</sup>

5.22 The Committee queried the lack of a contractual provision requiring staff to remain at a post for a set time. With regard to overseas postings, AusAID clarified that staff are expected to serve for two years with a possible extension for a third year.<sup>25</sup> However, for Canberra positions AusAID would prefer to encourage change through a clearly defined corporate policy and maintained that implementation of the policy late last year is already showing results:

We started to put some messages out around this during the later part of last year, and from quarter one to quarter two we had a drop of over 35 per cent in internal transfers at level.<sup>26</sup>

5.23 The Committee acknowledges that AusAID is taking positive steps to combat the effects of staff churn on the agency but is concerned at the persistence of the problem. The Committee therefore recommends that AusAID report back to the JCPAA within twelve months of the tabling of this report on the effectiveness of the draft workplace plan in alleviating staff churn, quantifying any changes.

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20 Mr Clout, AusAID, p. 5.

21 Mr Clout, AusAID, p. 5.

22 Mr Clout, AusAID, pp. 5-6.

23 Mr Clout, AusAID, p. 5.

24 Mr Clout, AusAID, p. 6.

25 Mr Clout, AusAID, p. 6.

26 Mr Clout, AusAID, p. 6.

## Recommendation 2

**The Committee recommends that the Australian Agency for International Development (AusAID) report back to the Joint Committee of Public Accounts and Audit within twelve months of the tabling of this report on the effectiveness of the draft workforce plan in alleviating staff churn, quantifying any changes.**

### Country strategies

- 5.24 The ANAO identified a number of weaknesses in the selection of country aid programs and recommended that country and regional strategies be improved to assist allocation decision making.<sup>27</sup> The Committee noted that, in its response to this recommendation, AusAID said that the report over-emphasised the role of country strategies in aid selectivity and asked if this indicated a substantial difference in strategy perspective between AusAID and the Audit Office.
- 5.25 To the contrary, AusAID maintained that it did not disagree with the recommendation and that it has put in place processes to ensure that, by the end of 2010, all country programs will have completed country strategies in place.<sup>28</sup> AusAID explained that the qualification in the response to the recommendation was intended to clarify the point that, while the audit focused on country strategy delivery, there are parts of the aid program that fall outside the country programs and concentrate on multilateral or global issues:

... it was to make the point that, yes, country strategies do play the central role in the delivery of the country program, if it is a program, for example, on a thematic or issues basis or through multilaterals. That was not brought into the ambit of the audit. It was also, I think, to make the point that, while the country strategy is central to the delivery of a country program, there still needs to be flexibility in terms of changes over time, events in partner countries. It was also to make the point around not the limitations but the boundaries around multi-year commitments that we could make in terms of country programs, that in fact there was still the annual appropriation process and that, while it was possible to give indicative allocations, it needed to be kept in mind.<sup>29</sup>

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27 Audit Report No. 15 2009-10, pp. 81-82.

28 Mr Dunn, AusAID, p. 7.

29 Mr Dunn, AusAID, p. 7.

5.26 The ANAO noted that annual performance reporting is a useful tool for country program managers to monitor the relationship between country level objectives and aid activities.<sup>30</sup> The ANAO maintain that, over time this information could:

... lead to establishment of more realistic objectives for Australian aid, and support stronger linkages between country strategies, aid investments and performance assessment.<sup>31</sup>

5.27 However, the ANAO found that annual performance reporting is not being used to develop scaling up proposals or identify where additional resources are needed. The ANAO suggested that AusAID could make better use of annual performance audits to achieve aid objectives and drive country program coherence.<sup>32</sup> The Committee asked AusAID if any steps had been taken to implement this suggestion.

