

### **Independent Review of Aid Effectiveness: Terms of Reference**

#### **1. Background**

The Australian aid program aims to assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interests. The program has doubled in size over the last five years to an estimated \$4.3 billion in 2010–11 and, on current economic projections, will double again to meet the Government's commitment to increase Australia's aid to 0.5 per cent of gross national income by 2015–16.

The Government, Parliament and taxpayers need to be confident that this significant investment is both effective and efficient in fulfilling its objectives.

The Government has taken a range of measures to improve the effectiveness and efficiency of the aid program. The Office of Development Effectiveness (ODE), which was established in 2006, has completed a number of reviews and evaluations of the program, including the Annual Review of Development Effectiveness, which is tabled in Parliament. The findings of this analysis are used to improve aid program planning and implementation. AusAID, the lead agency within the Government on the aid program, has rigorous systems and processes in place to ensure that the aid program is well managed and prioritised. These systems are reviewed and improved regularly. A review of advisers engaged under the aid program is currently being conducted jointly with developing country partners, and a review of procurement and agreements processes has commenced. An audit of the aid program by the Australian National Audit Office in 2009 found that AusAID had effectively managed the increases in the program up to that time.

To ensure that the further increase in the aid budget to 2015–16 is well managed and meets the Government's objectives, a review of the aid program will be conducted. This will be the first independent public review of the aid program commissioned by the Australian Government since the Simons Review in 1996.

This review will draw on the experience of the last five years and relevant international experience and make recommendations regarding the structure of the program and the planning, implementation and review arrangements needed to support delivery of a substantially enlarged aid investment. This review will make a strong aid program even better.

#### **2. Objective**

To examine the effectiveness and efficiency of the Australian aid program and make recommendations to improve its structure and delivery.

#### **3. Scope**

In particular the review will focus on:

The structure of the program, noting in particular:

- a. the appropriate geographic focus of the program, taking into account partner country absorptive capacities;
  - : – the appropriate sectoral focus of the program, taking into account Australia’s area of comparative advantage and measured development effectiveness results;
  - : – the relative focus of the aid program on low and middle–income countries;
  - : – the relative costs and benefits of the different forms of aid, including the role of non–government organisations and the appropriate balance between multilateral and bilateral aid funding arrangements.
- b. The performance of the aid program and lessons learned from Australia’s approach to aid effectiveness.
- c. An examination of the program’s approach to efficiency and effectiveness and whether the current systems, policies and procedures in place maximise effectiveness.
- d. The appropriate future organisational structure for the aid program, including:
  - : – AusAID’s organisational structure for aid delivery;
  - : – arrangements for the coordination of ODA across the public service; and
  - : – coordination of Australia’s ODA with other donors and institutions.
- e. The appropriateness of current arrangements for:
  - : – review and evaluation of the aid program, including an examination of the role of the Office of Development Effectiveness and options to strengthen the evaluation of the aid program; and
  - – the management of fraud and risk in the aid program.

The review will involve an examination of broader international thinking on aid effectiveness and will draw on work by the OECD DAC (including the most recent peer review of the Australian aid program), work on the approach and experience of non–state donors (such as the Clinton and Gates Foundations and non–government organisations) and the range of audits undertaken by the ANAO.

#### **4. Management Arrangements**

The review will be conducted by a panel consisting of:

- Mr Sandy Hollway, AO,(Chairman), former secretary of two Australian Government departments and CEO of the Sydney Organising Committee for the Olympic Games, previously, an official of the Australian Department of Foreign Affairs and Trade for 16 years, an Australian diplomat at four overseas posts and Head of the International Division and Deputy Secretary of the Department of Prime Minister and Cabinet with responsibility for foreign aid and other international matters;

Dr Stephen Howes, Director, International and Development Economics, Crawford School of Economics and Government at the ANU, previously worked as the Lead Economist for India for the World Bank and as Chief Economist at AusAID;

- Ms Margaret Reid, AO, has extensive experience with Australian non–government organisations (NGOs) working in international aid as the former President of the Executive Committee of the Australian Council for International Development. Ms Reid is also the first female President of the Australian Senate, and former World President of the Commonwealth Parliamentary Association;

- Mr Bill Farmer is a former senior diplomat. Mr Farmer was Head of Mission in the two largest recipients of Australian aid, Indonesia and Papua New Guinea. Mr Farmer was also the Deputy Permanent Representative of Australia to the United Nations;
- Mr John Denton, CEO and Partner at Corrs Chambers Westgarth is a Prime Ministerial appointee to the APEC Business Advisory Council and a member of the Boards of the Business Council of Australia and the Commonwealth Business Council. He has firsthand experience of development and conflict through postings to Bangladesh and Iraq. He is Chairman of Australia for United Nations High Commission for Refugees Australia.

The panel will be supported by a secretariat led by AusAID and drawn from a range of other Government agencies, including central agencies and agencies involved in the delivery of the aid program, as necessary. The panel will draw on expert advice as required.

## **5. Approach**

The review will consult extensively across the Australian Government, non-government organisations and other key stakeholders in the Australian community. Fieldwork will be conducted to consult with a selection of Australia's bilateral and multilateral partners.

