

## Executive Summary

### Background

**This is the first Australian aid stakeholder survey.** Its purpose is to obtain feedback on the effectiveness of the Australian aid program and provide suggestions for improvement.

**Australian aid is delivered through a complex set of partnerships. The views of those familiar with and involved in its delivery should be heeded.** Australian aid is delivered by NGOs, development contractor companies, multilateral organizations, consultants, universities, various Australian government departments and the governments of the countries Australia gives aid to. We rarely hear from these aid insiders and others who take an interest in aid. Yet they are the best informed, and the most aware of both the strengths and weaknesses of Australian aid. They have unique insights to offer on questions that are otherwise difficult to answer: just how effective is Australian aid, and what can be done to improve it?

**Altogether, 356 respondents participated in the survey.** This included 68 pre-selected Australian NGO senior executives, 37 pre-selected development contractor senior executives and 251 self-selected individuals. The latter group are a mix of NGO, government, multilateral and development contractor employees, academics and consultants.

**Our findings in relation to the first two groups – Australian NGO and development contractor senior executives – are the most accurate.** We targeted the CEO and a second senior executive of the 25 development contractors and 43 Australian NGOs that work most closely with the Australian aid program. We also targeted the CEOs of a randomly selected group of 30 smaller NGOs. We achieved solid response rates of 84% for development contractors and 65% for NGOs.

**Self-selected participants do not represent other groups of stakeholders as accurately, but their views are still of interest.** It was not possible to draw sampling frames for other stakeholder groups, such as multilateral and government officials or academics and consultants involved in the aid program. Instead, a second phase of the survey was run, in which all stakeholders were invited to self-select. 251 responded. A self-selected sample is never going to be as accurate as a scientifically sampled one. But the large number of responses we received are still of great value. On a large number of areas, there was a good deal of consensus across all groups.

**This is a survey of experts. Participants are a diverse and knowledgeable group.** Three-quarters have worked in the field of development for five years or more, and think they have a strong or very strong knowledge of the aid program.

**Participants are sympathetic to and engaged with aid.** Most are aid supporters: nearly all think aid should increase relative to Gross National Income. 80% are engaged with some part of the Australian aid program themselves.

**The survey asked respondents a range of questions.** Some related to the aid program as a whole, some to its then manager, AusAID, some to the respondent's own aid engagement.

**The survey has a particular focus on aid effectiveness.** The survey asked questions about 17 aid challenges or attributes identified by the 2011 *Independent Review of Aid Effectiveness*. The presence of these attributes is required for effective aid delivery and/or to build public support for aid. The attributes can be divided into four categories: those needed to ensure a strong performance feedback loop; those required to manage the knowledge burden of aid; those that help limit excessive discretion in aid program decision making; and those that will build public support for aid.

**There are very few stakeholder surveys of bilateral aid programs, and none with a focus on aid effectiveness.** Such surveys have become more popular in relation to multilateral agencies, but there are very few examples in relation to bilateral ones. Given the difficulties of measuring aid effectiveness, this is surprising. Reviews of Australian aid rely heavily on consultations with stakeholders through submissions and meetings, but this process is both ad hoc and infrequent. There have only been three aid reviews in the last 27 years (1986, 1997, 2011).

