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The 2015 Australian aid stakeholder survey

AUSTRALIAN AID: SIGNS OF RISK

Terence Wood, Camilla Burkot and Stephen Howes

DEVELOPMENT
POLICY CENTRE

Australian aid at risk – the 2015 Australian aid stakeholder survey

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The views expressed in this publication are our own and do not necessarily reflect the views of our funders, Crawford School of Public Policy or The Australian National University.

Any remaining errors are our responsibility.

This report, as well as underlying data and any updates, can be accessed online:
<http://devpolicy.crawford.anu.edu.au/aid-stakeholder-survey/2015>

The 2015 New Zealand Stakeholder Survey report will also be accessible in this location.

Comments are welcome and can be sent to devpolicy@anu.edu.au.

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Executive Summary

Since the Coalition's election in 2013, Australian government aid has changed significantly. AusAID, the government aid agency, has been fully integrated into the Department of Foreign Affairs and Trade (DFAT) and there have been unprecedented cuts to the aid budget.

The 2015 Development Policy Centre Australian Aid Stakeholder Survey shows the dramatic impact of these changes. The majority of aid stakeholders still think Australian government aid is effectively given, but they worry that the quality of Australian aid is getting worse. Our analysis points to particular areas of weakness and risk, and suggests policies that can be implemented to reverse the perceived decline.

The Development Policy Centre conducted its first ever Australian Aid Stakeholder Survey prior to the 2013 elections. We assessed the state of Australian aid by gathering input from stakeholders – aid experts who have worked with it regularly and who have first-hand experience of its performance. The survey was run in two phases. The first targeted senior managers from Australian aid NGOs and aid contracting companies. The second phase was publically accessible and open to a broader range of aid stakeholders.

In the second half of 2015 we repeated the Australian Aid Stakeholder Survey. In both 2013 and 2015 we used the same methods and asked similar questions. This time, we attracted an even larger number of respondents: 461 in 2015 compared to 356 in 2013.

This report is based on 2015 data, and comparisons between 2013 and 2015.

Most respondents think Minister Bishop has been effective in managing the aid program. Her emphasis on gender is clearly appreciated.

However, stakeholders are much less kind in their assessment of the overall political leadership of the aid program. Three quarters of NGO stakeholders view political leadership as a weakness or a great weakness for the aid program, and over half of aid contractors feel the same way. While Foreign Minister Bishop is a champion for aid, broader government support for aid is seen as lacking. The survey was almost entirely conducted prior to Steven Ciobo becoming Minister for International Development. His appointment is certainly a political positive for the aid program, but the treatment of aid in future budgets will probably be even more important in influencing further ratings on this front.

The 2015 survey contains some good news for the aid program. Foremost is that the majority of stakeholders (61 per cent) believe the aid program is effective or very effective. Nearly all those in implementing the Australian aid program still think their own aid projects are effective. Many stakeholders support the greater focus on the Asia-Pacific region, and most back the increased emphasis on aid for trade, although they suggest the government might have gone too far in this regard. Modest improvements in the area of aid

management streamlining are suggested, and respondents also note that the problem of rapid turnover of aid program managers within AusAID/DFAT has eased slightly.

But there are also some very worrying signs. Now it is 61 per cent, but two years ago, 70 per cent of stakeholders rated the aid program as effective or very effective. Moreover, three quarters of our aid experts now think that its performance has become worse over the last two years. By stark contrast, in 2013, more than three quarters thought the aid program had improved over the previous decade.

The aid program is now perceived to be less effective and getting worse, rather than better