## **6. Timing**

The review will commence in November 2010 and be completed by April 2011.

## **Joint Review of Adviser Positions: Terms of Reference**

Australia's aid program focuses on building capacity in developing countries—the capacity of people, of organisations, of systems. Capacity—to participate in and contribute to economic growth, to perform the functions of government, to deliver services, to provide stable and secure communities—touches on virtually every aspect of development.

Capacity is built through transferring knowledge and skills. This can be done in many ways— through educational scholarships; through providing training courses and study tours for officials from developing countries; through research activities; and by using experts to advise and to work with counterparts in developing countries. Historically, a large part of Australia's aid program has been delivered through advisers. This is primarily because Australia's aid program is concentrated in the fragile and conflict-affected countries of our region where government systems and capacity are weak and relevant expertise is not available locally. Thirty of the countries that currently receive Australian aid are considered to be fragile. This financial year (2009-10), these countries are expected to receive over 57 per cent of Australia's regional and bilateral aid program. However advisers are only one part of a broader mix of the responses available to strengthen partner country capacity.

Decisions about what the Australian aid program supports are made jointly with partner governments. This Review, to be conducted jointly with partner governments, will confirm that each adviser placement is meeting agreed needs and priorities.

## **1. Objectives and scope**

The review will examine the role that adviser positions make in meeting program objectives and outcomes. On the basis of this examination, the continued funding of adviser positions will be jointly considered with partner governments.

Informed decisions around the opportunity cost of, and therefore the priority attached to each position, will take into account a range of considerations including:

- A clear articulation of the intended outcomes of the position (results)
- Whether there are alternative or more cost-effective ways of achieving these intended outcomes
- An assessment of the relative importance of the position to the broader country program and bilateral relationship.

The review will also result in an agreed process for regularly reviewing the use of advisers and new requests for adviser positions.

The review will provide a baseline for the aid program on adviser usage and contribute to more substantive changes to the way Australia's aid is delivered, aimed at increasing effectiveness and reducing any over-reliance on long-term advisers.

## **2. Methodology and Timing**

The review will be led by the senior AusAID officer in each country and involve representatives of partner government central and line agencies. Where possible, existing program processes will provide a framework for the review (such as the Partnerships for Development in Pacific countries).

The review will cover all adviser positions which will be in place during the 2010/11 financial year (and beyond, if known).

PNG, the Solomon Islands, Vanuatu and East Timor have the highest proportion of advisers in their development assistance programs—they will be reviewed first.

The review will be completed by the end of 2010. The initial four priority countries will be reviewed over the next 3-4 months.

## **3. Definition of Advisers**

For the purposes of the review, an adviser is defined as someone who provides advice on the strategic direction and/or implementation of Australian aid. Advisers might:

- provide technical expertise and advice to AusAID, partner governments, NGOs, or churches
- provide leadership and oversight and/or technical inputs in delivering an aid program.

## **Whole of Government Deployment Review: Terms of Reference (Review of terms and conditions of employment for Australian officials deployed as advisers under the Australian aid program)**

On 3 March 2011 the Minister for Foreign Affairs announced a review of the terms and conditions of service provided to public servants deployed overseas as advisers under Australia's aid program. This review follows and builds on the earlier AusAID review that introduced a standardised remuneration framework for commercially engaged advisers.

The Minister has directed AusAID to conduct the review. The review will report to the Minister by July 2011.

### **Objectives and scope**

The review will focus on standardising conditions of service for public servants from government departments and agencies on whole of government (WoG) assignments overseas funded through the aid program. Largely, this will cover the three programs that together comprise the bulk of WoG deployments (the Strongim Gavman Program in PNG, the Regional Assistance Mission to Solomon Islands and the Government Partnership Fund in Indonesia), but will also look at other, smaller WoG missions in other developing countries. Currently 68 advisers from 12 different APS agencies are deployed overseas in five countries.

The review will address arrangements for all current and future deployments of APS employees as advisers overseas funded through the aid program.

The review will be confined to employees covered under the *Public Service Act 1999*. It will not address AFP deployments made under separate arrangements and in accordance with the *Federal Police Act 1979*.

The review will address:

- Standardising terms and conditions of service for APS employees deployed overseas as advisers under Australia's aid program.
- Greater consistency with terms and conditions provided to other public servants posted overseas on long-term assignments from other government departments/agencies, including AusAID, recognising the difficult environment that deployees on WoG assignments are required to work within.
- A standard approach to AusAID funding of adviser positions, including an assessment of position classifications and work level standards.
- Transitional arrangements for existing deployments in moving towards a standardised set of terms and conditions.

## **Methodology and timing**

The Deputy Director General Asia Pacific and Program Enabling Group, AusAID, will lead the review, supported by staff from the Human Resources Branch. Departments and agencies with employees on WoG programs will be participate in the review through regular consultation and meetings as required, with specific modalities and timelines to be agreed at the first meeting proposed for 12 April 2011.

The review will report to the Minister by July 2011.