5.28 AusAID informed the Committee that new guidelines and procedures had been put in place to ensure greater use is made of the information from annual performance audits:

New guidance has been prepared to ensure that management consequences identified in the annual program performance reports are more clearly directed towards improved program planning. The Operation Policy and Support Branch of AusAID has a performance auditing role by analysing the annual program performance reports, making operational recommendations that include scaling up options, and providing these to programs and the AusAID executive for review.<sup>33</sup>

## Non-monitored activities

5.29 In 2001-02 the ANAO recommended that AusAID collect performance information on non-monitored activities.<sup>34</sup> These are activities that are valued at less than \$3 million and account for approximately 15 per cent of the total of aid program funds.<sup>35</sup> The ANAO suggested that performance information on these programs would help to alleviate the problem of

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30 Audit Report No. 15 2009-10, p. 128.

31 Audit Report No. 15 2009-10, p. 129.

32 Audit Report No. 15 2009-10, p. 130.

33 AusAID, submission no. 9.

34 Audit Report No. 15 2009-10, p. 133.

35 Audit Report No. 15 2009-10, p. 133.

activity proliferation<sup>36</sup> by understanding the underlying drivers of this problem.<sup>37</sup>

- 5.30 The Committee asked AusAID why this recommendation had not been implemented and whether or not performance information on these smaller activities is being collected and analysed. AusAID informed the Committee that the agency has been concentrating on redesigning the performance and monitoring systems for activities over \$3 million.<sup>38</sup> However, AusAID recognises the value of collecting such information and is currently implementing a process to collect and assess the information from a selection of projects:

... work is starting on a sample of non-monitored and monitored programs looking specifically at how they perform and why they continue to be delivered in their current form. This work will look at all aspects of the program and examine the process for decision making about activity selection and design, how the program is managed, where operational decisions are made, and what development impact they are having. This analysis is expected to be completed by September 2010.<sup>39</sup>

## **Multi-year programming framework**

- 5.31 The ANAO found that, until recently, Australia did not have a multi-year programming framework in place that would provide certainty for its partner countries regarding aid flow and assist with forward planning.<sup>40</sup> The Committee sort assurance that the increase in the aid budget will enable AusAID to undertake long-term planning and guarantee financial and resource commitments.
- 5.32 AusAID confirmed the improvements to multi-year programming and cited the implementation of the Pacific Partnerships for Development model which is 'about increasing the coordination and cohesiveness of the aid effort within a country in partnership with that country, including greater certainty around resourcing'.<sup>41</sup>

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36 Activity proliferation refers to the provision of aid by a wide variety of donors in relatively small amounts.

37 Audit Report No. 15 2009-10, p. 133.

38 AusAID, submission no. 9.

39 AusAID, submission no. 9.

40 Audit Report No. 15 2009-10, p. 69.

41 Mr Clout, AusAID, p. 10.

## Publication of reports

5.33 The ANAO noted the importance of publishing evaluations and reports for improving transparency and accountability and found that AusAID had fallen behind in this regard.<sup>42</sup> The Committee reiterated the importance of regular public reporting particularly as a means of monitoring performance and asked AusAID what measures it has put in place to address this issue.

5.34 AusAID assured the Committee that it has taken a number of steps to improve its publication record and bring the process up to date:

We are certainly up to date in terms of the annual program performance reports. The Office of Development Effectiveness will be publishing a list of forthcoming evaluations. We are looking at bringing forward the timing of our annual program performance reports to make sure that they are available publicly earlier than they have been to date.<sup>43</sup>

## Departmental and administered expenditure

5.35 The ANAO found that in recent years there has been some blurring of the classification of departmental and administered expenditure by AusAID resulting in an increase in the number of agency staff funded from administered funds.<sup>44</sup> The ANAO noted that this can result in a lack of transparency and accountability and recommended that AusAID seek clarification from the Department of Finance and Deregulation on its use of administered expenses for departmental purposes.

5.36 The Committee expressed concern over this development and asked AusAID if the recommendation has been implemented. AusAID told the Committee that it had sought clarification from the Department of Finance and Deregulation and that the two Departments have recently 'agreed a framework for new draft guidelines specifically for AusAID on the classification of administered and departmental expenses'.<sup>45</sup> It is expected that these guidelines will be finalised and implemented in the 2010-11 financial year.<sup>46</sup>

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42 Audit Report No. 15 2009-10, pp. 149-151.