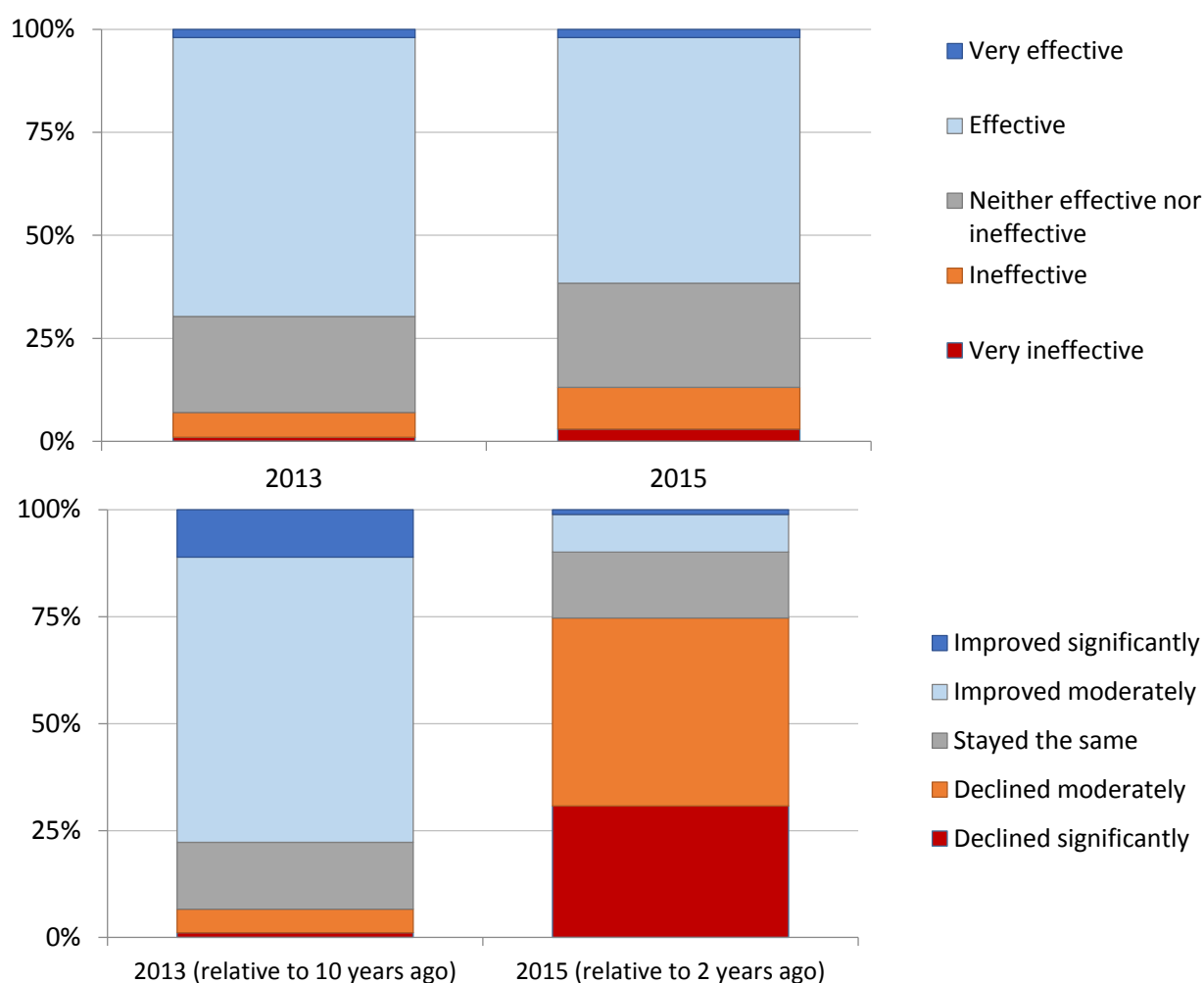


Figure notes: Responses from both phases of the survey were very similar, and both are covered in the main report. For simplicity, graphs and numbers in this Executive Summary relate to Phase I respondents (110 NGO and aid contractor staff).

This fall in perceived effectiveness is not surprising given the budget cuts. Respondents indicate clearly that the budget cuts *have* reduced effectiveness. We asked not only about overall effectiveness, but about things that matter for effectiveness – some 17 attributes in total, including funding predictability. It was viewed in 2013 as a strength of the aid

program, but a lack of funding predictability is now viewed as the biggest weakness of the aid program out of all 17 attributes.

It would be a mistake to view this deterioration in perceived effectiveness as a temporary effect. Of course, for effective aid there shouldn't be more budget cuts. (Worryingly, still more aid cuts are scheduled for the 2016-17 budget.) But, most of the 17 aid program attributes showed declines rather than increases, and some declined a lot, turning from strengths into weaknesses. Reversing some of these steep declines will not be easy.

Most aid program effectiveness attributes have got worse, some a lot so

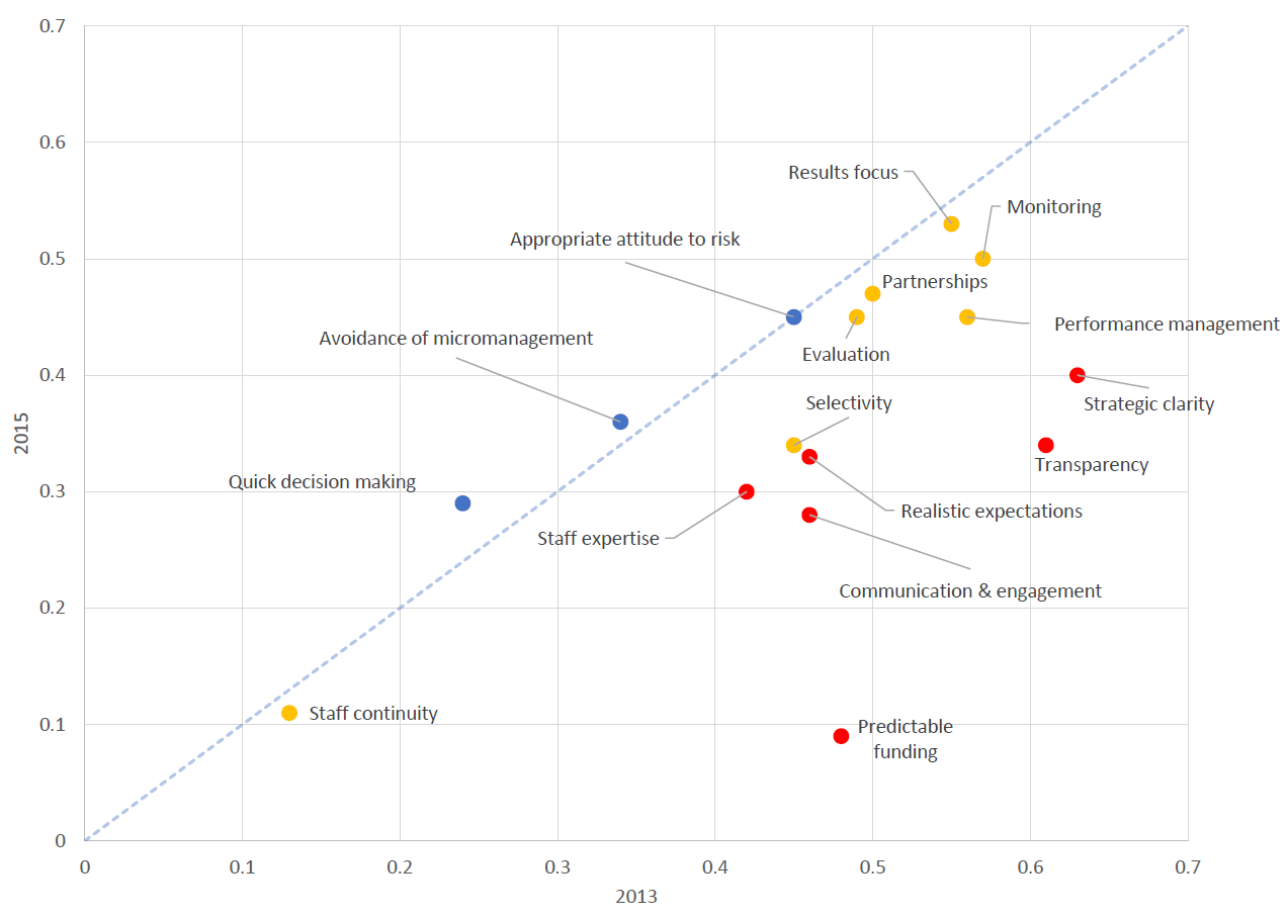


Figure notes: In both 2013 and 2015, respondents were asked to rate, as strengths or weaknesses, 17 attributes that are important for aid program effectiveness. The ratings are normalised from zero (great weakness) to one (great strength) with 0.5 being a neutral rating. If the dots lie below the blue line, the rating has worsened since 2013. Blue dots show an improvement, orange dots a moderate decline, and red dots a large decline (20 per cent or more than the average decline).