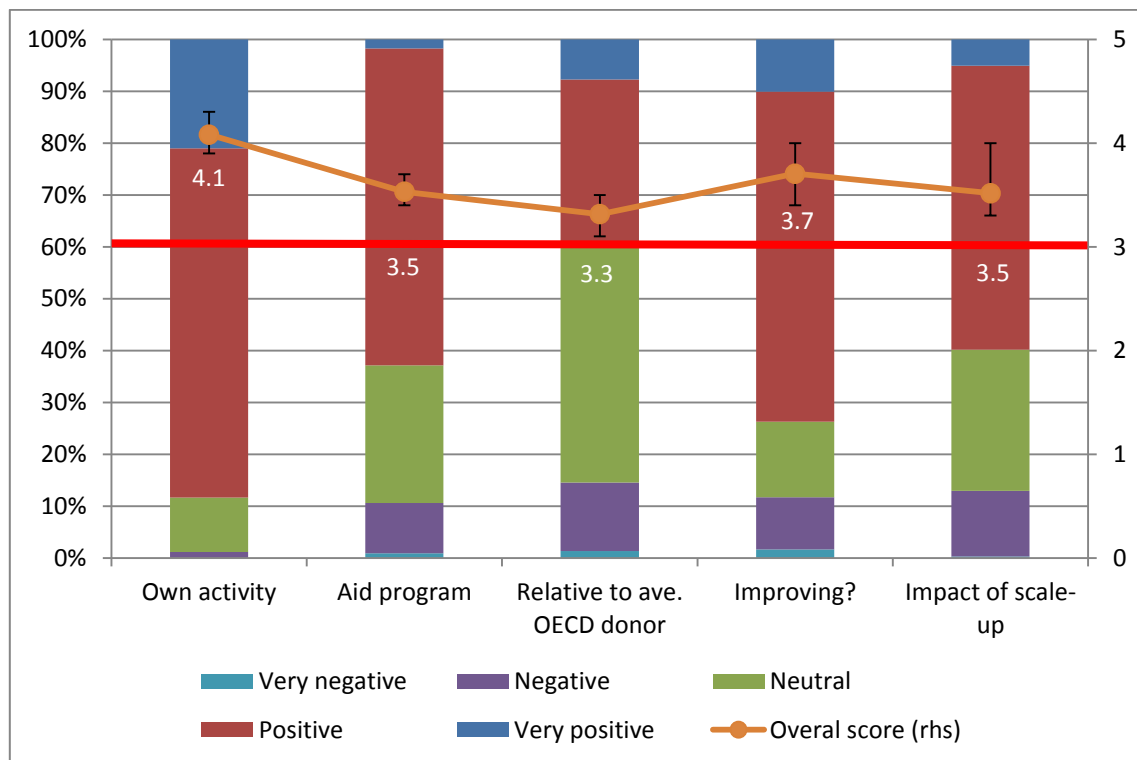
**The survey comes at an important time.** The survey was conducted online under a guarantee of anonymity from June 17 to the end of August 2013. It is timely for the aid program with the abolition of AusAID, and the reorganization of the way the aid program is being delivered. Although we did not ask about organizational structure in this survey, a number of the responses are very relevant both to fundamental questions about the purpose of aid and to the perennial challenges around aid effectiveness, which will have to be addressed no matter what the chosen organizational form.

### **Key findings**

**There is more that unites than divides the aid community.** On some issues, different groups hold very different views. For example, each stakeholder group tends to think that more reliance should be placed on that group for the delivery of aid. On some issues, groups are internally divided. For example, there seems to be little consensus on whether aid to Africa should be increased or reduced. But issues that divide are more the exception than the rule. On many issues, there is a clear majority position within and across stakeholder groups or, more generally, a clear message from stakeholders as a whole. We focus on these issues in this summary of results.

**The aid program is good and improving.** A range of questions were asked in relation to aid effectiveness. These are summarized in the figure on the next page, which shows the answers for all respondents. The columns show the proportion giving each response, while the line bar summarizes the responses to give a single average or overall score. This is out of 5, where 3 can be thought of as a bare pass.

## Views of all respondents on a range of effectiveness questions



Notes: Each column refers to a different question asked about views on aid effectiveness. The first asked about the effectiveness of the respondent's own aid activity; the second asked about the effectiveness of the aid program as a whole; the third asked about the effectiveness of Australian aid relative to the average donor; the fourth asked whether the effectiveness of Australian aid was improving; the fifth asked whether the scale-up in Australian aid had improved effectiveness. While different response sets were used for some of these questions, they all required answers on an (implicit) five-point scale, from very negative (e.g. very ineffective) to very positive (e.g. very effective). The columns show the proportion that responded in each category. The line graph shows the overall score, where a very negative response is given a scale of 1, a negative response 2, neutral 3, positive 4 and very positive 5. On this scale, 3 (marked by the red line) is regarded as a bare pass. The error bars show the range of responses from different stakeholder groups, defined as per Table 1: NGO executives; development contractor executives; NGOs (self-selected); contractors (self-selected) and consultants; academics; developing country government and multilateral agency officials; Australian government officials.

