

Chapter 4: Managing Australia's development co-operation

Institutional system

Indicator: The institutional structure is conducive to consistent, quality development co-operation

Australia has focused strategically on reforming the institutional system to make it more capable of delivering an effective aid programme. Consolidating this impressive organisational reform and making information management and accounting systems fit for purpose need to be prioritised to ensure effective implementation. Australia has implemented the DAC 2008 recommendations on organisation and management.

Reform of Australia's aid system since 2010 keeps it fit for purpose

AusAID, which managed 83% of total ODA in 2011/12, has focused strategically on developing its capabilities to deliver a growing programme by strengthening corporate governance, increasing staffing, and updating its business model. AusAID is now in a good position to deliver an expanded aid programme through to 2015/16. AusAID's purpose, mission and values are clear and ambitious. It aspires to:

- > be acknowledged as a best-practice public sector agency that is agile, capable and effective;
- > be known as a leading international development agency; and
- > be driven by the Government's commitment to deliver results with the public funds that are under its control (AusAID, 2011: 7).

AusAID is directly accountable to the Minister for Foreign Affairs and takes the lead in co-ordinating the Australian Government's delivery of official development assistance.¹ Since becoming an Executive Agency in 2010,² AusAID is the unambiguous anchor agency for development. It is formally responsible for providing development policy advice, planning and managing poverty reduction activities, leading responses to humanitarian and disaster crises and representing Australia on development internationally (AusAID, 2012c).

AusAID's business model and corporate vision are outlined in a number of key policy documents, all of which are coherent and aligned with one another.³ To ensure ownership and relevance, the organisation consulted with its staff when updating the business model. The revised accountability and governance arrangements (AusAID, 2012a) give a clear overview of the roles, responsibilities, functions and lines of and other committees.⁴

System co-ordination works well thanks to clear roles and responsibilities

AusAID now has greater capacity to engage with other government agencies involved in development, foreign policy and national security. As shown in Chapter 1, co-ordination functions across government and within AusAID work well, giving good policy space to development concerns and coherent policies. In addition, AusAID plays a crucial role in screening aid proposals by all government agencies from a development perspective.

The inter-governmental Development Effectiveness Steering Committee⁵ (DESC), which is chaired by AusAID's Director General, plays an increasingly important oversight role for all of Australia's ODA. The Committee provides strategic direction for the aid programme, including through providing advice to the Government on aid budget priorities put forward as part of the whole-of-ODA budget submission, considering and endorsing programme strategies and overseeing the Annual Review of Aid Effectiveness and the Independent Evaluation Committee.

**AusAID's
new structure
reinforces its focus
on policy, quality
and effectiveness**

AusAID's new organisational structure is a good reflection of the expanded ambition of Australia's development co-operation and its determination to strengthen the quality, effectiveness and efficiency of aid management (Figure 2.1). Key objectives of the restructuring were to make AusAID fit for purpose, better able to manage risk and to provide strategic policy advice to the Minister. AusAID is now built on three pillars: the country programming group; the humanitarian and international group; and the corporate group. Each is headed by a Deputy Director General – a new executive level of senior management. The agency has ten divisions sitting under these three groups (see Annex D for a chart of the new structure).⁶

Australia's decentralised aid management, with approximately 40% of staff based in country offices, reflects the good practice outlined in the Busan Partnership for Development (HLF4, 2011). It gives AusAID the resources and flexibility to respond to evolving country needs (Box 4.1). Since the last peer review, financial authority for country offices has increased along with the seniority of heads of county offices.⁷ AusAID is mindful, however, that headquarters need to be involved in programming to keep headquarter staff informed of development issues and to expose new staff to development programming before being posted overseas. The agency deals with this challenge through integrated programming teams (headquarter and field) and business processes. Peer review processes also play an important role in contesting programme and project designs as well as performance reporting.

Australia has the right tools, flexibility and organisational structure to deliver realistic results in fragile states. Its long experience in fragile states has translated into a good understanding of the challenges and risks involved. Principles such as “do no harm”⁸ and the need to properly assess and manage contextual, programmatic and institutional risks⁹ are well understood. Tools used in fragile states are flexible, and innovative approaches are encouraged (Chapter 5). Other major players in fragile states include the Australian Federal Police (contributing 4.5% of ODA) who, together with the Attorney General's Department, is involved in executive policing, public order management and capacity building to strengthen the rule of law – a key area in fragile and post-conflict settings. Police are provided with extensive training before being posted to fragile states.

Box 4.1. Lessons from Australia's experience with decentralisation

AusAID started to decentralise its development co-operation in 2000 and has learnt the following:

- > It is more effective to tailor the level and type of devolution to the specific operations in a country.
- > Keep the job interesting for staff in headquarters and keep up their skills on aid management in preparation for rotation to the field.
- > The impact of the aid programmes increases when decentralisation enables more strategic relationships and policy dialogue with partner governments.
- > Partner governments are sensitive to the level of seniority and influence of heads of country offices. This has contributed to AusAID's decision to deploy more senior staff as country directors in strategic partner countries such as Papua New Guinea and Indonesia, as well as at the World Bank and United Nations.
- > Programme management and oversight is easier for the agency because it is closer to the action.
- > Being decentralised facilitates the shift to programme-based approaches.
- > Local sector specialists in posts bring additional expertise to programmes.
- > The cost of posting more staff overseas is reduced by recruiting local staff with strong expertise and knowledge.