Three factors other than the budget cuts appear to have been particularly important in explaining the perception of reduced effectiveness, and are particularly worthy of our attention. These are the attributes that declined the most and which were clearly associated with individuals' responses to the question about changes in overall aid effectiveness.

First, stakeholders perceive a loss of strategic clarity. They also express concern that helping poor people in developing countries has become a less important goal for Australian aid. Australia’s strategic and commercial interests are now seen to play a larger role in shaping the aid program. Relatedly, respondents are unhappy with the new government aid objective, and the aid program is seen to have less realistic expectations than it used to.

The aid program is seen as being less about poverty reduction and more about the national interest

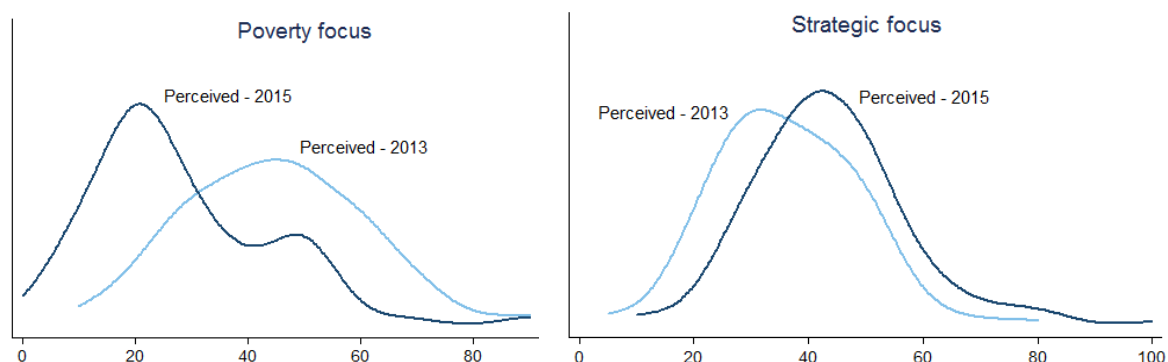


Figure notes: These graphs show the distribution of responses in 2013 and 2015 to a question that asked respondents to allocate relative weights (out of 100) for various aid goals: poverty reduction, strategic interests, and commercial interests.

All this suggests that attempts to reposition the aid program under a “new paradigm” and as a form of “economic diplomacy” have not yet gained traction. The government has been making the case that aid is good for Australia. It needs to do more to communicate the message that the aid program is good for the world’s poor. And expectations need to be realistic, especially in a constrained aid budget environment, and difficult environments like the Pacific.

Second, a loss in aid expertise is viewed by the sector as a clear cost of the AusAID-DFAT merger. Nearly three quarters of 2015 respondents view staff expertise as a weakness or a great weakness of the aid program, up from half in 2013. More than three quarters say that the merger has had a negative impact on aid staff effectiveness. A number suggest that the loss of staff expertise was not only a product of a large number of AusAID staff leaving after the merger, but also a consequence of an organisational culture within DFAT that fails to value development expertise. This is a problem that DFAT will have to address, or else it will grow over time as more former, senior AusAID staff and advisers leave, and as old projects end, requiring more new programming.

Third, transparency and community engagement have gone from being strengths of the aid program to weaknesses. The transparency score went down the most after funding predictability. In 2013 fewer than a quarter of respondents thought transparency was a weakness or a great weakness. In 2015 just over a quarter assess the aid program’s transparency positively. Respondents are clearly concerned about less information being available about the Australian aid program. DFAT has committed itself to aid transparency,

and its coverage of aid on its website is improving, but clearly more is needed. Giving political backing to a detailed aid transparency commitment – in effect, a new transparency charter – and then reporting performance relative to this standard could quickly reverse the negative perceptions that have developed in this area.

Stakeholders also feel much less of an effort is being made to engage the community in relation to aid. This rating has gone from average to third lowest. This would be a natural area for the new Minister for International Development and the Pacific, Steven Ciobo, to lead on: communicating the successes and importance of the Australian aid program.

The aid budget cuts may not be reversed, but the decline in perceived effectiveness can be. Stakeholders are realistic about the prospects for future aid volumes, but they expect a more effective aid program. It is not as if our aid experts were fully satisfied with the state of Australian aid in 2013. Far from it. Now, however, though stakeholders still feel that they are delivering good aid, they give some clear indications that the quality of our aid is at risk. Listening to their voices will go a long way to minimising those risks, and putting Australian aid once again on an upward trajectory, if not in terms of volume, then at least, and just as importantly, in terms of quality.

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1. Introduction

In 2013 the Development Policy Centre conducted the first ever Australian Aid Stakeholder Survey. We undertook the survey as a means of gauging the quality of the Australian government aid program by gathering the views of the people who know it best – the staff of Non-Governmental Organisations (NGOs) and aid contractors, as well as other aid stakeholders who worked with the aid program regularly.

In 2015 we repeated the survey. The two years since 2013 have been a time of dramatic change for Australian aid. In late 2013 AusAID was abolished and its functions fully integrated into the Department of Foreign Affairs and Trade (DFAT). And at the beginning of the 2015 financial year nearly one billion dollars was cut from the aid budget. The 2015 survey is an opportunity to assess the impacts of these changes.

As in 2013, the 2015 survey was run in two phases. The first phase involved targeting two senior executives from most of the major Australian aid NGOs and development contracting companies, as well as a sample of executives from smaller NGOs.¹ Overall we had a 71 per cent response rate to this first phase of the survey (110 out of 155 invited participants). The survey's second phase asked the same questions, but it was open to the public and could be completed by anyone online. 351 people participated in the second phase. The 2015 Phase 1 response rate was identical to that of 2013, and 100 more people responded to Phase 2 of the survey in 2015 than in 2013. We undertook this second phase as a means of collecting interesting additional insights from a wider range of stakeholders, including less senior NGO and contractor staff, academics, government employees, the interested public, and (to a lesser extent) respondents from developing countries. (A full breakdown of respondent types is provided in Appendix 1.) Because the second phase of the survey involved self-selection, the data it produced is suggestive rather than definitive. However, there was a very strong correlation between the responses of Phase 1 participants and those of Phase 2 participants (more information on this can be found in Appendix 1). In other words, Phase 1 and Phase 2 respondents have very similar views about the aid program. This should be borne in mind in the parts of this report where, for reasons of space, we focus on the more rigorously selected Phase 1 respondents.