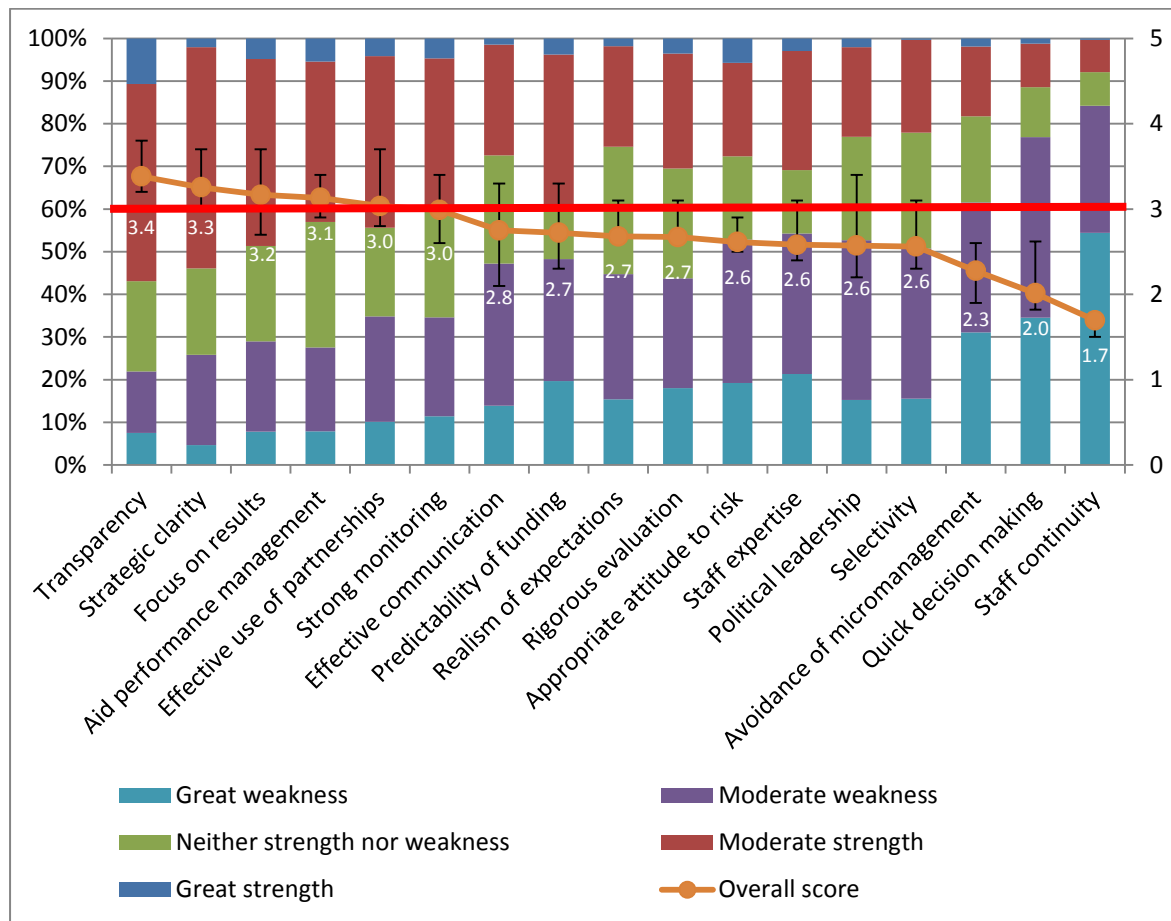
**Participants were generally positive both about the effectiveness of their own aid activity and, to a lesser extent, the aid program as a whole.** Most thought Australian aid effectiveness was improving, and that the scale-up in aid (the large increase in the aid budget over the last decade) has improved rather than worsened aid effectiveness. They thought Australia was as good as or better than the average OECD donor. Participants were generally positive about the sectoral focus of the aid program, and its focus on the Asia-Pacific region.

**But there is an unfinished aid reform agenda.** Participants scored the design of the (previous) government's aid strategy significantly higher than they did its implementation, which overall scored just better than a bare pass.

**There were weaknesses across the four categories of 17 aid challenges or attributes covered by the survey.** The average score for the attributes in each of the four categories was below 3. The average score for the 17 attributes was 2.7. The highest overall score for

any single attribute was only 3.4. As the figure below shows, only six of the attributes scored above 3. Only two attributes – transparency and strategic clarity – were identified as strengths of the aid program by more than half of the stakeholders.

**Views of all respondents on the 17 aid challenges**



*Notes: This graph summarizes the answers of all respondents to questions regarding the 17 aid challenges or attributes. The columns show the proportion answering in different categories; the line graph shows the overall scores (see the notes to Figure 1 for more detail). The error bars around the line graph show the range of overall scores for different stakeholder groups (again, see the notes to Figure 1 for more detail).*