43 Mr Dunn, AusAID, p. 11.

44 Audit Report No. 15 2009-10, pp. 157. For an explanation of why the distinction is important see Audit Report No. 15 2009-10, pp. 151-52.

45 AusAID, submission no. 9.

46 AusAID, submission no. 9.

- 5.37 The ANAO also recommended that, if AusAID is going to continue with its current approach to classifying administered expenses, the agency should take steps to provide greater details of these expenses in its annual report. In light of the delay of implementation of the new guidelines until the 2010-11 financial year, the Committee asked AusAID if the agency would supply greater detail of its administered expenses in the 2009-10 annual report.
- 5.38 AusAID assured the Committee that the agency:
- ... plans to provide information in its annual report for 2009-10 on the use of the aid budget for staff and associated costs who are directly involved in delivering the aid program to ensure transparency in the use of the aid budget.<sup>47</sup>
- 5.39 In the interests of transparency and accountability the Committee feels that it is important that AusAID clarify the classification of administered and departmental expenses and that this is accurately reflected in its annual report. The Committee therefore recommends that AusAID report back to the JCPAA within twelve months of the tabling of this report on the development and implementation of guidelines on the classification of administered and departmental expenses.

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### **Recommendation 3**

**The Committee recommends that the Australian Agency for International Development (AusAID) report back to the Joint Committee of Public Accounts and Audit within twelve months of the tabling of this report on the development and implementation of guidelines on the classification of administered and departmental expenses.**

### **Microfinance**

- 5.40 Committee members are particularly interested in Australia's participation in microfinance programs and asked AusAID what percentage of the aid program goes to microfinance programs and which countries are targeted. AusAID replied that 0.34 per cent of official development assistance (ODA), or \$13 million, of the AusAID budget is
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spent on microfinance activities.<sup>48</sup> This figure has increased from \$9.4 million in 2007-08 and is expected to increase further.<sup>49</sup> AusAID told the Committee that countries targeted 'broadly mirror the focus of the Australian aid program':

AusAID supports regional and country specific programs. There are regional microfinance programs in the Pacific, and programming is underway to support a regional African microfinance program. In addition, specific countries targeted for microfinance include: East Timor, Papua New Guinea, Fiji, Vanuatu, Cambodia, Indonesia, the Philippines, Peru, Iraq, Afghanistan and Columbia.<sup>50</sup>

- 5.41 The Committee further asked what the repayment rate was like for these microfinance programs and what criteria is used to make microfinance grants. AusAID told the Committee that the 'Australian government is *not* a microfinance lender and does not provide loans and therefore does not have a repayment rate'.<sup>51</sup> The agency went on to explain how the Australian government facilitates microfinance programs:

However, it does support changes needed in finance sectors to increase access to financial services such as savings and loans. Assistance is provided based on country and regional needs, AusAID's country and regional strategies and the Financial Services for the Poor Strategy.<sup>52</sup>

## Conclusion

- 5.42 The Committee is concerned that the increase in staff workload and stress caused by the recent increase in the Australian aid program is going to be exacerbated by the proposed doubling of the aid program by 2015-16. The Committee acknowledges that AusAID has developed a draft workforce plan that should alleviate some of these difficulties including workplace churn. The Committee urges AusAID to implement this plan as soon as possible and ensure that it achieves positive results for staff.

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48 AusAID, submission no. 9.

49 AusAID, submission no. 9.

50 AusAID, submission no. 9.

51 AusAID, submission no. 9.

52 AusAID, submission no. 9.

- 5.43 The Committee stresses the importance of regular public reporting on performance to build public and parliamentary confidence in AusAID and the delivery of Australia's aid program and encourages the agency to continue to improve its publication record.
- 5.44 The Committee is disturbed by the possible blurring of the classification of departmental and administered expenditure and wants to see clarification of this practice.