The questions we asked in 2015 were typically very similar, if not identical, to the questions we asked in 2013. Taking advantage of the opportunity this affords us to track change over time, in the report we have frequently included comparisons between 2013 and 2015.

The majority of questions we asked of stakeholders were closed answer (where respondents had to choose between particular responses). These questions produced results that could be quantified and we have reported on these questions using charts. The exact percentages from each chart can be found in Appendix 2. In addition to closed answer questions, the survey also included open-ended descriptive questions. We have excerpted illustrative responses to these questions throughout the report.

¹ The sampling frames we used are explained in Appendix 1, which details survey methodology. A copy of the survey questions is online at: <http://devpolicy.org/pdf/2015-Australian-aid-stakeholder-survey-questionnaire.pdf>

For the first time, in 2015 we also undertook a stakeholder survey in New Zealand, asking stakeholders of the New Zealand government aid program about its performance. The methods we used to conduct the New Zealand survey were very similar to those used in the Australian survey, although some questions differed. Our analysis of the New Zealand survey is contained in a separate report (scheduled to be released in March 2016, available from the URL provided on the inside cover of this report). However, in Appendix 4 we provide a chart comparing the performance of the Australian and New Zealand aid programs.

As was the case in 2013, our 2015 stakeholder survey suffers the limitation that it is based on respondents' perceptions, as opposed to direct evidence of the aid program's efficacy. This is a limitation; however, there is no perfect means of evaluating the effectiveness of an entire aid program. Impact evaluations are a powerful tool for studying the effectiveness of individual projects, but they cannot be extended to cover whole aid programs. And aid program reviews, such as those conducted by the Organisation for Economic Co-operation and Development (OECD), are themselves driven by the perceptions of the reviewers and the stakeholders with whom they engage. Meanwhile, index-based empirical assessment such as the Quality of Development Assistance (Birdsall and Kharas 2014) and various academic studies (for example, Easterly and Pfutze 2008, Easterly and Williamson 2011) have their own limitations. The indices involved are, by necessity, reductive and exclude much of what matters for well-delivered aid, and overall rankings are highly dependent on index weightings (Knack, et al. 2011). Reflecting these issues, perceptions-based surveys are increasingly being used as a tool for evaluating the strengths of aid agencies (for example, Custer, et al. 2015).

Importantly, the 2015 stakeholder survey drew on the perceptions of experienced members of the aid community. In the first phase of the 2015 survey 94 per cent of participants had five or more years' experience working in international development and 70 per cent of Phase 2 respondents had worked in development for five or more years.

In the 2015 stakeholder survey we asked a wide range of questions in order to create a rich, perception-based picture of aid program performance – information that can be drawn upon alongside other work, such as OECD reviews and project evaluations, as the Australian development community works to improve the aid its government gives.

The report that follows is structured so that it flows from the political leadership of aid, to the high level parameters that steer the aid program as a whole, before moving to the questions about the overall effectiveness of the aid program. Following this it reports on individual aid program attributes. In its final section the report offers suggestions for change and improvement.

As we have written up this year's stakeholder survey, rather than include the responses to every question, we have opted to focus on what appear to be the most important issues for Australian aid, often with an emphasis on comparisons with 2013. However, we have also put all of the survey data (except for responses to demographic and open-ended questions), as well as all associated charts, online. This will allow interested readers to undertake their own analysis. This information can be accessed at: <https://devpolicy.crawford.anu.edu.au/aid-stakeholder-survey/2015>.

2. Political leadership

The two most dramatic changes that have occurred to Australian aid since 2013 have been political decisions. The first of these was the decision of the newly elected Coalition government to disband the government aid agency, AusAID, and fully integrate the Australian government aid program into DFAT. The second was the 20 per cent cut to the government aid budget at the start of the 2015/16 financial year. In recognition of the fact that political choices play an important role in the overall nature and performance of the Australian aid program, we asked a number of questions related to politicians and political leadership.

The first of these questions had to do with the performance of the Minister for Foreign Affairs, Julie Bishop, in managing the aid program.² Here the news was positive. Figure 1 shows the distribution of responses to the question. NGOs were marginally less positive than contractors and the respondents from Phase 2, the open phase of the survey (referred to in all charts as ‘self-selected’), but amongst all three groups the most frequent response was ‘effective’, and only a minority of respondents thought the minister to be ‘ineffective’ or ‘very ineffective’. (Percentage values for each category in Figure 1 and all subsequent bar charts are provided in Appendix 2.)

Figure 1 – Minister’s performance in managing aid (2015)

