

A stronger performance culture improves Australia's aid

by Robert Christie

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One of the regular Devpolicy-ODE evaluation fora

Each year the Australian Government invests \$4 billion in Australian aid. On the ground, this requires staff from the Department of Foreign Affairs and Trade (DFAT) to manage, monitor and report on the expenditure of more than 800 aid investments, delivered through country, regional, global and thematic aid programs.

The strength of our aid investments allows us to contribute effectively to poverty reduction and sustainable economic growth. It affects our ability to further Australia's interests in the Indo-Pacific and elsewhere. Clearly it is important that we get our aid investments right.

To ensure the Australian aid program is robust and effective, DFAT places a strong emphasis on performance, results and value for money. We have solid systems in place to monitor our aid investments.

A key element of DFAT's performance system is the Office of Development Effectiveness (ODE). ODE was originally set up following the 2006 White Paper on aid – *Promoting Growth and Stability*, and has continued to this day, currently as a branch within DFAT responsible for monitoring the performance of the aid program. ODE helps foster a culture of evidence-based decision making, learning and accountability within DFAT by conducting and publishing evaluations, supporting evaluations undertaken by DFAT program areas, and quality assuring DFAT's performance assessments.

ODE's work is overseen by an Independent Evaluation Committee (IEC) which was established in 2012 and comprises three independent members with extensive collective expertise and experience in development, evaluation, and performance analysis, as well as a DFAT Deputy Secretary (currently Clare Walsh). The IEC is chaired by Jim Adams (a former World Bank Vice President) and meets three or four times a year.

Australia's aid performance management system has been recognised as among global best practice. However, the high quality of our systems cannot be taken for

granted. As Jim Adams rightly remarks, “improving the quality of DFAT’s investment monitoring system is a continuous challenge”.

In December 2018, ODE published an [evaluation of investment-level monitoring systems](#). The purpose of the evaluation was to identify ways in which DFAT could improve its investment monitoring systems, and by doing so, improve the effectiveness of the Australian aid program.

The evaluation focused on investments delivered by managing contractors, which make up about 20 per cent of total Australian aid – the highest proportion of aid delivered through a single type of partner. Managing contractors were chosen as the focus of the evaluation because DFAT has a stronger influence over how they monitor aid investments than it does over most other partners. That said, it was hoped that lessons from working with managing contractors could also be applied to managing aid delivered through other partners.

The evaluation considered the factors that have contributed to or inhibited our monitoring systems. It identified good practice examples of investment level monitoring but also found some inconsistency. The key difference? Performance culture was found to be the most important factor in determining the quality of DFAT’s investment monitoring systems.

Performance culture was defined as the mix of shared vision, results expectation, operational tools and workplace behaviours that define and reinforce success for an organisation’s performance against its expressed objectives. Performance culture also included the adequacy of monitoring and evaluation systems, the culture of contestability, being informed by evaluations, and adapting to ongoing learning.

However, the evaluation found that there were areas for improvement. For example:

- there were perceptions that DFAT’s senior leaders should be more engaged with the performance management of aid investments;
- there was a tension between staff attention dedicated to managing aid and responding to political and diplomatic priorities;
- and there was significant variation in DFAT’s performance culture between divisions, branches, sections and posts.

The evaluation rightly recommended that the Department take steps to promote more consistent investment-level monitoring, and the performance culture to support this monitoring. Senior leadership support would be key. It presented some practical ways to measure and strengthen performance culture within DFAT and within managing contractors.

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The Department has accepted the evaluation's findings and agreed to all of the recommendations, and DFAT has embarked on an organisational reform program of performance planning and monitoring.

DFAT's Senior Executive has engaged directly with ODE on this. Last month, we met with the Senior Executive to discuss how they could support DFAT's performance culture as it applied to aid investment monitoring, and practical steps that could be taken.

DFAT's Secretary, Frances Adamson, has personally emphasised to senior managers across the Department the importance of monitoring and evaluation (M&E), and the need for M&E systems to support evidence-based decision making.

Our corporate performance processes are being refined so that key indicators (of corporate performance) link directly to measures of aid program performance – and thereby help create demand, which then creates a positive environment for effective aid investment monitoring.

These processes will drive changes to how our staff work in Canberra and at posts. By focusing on results and driving quality and effectiveness through the performance system, we will ensure we are getting the best development returns on each aid dollar spent.

Of course, it is important to remember this is a long-term game. Cultural change does not happen overnight. ODE will work closely with our colleagues across the Department to continue to build on the efforts we've already begun.

This evaluation underscores the credibility of the aid program's performance management system and DFAT's commitment to accountability and transparency.

It is a great privilege to be heading up ODE, of which the above evaluation is but one of the over 50 high quality evaluations the Office has produced. We are ably supported by an excellent Independent Evaluation Committee and we thank Jim Adams, who is standing down from his IEC role this year, for his strong support and guidance over the last seven years as Chair of the IEC.

Jim Adams will present his reflections on the performance of the Australian aid program at a Devpolicy event at 9.30-11.30am on Wednesday 1 May at ANU, followed by presentations of two recently published ODE evaluations. Details and registration [here](#).

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Link: <https://devpolicy.org/a-stronger-performance-culture-improves-australias-aid-20190430/>