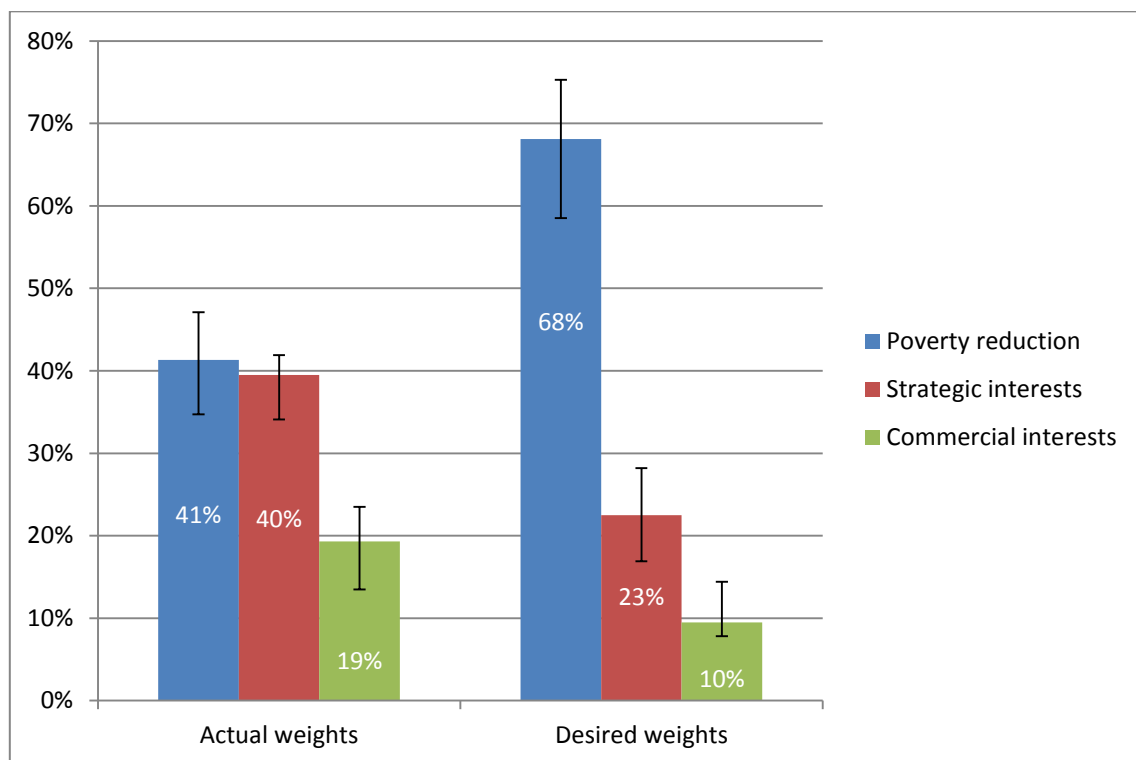
**High staff turnover is identified as far and away the most serious weakness.** Rapid rotation of staff between different positions undermines the consistency of effort and accumulation of expertise required to deliver effective aid. It was seen as the greatest weakness among the 17 attributes by all stakeholder groups. More than half the respondents rated it as not just a moderate, but a great weakness. Of those who had an AusAID manager for their own activity, more than half said that manager had been in place for less than a year, and one-third said that the manager was not in place long enough to be effective.

**Slow decision making emerged as the second most serious aid effectiveness weakness.** This was highlighted as a problem both for the aid program as a whole and for the individual aid activities with which respondents are engaged. Most participants also said that the transaction costs of engaging with AusAID were on the rise.

**There are several other areas of weakness as well.** 11 of the 17 attributes received a score below 3, and seven were regarded by at least half of all respondents as a weakness. In addition to the two already mentioned, the other five were drawn from all four categories of attributes. They were: avoidance of micromanagement; selectivity; political leadership; staff expertise; and appropriate attitude to risk.

**Stakeholders perceive that the national interest is already given significant weight as an aid objective.** Respondents were asked to assign weights adding to 100 for three different possible aid objectives: advancing strategic interests; advancing commercial interests; and reducing poverty. Surprisingly, across all groups, stakeholders thought the aid program gave more weight to the national interest (the strategic and commercial objectives combined) than the poverty reduction or development objective. While they recognise that the national interest will always carry significant weight in the aid program, they would like to see the poverty reduction or development objective accorded greater weight, in fact, much more weight than the national interest. The figure below illustrates.

**Views of all respondents on how important different objectives are for the aid program, and how important they should be**



*Notes: Respondents were asked to say what weight these three objectives actually have in the Australian aid program, and what weight they should have, where, in both cases, the weights should add to 100. The columns show the results averaged across all respondents, and the error bars show the range of averages for different stakeholder groups (as defined in the notes to Figure 1).*

**Implications and conclusion**

**The richness of results from the survey suggests its worth.** The results of the survey are interesting: many could not be predicted. They provide an opportunity for stakeholders to

take the initiative, and to make their concerns heard. They offer an insight into fundamental challenges to aid effectiveness too often glossed over in academic and policy discussions.