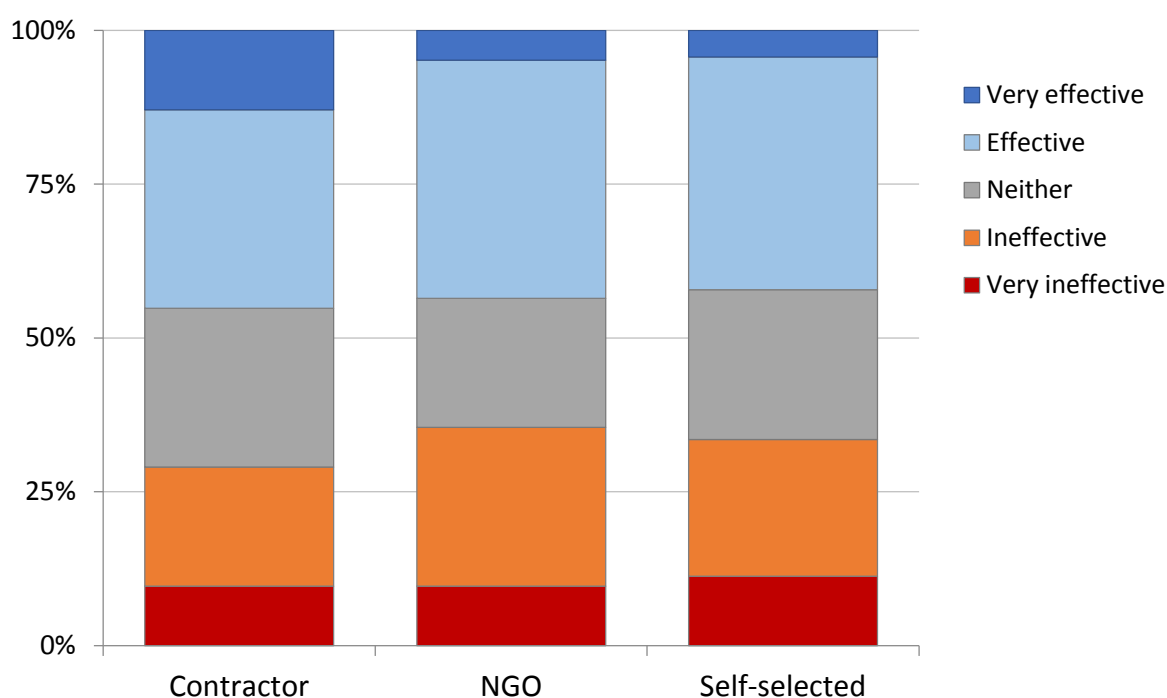


Figure notes: Exact percentages for each category are provided in Appendix 2. The categories Contractor and NGO come from the first, targeted, phase of the survey (Phase 1). The category Self-selected is derived from responses to the second, open, phase of the survey (Phase 2). The full wording of this question was: “How effective do you think Australia’s current Foreign Minister is in managing Australia’s aid program?”

² While the survey was being conducted Steven Ciobo was appointed as Minister for International Development and the Pacific. However, the question we asked referred specifically to the foreign minister. Moreover, Ciobo’s appointment occurred near the end of the survey period. 95 per cent of Phase 1 respondents and 75 per cent of Phase 2 respondents had completed the survey before he was appointed. Because of this, it is safe to assume that the minister whose performance was being assessed was Bishop, not Ciobo.

Interestingly, although respondents were relatively positive in their assessment of the Australian foreign minister's management of the aid program, responses to a separate question about the political leadership of the aid program were much less positive. This question was more general and did not refer to the foreign minister. As can be seen in Figure 2, while NGOs were the most negative in their appraisal of the aid program's political leadership, across all of the survey groups positive responses were clearly outweighed by negative responses. In the case of NGOs three quarters of all of the Phase 1 respondents rated political leadership 'ineffective' or 'very ineffective'.

Figure 2 – Political leadership of the aid program (2015)

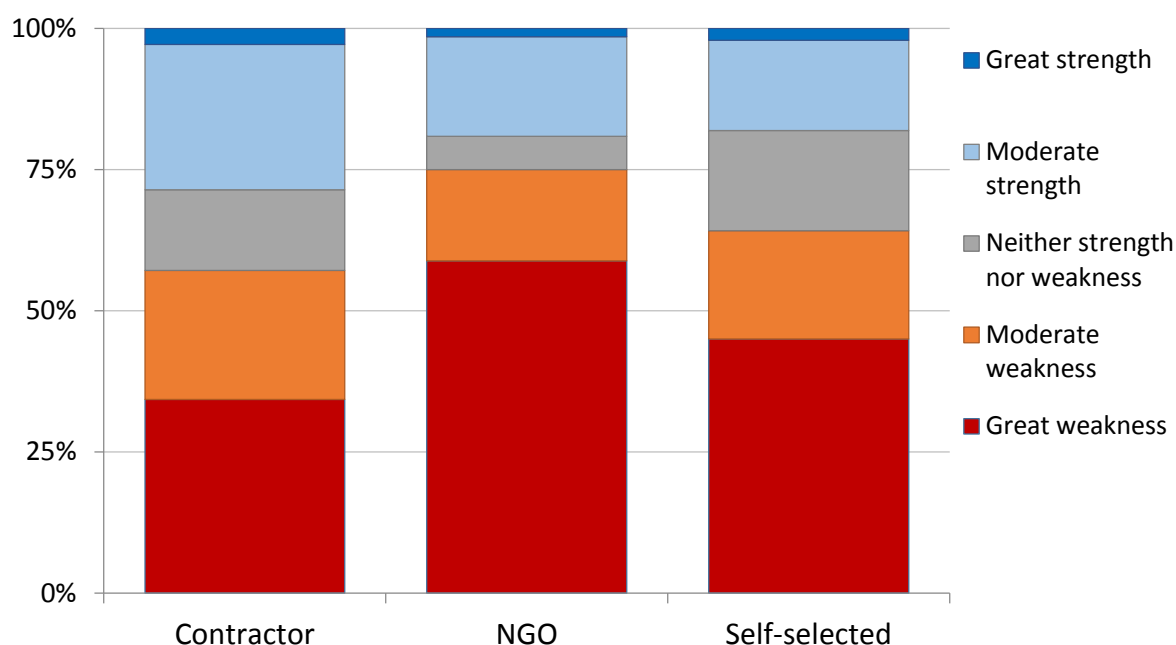


Figure notes: Exact percentages for each category are provided in Appendix 2. The question this chart is based on was asked amongst a suite of questions relating to attributes of the aid program identified as important in the 2011 Independent Review of Aid Effectiveness. The question wording was, in effect, "Please indicate the extent to which you believe the Australian aid program as it currently stands possesses political leadership."

A likely reason for the differing appraisals of the minister and the political leadership of the aid program is that respondents believe the minister has been an isolated champion for aid within government. Indeed, in an open-ended question that allowed respondents to elaborate on their responses to the question regarding the minister's effectiveness, a number of respondents offered replies suggesting this. For example, one respondent declared that, "Julie Bishop's heart is in the right place, but she doesn't seem to have much say when it comes to the allocation of funds for aid. Joe Hockey and Tony Abbott rule the roost." Another respondent lamented that, "we have what appears to be a capable and sympathetic Minister. It also appears that she is overruled by Cabinet. This creates both weakness and confusion."

Such sentiments, while common, were not universal. Not everyone was prepared to completely absolve the minister of responsibility for the changes. One respondent, for example, stated:

I think that the Foreign Minister must be judged based on the resources allocated to her portfolio and to that end she has failed to protect the program... if you look at the net impact of the changes over the past two years the buck stops with the minister.