Source: Interviews held in Canberra during the peer review mission, October 2012.

Strategic and administrative tasks are balanced

AusAID has balanced the administrative system in favour of strategy, policy and a focus on quality and results. Between 2010 and 2012 AusAID focused first on getting policy and strategic capacity in place and then turned its attention to processes and structures. Divisional Business Plans, for example, are an important tool for setting priorities, financial planning and determining resource allocations (AusAID, 2012a). The major building blocks of corporate reform have been approved and put in place; the next step is to work on business improvement while refining and tweaking ways of working. AusAID is now planning to streamline and upgrade business systems (Chapter 6).¹⁰

Innovation and behaviour change

Indicator: The system supports innovation while managing risks

Australia has managed its organisational change strategically. The integration of development objectives and corporate systems provides incentives to implement the reform and achieve development objectives. Other donors can learn from AusAID's experience.

A well-managed process of change, with lessons for other donors

Australia has managed its complex and rapid reform process well. Lessons for other donors include the value of using change management models for reform; of focusing on staff communication, especially in country offices; and of outlining clear goals and steps while being flexible and consulting with staff. In particular, the Strategic Reform Committee played a pivotal role in managing the pace of change. It continues to provide leadership for business improvement and change management which is good for keeping up momentum in consolidating the reform. Opening participation in the Strategic Reform Committee to middle management and regular staff surveys helped keep staff engaged and senior executive aware of their concerns. Sequencing and synchronising reform is always a challenge; AusAID found that once the aid policy framework was in place it was easier for staff to see where the agency wanted to head.

A range of incentives promote innovative approaches

The emphasis on partnerships, transparency and results and on new aid modalities in Effective Aid and the Comprehensive Aid Policy Framework open the way for AusAID to be more flexible and innovative. Australia embeds development objectives in corporate processes from division plans to individual performance objectives and reporting.¹¹ In addition to formal incentives, staff across AusAID can join networks and communities of practice to test new ideas, learn about new policies and guidance, and share experience on how new approaches are being applied.

Human resources

Indicator: The member manages its human resources effectively to respond to field imperatives

Australia has made impressive progress in managing human resources effectively to respond to field imperatives and new ways of working. It has also implemented the 2008 DAC recommendation to develop a policy for maintaining the right level of staff with the appropriate skills mix. AusAID plans to improve on this progress by building-up, as planned, staff capabilities, including development expertise.

Workforce planning is strategic and focused on getting the right mix of skills

AusAID's workforce planning is strategic, comprehensive and operational with concrete deliverables and regular reporting on progress to senior management.

AusAID has succeeded in increasing staffing levels and addressing challenges related to high internal staff mobility and high staff turnover.¹² AusAID's workforce has grown by 66 per cent since 2008 to reach a total of 2124 Australian public service (APS) and locally-recruited staff (referred to as Overseas Based, or O-based, staff). The bulk of new staff were recruited in 2011-12, reflecting a strategic move to frontload staffing in time for the real increase in the aid budget in 2011 and planned increases up to 2016.

AusAID places a high value on locally-recruited staff, who account for approximately 28% of the total workforce. They are crucial for providing the contextual and sector expertise in its country programmes. In line with this, a methodology for determining more transparent work level standards, remuneration review processes, and official terms and conditions for O-based staff are being introduced by AusAID. The aim is to align career levels with those of staff in the Australian public service, and to provide greater clarity on pay scales and conditions of service. Staff in the Philippines country office welcomed AusAID's work in this area and were eager to see the terms and conditions approved.

The workforce is structured around three core occupational groups: program delivery; policy development; and corporate – with the majority of AusAID staff within the program and policy occupational group (roles primarily involved in aid program delivery, international development policy and partnerships). Job profiles are changing at AusAID as the agency evolves from more traditional ways of delivering aid: staff now spend less time managing specific projects and more time leading on programme design, managing programme performance and working with partners to encourage and support policy reform. The Workforce Plan – Phase One committed AusAID to increase its specialist capabilities, to meet future operational requirements and appropriately manage risks with the increased size and complexity of the aid program. This commitment is being implemented through the Workforce Plan – Phase Two with the establishment of streams within occupational groups to deepen capabilities in priority areas, such as economics,

health, education, infrastructure, governance, results monitoring and evaluation. These will all be vital for AusAID to support partner country efforts to achieve their development objectives.¹³

Good staff incentives to work in fragile contexts

Postings to, and good performance in, fragile contexts are seen as career enhancing within AusAID, encouraging Australian staff to deploy to these challenging environments and to deliver results. Locally-employed staff are also given a key role in these contexts, ensuring that their knowledge and experience are properly used to support the effective design and implementation of programmes. AusAID and police staff are trained in effective programming in conflict and fragile contexts before being sent to such countries. For example, in 2011/12 more than 330 AusAID and whole of government officials and staff of AusAID implementing partners were trained in how to work in situations of conflict and fragility. Training included looking at case studies on the role of women in negotiating and building peace (AusAID, 2012c).