**The community of aid stakeholders has a lot in common, and needs to do more to make its voice heard.** Aid stakeholders rarely if ever convene as a single group. The separate “tribes” of NGOs, contractors, etc. generally keep to themselves. But the survey shows that there is in fact more that unites than divides these different groups. One of the results of the survey is that more than half of the aid community expected a far worse outcome in terms of aid volumes under the Coalition than under Labor. Despite this, Coalition leaders were never asked about their aid plans, which weren’t revealed until two days before the elections. Nor did Labor release an aid policy prior to the elections. Aid needs to become a serious policy issue, on which parties are expected to have positions going into elections.

**A succinct summary of stakeholder views would be that the aid program is good but very improvable.** The 2011 Independent Aid Review summarized the Australian aid program as “improvable but good.” (p. 5) The verdict of the stakeholders is that the aid program is good but very improvable: reforms are needed in a wide range of areas.

**The current time is one of great uncertainty for aid, and there are real risks to aid effectiveness.** The combination of large budget cuts (\$656 million this year), staff cuts, the merger of AusAID and DFAT and the reorientation of the aid program away from its old strategy to new directions outlined (though only at a high level) by the new government brings not only significant uncertainty, but also risks to aid effectiveness. Gains made in some aid effectiveness areas, such as transparency and strategic clarity, may be lost. Reform momentum may stall. And pre-existing weaknesses identified by the survey, such as staff turnover and slow decision making, may well worsen.

**But there are also new opportunities for improving aid effectiveness.** The Foreign Minister has emphasized that she wants to take the aid effectiveness agenda forward. The Coalition government’s overall emphasis on deregulation is consistent with the message from aid stakeholders that transaction costs need to be reduced. Stakeholders are sympathetic to the government’s desire to give economic growth more weight within the aid portfolio.

**Whatever organizational structure is put around aid delivery, specialized and accountable implementation capacity should be maintained.** While the weaknesses and reforms identified by the survey do not themselves imply what the appropriate organizational structure to deliver aid is, they do speak to the need to recognize aid as a complex specialized activity that is difficult to implement well. The current weaknesses and required reforms speak to the need for a greater focus not only on specialization, but also accountability.

**Corporate reform is key, but the challenges go beyond that.** Recommendation 31 of the 2011 Aid Review highlighted the importance of corporate reform to improve aid productivity, “especially by reducing staff turnover, streamlining business processes, and reducing paperwork.” The survey results suggest that this remains a priority, and that progress has so far been limited at best. But solving the problems that afflict Australian aid extends beyond corporate reform. Australian aid has enjoyed a reputation in the past for pragmatism and flexibility. The low score given to timely decision making and the verdict that transaction costs are rising suggest that the aid program may now be over-regulated

and overly risk averse. Timely decision making has probably also suffered as a result of recent, and ongoing, budget cuts. Likewise, the surprising prominence of staff turnover in aid stakeholders' list of complaints may be due to the rapid recruitment of staff in recent years, and the fragmentation of the aid program. Consolidation of the aid program, and stable funding, would assist both staff and program continuity.

**Aid reform efforts need to be redoubled.** This is the key message of this survey. Clearly, respondents feel that the aid effectiveness agenda put in place in response to the 2011 Aid Review has not been sufficiently followed through on. The perceived weaknesses of the aid program are not limited to one particular area, but are spread across all four categories of challenges identified. The new government has both an opportunity and the responsibility to drive a new push on aid effectiveness. It cannot be satisfactory to have more aid attributes regarded by stakeholders as weaknesses than strengths.

**Improving aid effectiveness will be far more challenging than better aligning aid with the national interest.** The survey results suggest that aid and the national interest are already well aligned. If we take these results seriously, then the focus should be squarely on aid effectiveness.

**Aid program benchmarks should be focused on the aid program attributes identified by this survey.** The new government has rightly stressed the importance of benchmarks for the aid program. Given the difficulties of measuring aggregate aid effectiveness, the importance of good aid processes for effectiveness, and the significant corporate weaknesses that this survey has uncovered, there is a good case for benchmarks on key aid effectiveness indicators, such as selectivity and staff turnover.

**It would be worth repeating this survey.** This survey sets a baseline. It gets at challenges and weaknesses that would otherwise be very difficult to get data on. Especially given the great changes currently underway in Australian aid, it should be repeated, say in two years' time, to see whether we are heading in the right direction or going backward when it comes to aid effectiveness.