Beyond their appraisal of the current minister, survey respondents clearly want a strong voice advocating for aid and development issues. When asked if they wanted a minister specifically responsible for the aid program, over three quarters of all respondents stated that they did, with a majority supporting it even if the minister is not in the cabinet. Levels of support were similar between NGOs, contractors, and Phase 2 respondents.

With a change in Prime Minister and Treasurer, with Bishop apparently now a more powerful member of Cabinet, and with Steven Ciobo now appointed as Minister for International Development and the Pacific it will be interesting to see – if the Coalition is re-elected in 2016, and Bishop remains foreign minister – whether in future rounds of the survey assessments of the performance of the foreign minister and the political leadership of the aid program become more closely aligned. Much will depend, one would think, on how aid is treated in future budgets.

3. Aid flows

In 2015 the Australian government aid budget was cut by 20 per cent, the largest ever single year cut to Australian aid. Unsurprisingly, this was at odds with the preferences of the Australian development community. In the 2013 survey 77 per cent of Phase 1 respondents wanted Australian aid to increase to 0.5 per cent of GNI and only 1 per cent of Phase 1 respondents wanted aid to fall in nominal terms. As Figure 3 shows, the majority of Phase 1 respondents still want Australian aid flows to increase to 0.5 per cent of GNI over coming years, while no Phase 1 respondents want aid to decrease.³

Figure 3 – Desired and anticipated changes to aid levels by 2019-20 (Phase 1, 2015)

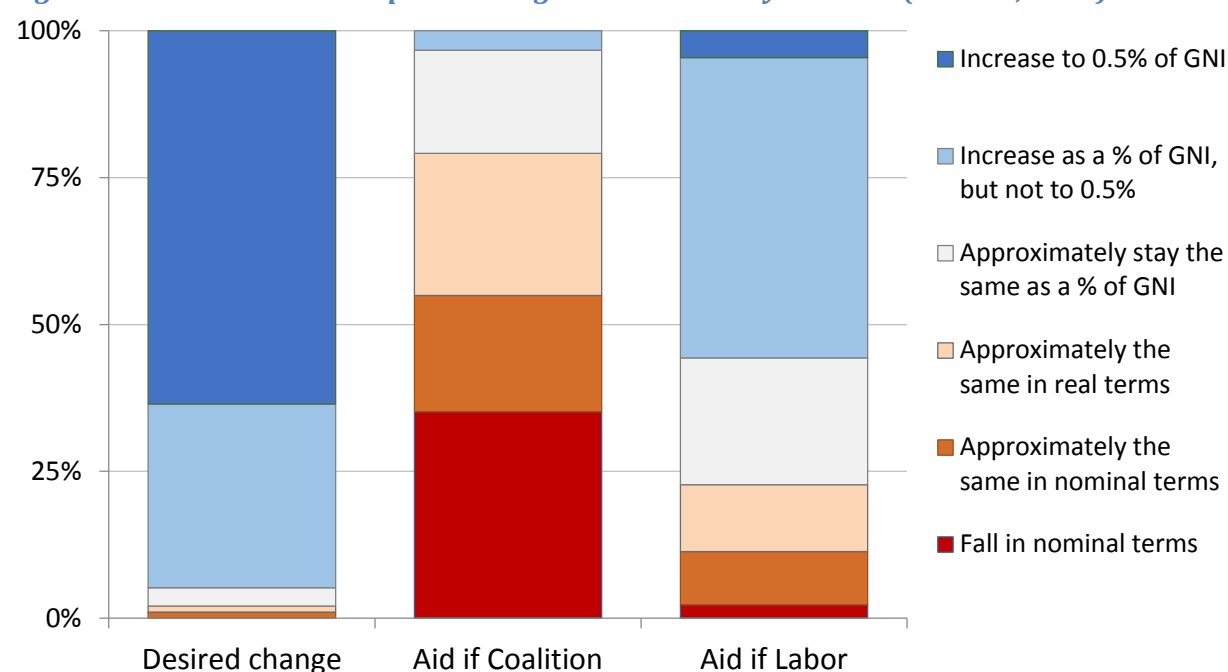


Figure notes: Exact percentages for each category are provided in Appendix 2. Three budget questions were asked: one about what the respondent thought should happen to the aid budget, one about what they thought would happen under a Coalition government and one about aid under a Labor government. All questions were asked about aid levels by 2019-20.

³ 0.5 per cent of GNI was used in the question because, during the term of the previous government, there was a bipartisan agreement that aid should reach this level. In open-ended questions some respondents said they wanted aid increased further to the internationally agreed target of 0.7 per cent of GNI.

However, as the figure also shows, none of the Phase 1 respondents thought that such an increase would occur if a Coalition government was re-elected in the 2016 election – indeed the majority of respondents thought aid levels would continue to fall in real terms under the Coalition and more than a quarter expected further nominal aid cuts. Respondents were somewhat more optimistic about aid levels under a Labor government, although few thought aid would reach 0.5 per cent of GNI by 2020 even if Labor were elected. Replying to an open-ended question about aid levels one respondent captured what appeared to be the prevailing sentiment: “It is hard to imagine aid falling in real terms, but it could if the Coalition are re-elected. It is expected that the ALP will be better on aid but they haven't made any promises yet.”

In addition to their beliefs about overall aid levels, in both the 2013 and 2015 surveys stakeholders were asked questions about the predictability of aid funding. One question was about predictability of aid funding as a general attribute of the aid program. Another was about the predictability of funding for stakeholders’ own aid projects that were funded (at least in part) by the government aid program.⁴ Figures 4 and 5 summarise the responses to these questions for both 2013 and 2015 (for Phase 1 respondents). Of all the questions asked in both 2013 and 2015 about specific aspects of aid program performance, the most dramatic declines were found in these two questions about funding predictability. The impact of the aid cuts on aid funding predictability as a general attribute of the aid program can be seen clearly in Figure 4. In 2013 only 20 per cent of respondents thought that predictability of funding was a great weakness of the aid program as a whole. By 2015, 74 per cent thought predictability of funding was a great weakness.

