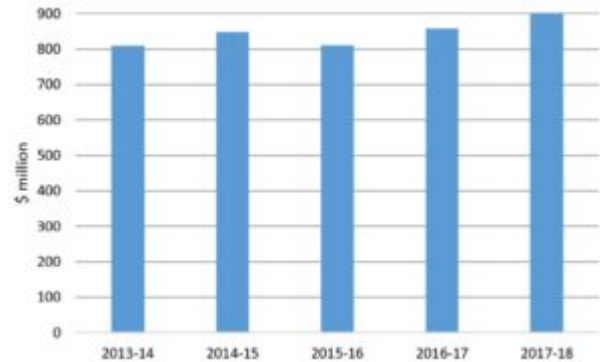


Facilities can deliver aid effectiveness

by Colin Adams

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Australian aid funding to commercial contractors has increased in recent years (Source: Devpolicy aid budget breakfast presentation)

I have followed with interest the debate around facilities over the past year. The facilities model has come under considerable scrutiny, and for good reason. Facilities are an important way in which Australian aid is delivered and, as with any development model, they deserve rigorous evaluation.

But do they deserve the negative hype?

Issues tend to become conflated in discussions around facilities and this, I believe, hinders clarity around what they actually are and what they can achieve.

The [2018 Australian Aid Stakeholder Survey](#) is a telling example of this. The results showed that there continues to be mixed feelings on the effectiveness of facilities, with the majority of respondents from the non-managing contracting community taking a less-than-favourable view of facilities. This should be unpacked by those of us who manage facilities.

Under certain circumstances, facilities are the right modality for delivering aid. I say this with confidence as Cardno manages a number of facilities on behalf of the Australian government in Southeast Asia and the Pacific. So we have seen what facilities can achieve in complex environments and how they can address multifaceted development problems.

This is not to say that managing facilities is easy, or that there isn't room for substantial improvement. But more on this later.

Why facilities?

Facilities bring aid programs or activities that would otherwise be managed separately, under one organisational banner. In addition to efficiency gains, this brings other advantages; having many small programs to manage is an administrative burden for the donor and a burden on national government agencies and communities who must deal independently with each program. This model also

allows the Australian government to achieve consistent policy across several programs.

Broadly, there are two types of facilities. The first generates efficiencies via **enabling facilities**, which allocate resources more efficiently, thereby allowing DFAT staff to focus on policy engagement. The second targets development effectiveness via **development facilities**, which align the nature of support to the underlying dynamic of the development issue.

Consider the following.

Example 1: In Solomon Islands, the vast majority of the aid program is run by DFAT and supported by a single facility, the **Solomon Islands Resource Facility (SIRF)**. In this respect, SIRF is considered an enabling facility.

The flexibility of SIRF enables it to support and facilitate DFAT's strategic leadership in a post-RAMSI development context. Being able to draw on and task a responsive and adaptive facility to provide appropriate advice and services allows DFAT to navigate a very fluid environment.

SIRF shows how facilities can respond to changing needs without the donor needing to redesign the aid program, or procure new services each time. SIRF's former Team Leader has recently **written** about her experiences managing SIRF, and her reflections on the conditions needed to achieve flexibility are informative.

Example 2: The Australia Indonesia Partnership for Economic Development, known as **Prospera**, is considered a development facility. Prospera brings together more than 120 advisers and 17 Australian government agencies to work with 20 Indonesian government agencies covering everything from macroeconomics and infrastructure to financial crime and maritime safety.

Prospera's strategies are not predetermined, but based on strong political economy analysis, and are adapted to changing or emerging needs. Prospera identifies policy reforms for which there is a critical mass of support and deploys the facility's comparative advantage in sourcing research and policy expertise to develop these reforms. This includes working through issues-based coalitions to secure internal government buy-in.

Indonesia highly values the flexibility of Prospera and other facilities in the country. Indeed, facilities are arguably the most suitable delivery mechanism within the Indonesian context. They are the preferred aid delivery model for the Indonesian government, which has a complex bureaucratic structure with overlapping mandates between agencies. As such, reform pathways are multifaceted and difficult to

program in advance, and donor programs must be able to respond quickly to the needs of different agencies.

These two examples of high-functioning facilities show what facilities can achieve. With the right incentives and structural changes, I believe that all facilities can function to full capacity.

What needs to change?

In the past year, DFAT has taken significant steps towards developing and refining its understanding and policies around facilities. Drawing on [independent review](#) findings, DFAT has developed a guidance note which sets clear direction for facilities and outlines the conditions in which a facility model is applicable. This provides much needed clarity and will improve how future facilities function. Importantly, it identifies points in internal DFAT management that need to be strengthened.

Our [own findings](#) largely align with DFAT's. However we have further ideas to improve how facilities are procured and contracted. In our experience, these issues are critical and need to be addressed to enhance the effectiveness of facilities.

A facility needs to operate within a partnership model where DFAT and the implementing partner work together to achieve a common goal. This involves a paradigm shift away from a client/service provider relationship — underpinning a traditional program model — to a relationship where both parties have complementary roles and responsibilities.

We propose changing the contract model from an outputs-based, punitive model (as this constrains flexibility and innovation) to one based on a partnership framework. A partnership model would focus on results and quality of relationships, rather than inputs and outputs, and assess the performance of both parties, rather than only looking at the implementing partner's performance. This is important because we know that both are equally important in making an aid initiative effective. We recommend a balanced scorecard approach to evaluating facility management.

A necessary adjunct to this is that procurement processes for facilities must be embedded within a value for money framework which takes into consideration the sophisticated resources and true costs needed to effectively implement a facility.

Implementing partners, through the [International Development Contractors' Community](#), could work proactively with DFAT to develop a contract or agreement and procurement process better suited to a facility model. This would ensure that the benefits of the facility model are realised, leading to an overall lift in the

effectiveness of Australia's development program.

Are facilities worth keeping?

The short answer is yes.

We know from evidence that transformational development outcomes are not achieved through simple, sector-specific programs, hence a global push from development practitioners to 'do development differently'. The facility model is part of Australia's response to address these limitations. Indeed, Australia is unique in its willingness to invest long-term in fragile and low-capacity environments in a flexible and adaptive way, and we should continue to do so.

When deployed strategically, facilities achieve development outcomes not possible through individual aid programs, and the gains for development outcomes are significant.

Common features of facilities – flexibility, responsiveness, the ability to adapt and solve problems across multiple sectors – allow us to view issues through a wide lens. More importantly, facilities aim to match the development modality to the underlying nature of change, which is messy, complex and political.

It is worth emphasising that facilities are not applicable in all contexts and are but one of many modalities to deliver aid.

We believe that DFAT and implementing partners, including NGOs, should work together to further enhance how facilities are designed, procured and managed to be fit for purpose. This would ensure facilities function as intended.

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Link: <https://devpolicy.org/facilities-can-deliver-aid-effectiveness-20190416/>