The fragile states team in Canberra, which was understaffed at the time of the peer review team's visit to AusAID, has almost completed its projected growth, which should allow it to expand the evidence base and disseminate good practices to support desk officers and staff in country offices.

New staff require training- in development

AusAID places a high priority on learning and development, and promotes a 70-20-10 learning approach. It has also increased the training budget by almost 30% between 2011 and 2012 (AusAID, 2011a). All staff – both in Canberra and locally-recruited – have good access to a wide array of formal training courses provided by AusAID and academic institutions. A new learning management system – LearningConnect – was launched in September 2011 to improve the management and reporting of all training across the agency and to host online learning resources. In-house courses have increased, including through AusAID's e-learning programmes on security awareness, work health and safety and workplace diversity (AusAID, 2012e). A People and Leadership Committee has been created to assess and propose priorities and monitor progress on human resource strategies broadly, including for learning and development.

Phase two of the workforce plan gives specific and suitable attention to developing the specialist expertise needed for a higher quality aid programme (AusAID, 2012b).¹⁴ Providing appropriate training on development co-operation to the staff recruited in 2011-12 is also an important priority. AusAID needs to further develop and apply effective mechanisms for on-the-job learning, feedback and mentoring. This should be done in tandem with improvements to the knowledge management system (Chapter 6).

In Manila, the peer review team found good examples of experience and lesson sharing between the Philippines and Indonesia programmes (Annex C). AusAID's performance management system, evaluations, the research it commissions,¹⁵ and corporate performance and quality reports are rich sources of information, flagging important trends and lessons. Better dissemination of these reports and studies across the agency would make an important contribution to on-the-job learning.

Notes

1. The Director General reports directly to the Minister for Foreign Affairs and Trade on all development policy matters, the administration of AusAID and its programme while being fully autonomous within the foreign affairs portfolio.
2. In accordance with the Public Service Act 1999, AusAID's status as an Executive Agency was approved on 8 July 2010 by order of the Governor-General, on advice from the Prime Minister.
3. The Governance and Accountability Policy (2012), The Enterprise agreement (2011); Our mission, Our values (2012) and AusAID's Workforce Plans: phase one and two (2011 and 2012).
4. Senior oversight is strengthened at AusAID by a new three tier governance committee structure which includes: Tier 1 - Executive Committee and Executive Group; Tier 2 - four executive sub committees (People and Leadership Committee; Development Policy Committee; Strategic Programming Committee, which approves all high risk, high value investments from design stage; and the Strategic Reform Committee, which focuses on business improvement and change management); and Tier 3 - seven committees reporting to the Executive sub-committees.
5. The DESC meets about six times a year and is composed of deputy secretaries of the Department of the Prime Minister and Cabinet, the Treasury, Department of Foreign Affairs and Trade, and the Department of Finance and Deregulation, and AusAID's Director General (as Chair) and Chief Operating Officer (see AusAID, 2012c).
6. Changes include: the new Programme Effectiveness and Performance Division has a dedicated Quality, Performance and Results Branch as well as a Risk Management and Fraud Control Branch; a new Policy and Sector Division; a new Africa and Community Programs Division, in line with AusAID's expansion to Africa and commitment to involve the Australian community; a new Humanitarian and Stabilisation Division; and a new Whole of Government Branch.
7. A Minister (in place in Jakarta and Port Moresby) can sign-off up to AUD 50 million and a Minister-Counsellor up to AUD 15 million.
8. More information about do no harm available at www.cdainc.com/cdawww/project_profile.php?pid=DNH&pname=Do%20No%20Harm
9. See Managing Risks in Fragile and Transitional Contexts: The Price of Success?, OECD, 2011, available at www.oecd.org/dac/conflictandfragility/managingrisksinfragileandtransitionalcontextsthepriceofsuccess.htm

10. For example AusAID's Workforce Plan Phase Two identifies the need to increase administrative efficiency in communications, information services, finance and human resources (AusAID, 2012b).
11. Individual Performance Plans (IPP) are the key tool for staff accountability. IPPs should be based on outputs listed in Divisional Business Plans, and work plans for the branch, section and country office. Also, pay is linked to effective performance for all staff through common pay increments presented in the Enterprise Agreement (AusAID, 2011c).
12. According to AusAID's 2011 Annual Report (AusAID, 2012e), the vacancy rate of 2.5% in 2011 is well below the 10% target in AusAID's Workforce Plan- Phase One (AusAID, 2011a).
13. AusAID is also creating sector cadres or streams comprising practitioners and specialists led by a principal sector specialist mainly based in the policy and sector division (AusAID, 2012b).
14. AusAID has established three occupational streams: (1) policy and programme; (2) sector or discipline; and (3) corporate and operations.
15. Research funding (AUD 133 million in 2011/12) is available for almost every programme portfolio to improve the quality and effectiveness of Australian aid in developing countries (Annual report 2011-12: 204).

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