Figure 4 – Predictability of Australian aid funding 2013 and 2015 (Phase 1)

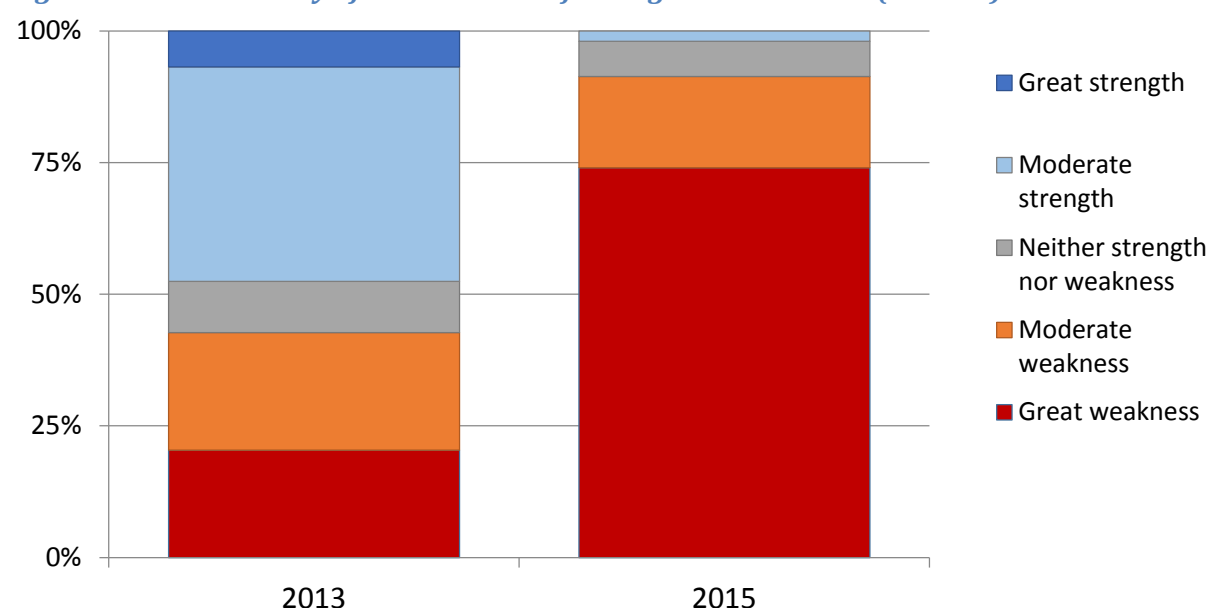


Figure notes: The question asked was “Please indicate the extent to which you believe the Australian aid program as it currently stands possesses each attribute in the list: Predictability of funding.”

⁴ In both years respondents who oversaw activities funded by the aid program were asked questions specific to the government aid funded activities they managed. In the specific case of funding for these activities it is possible that, in addition to changes in government aid flows, responses to the question may have been influenced by changes in other funding. However, because the question asked specifically about work at least partially funded by the government, and because other sources of aid funding have not, on average, changed much between 2013 and 2015, it is likely most of the change between the two years is a product of changes in government funding. Other questions about activity-related attributes are covered in Section 6.

A number of respondents emphasised this issue, and the consequences of unpredictable funding, in responses to open-ended questions, one stating that:

The reduction of the aid budget and decline of a number of programs—either by cancelling programs or reduction in scope—provides an unstable environment for DFAT to work with its partners. During the last budget round, national government partners and DFAT Posts across South East Asia were surprised by the scale of the cuts to their region and still have yet to finalise how these will impact on the coming year. This impacts on how the aid program works with partners such as NGOs, national governments, managing contractors and private sector. If the program cannot have a secure basis for funding or clear decision making process, partners will seek other sources of reliable funding as a priority.

While an aid contractor contended that the cuts meant that,

harmonisation and alignment have been badly damaged and many partnerships with host governments and development partners, which have taken many years to build and evolve, have been very seriously damaged.

Another respondent argued that more than the actual overall reductions to the aid program budget it was the speed and inconsistency with which they fell that was the problem, saying:

It is not the lower volume of aid funds that has had the negative impact – it is the way the funds were cut (final decisions only conveyed in May, issues with renegotiating contracts, massive cuts to some programs in one year instead of gradual declines to 'exit gracefully', more cuts to come next year but no one knows where from yet).

As can be seen in Figure 5, the decline in predictability and adequacy of funding was less precipitous for stakeholders' own activities, but it was still marked. In 2013 only 8 per cent of Phase 1 stakeholders thought the adequacy and predictability of the funding for their activities was a great weakness. By 2015 this figure was 38 per cent.

As Figure 6 shows, while the predictability and adequacy of funding for stakeholders' own activities has become worse for both contractors and NGOs, of the two groups, NGOs have, on average, experienced greater deterioration.

For Australian aid stakeholders, as might be expected, the cuts to Australian aid have not simply been an abstract political issue; rather, they have had a substantial impact on funding for the work they do and the relationships they have built.

Figure 5 – Predictability and adequacy of funding for stakeholders’ activities (Phase 1)

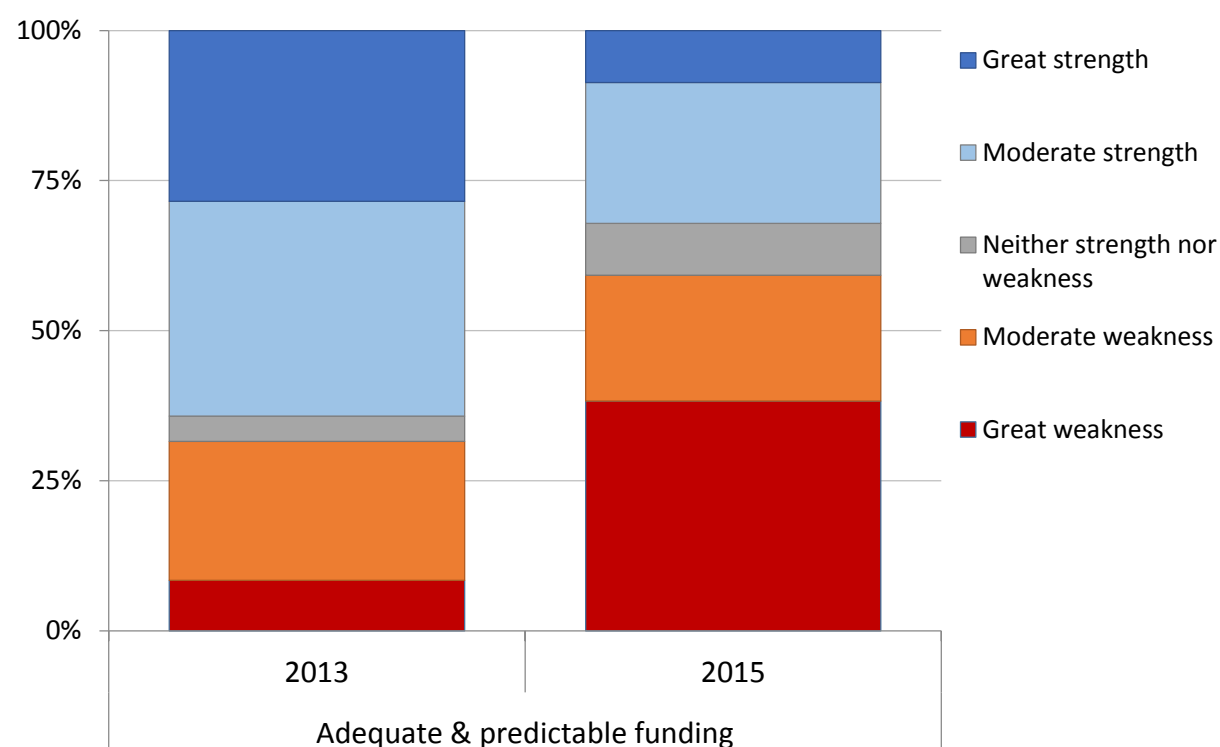


Figure notes: The question asked was “Rate each of the following as a strength or weakness of the specific aid activity or activities you are reflecting on in this section: Adequate and predictable funding”.

Figure 6 – Predictability and adequacy of funding for stakeholders’ activities, NGOs and contractors compared (Phase 1)

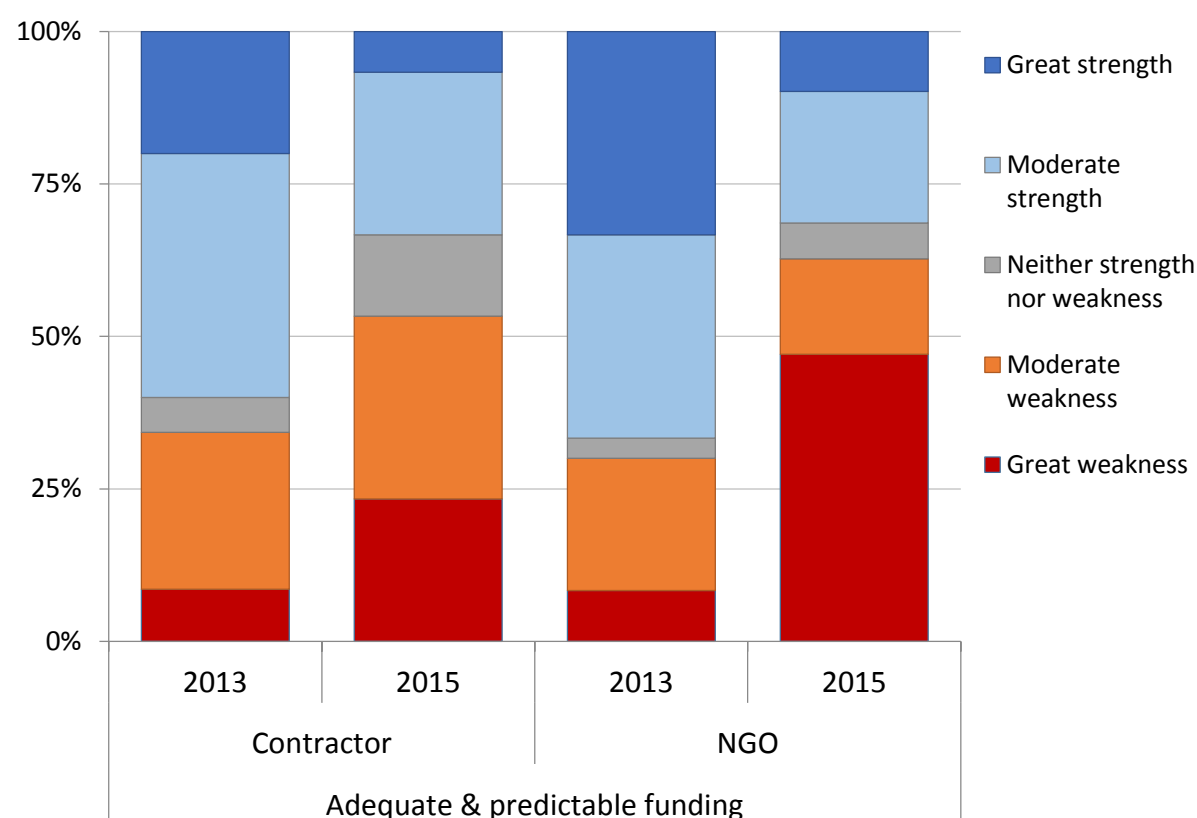


Figure notes: This chart is produced using the same data used in Figure 5.

4. The guiding principles of Australian aid

The last two years have not only seen cuts to aid, and the absorption of AusAID by DFAT. There have also been changes to the objectives of Australian aid, a new aid strategy – with a greater emphasis on the private sector, on gender, and on innovation – and more of a focus on the Asia-Pacific region, especially on Pacific island countries. This section looks at responses to questions related to these changes.

4.1 The objective of Australian aid

The first of these questions asked whether stakeholders were satisfied with the Coalition government's objective for the aid program. (That objective is: "The Australian Government's aid program will promote prosperity, reduce poverty and enhance stability with a strengthened focus on our region, the Indo-Pacific. The purpose of the aid program is to promote Australia's national interests by contributing to sustainable economic growth and poverty reduction.") Here, as Figure 7 shows, there was considerable dissatisfaction, particularly amongst NGOs.

Figure 7 – Satisfaction with Coalition's aid objective (2015)

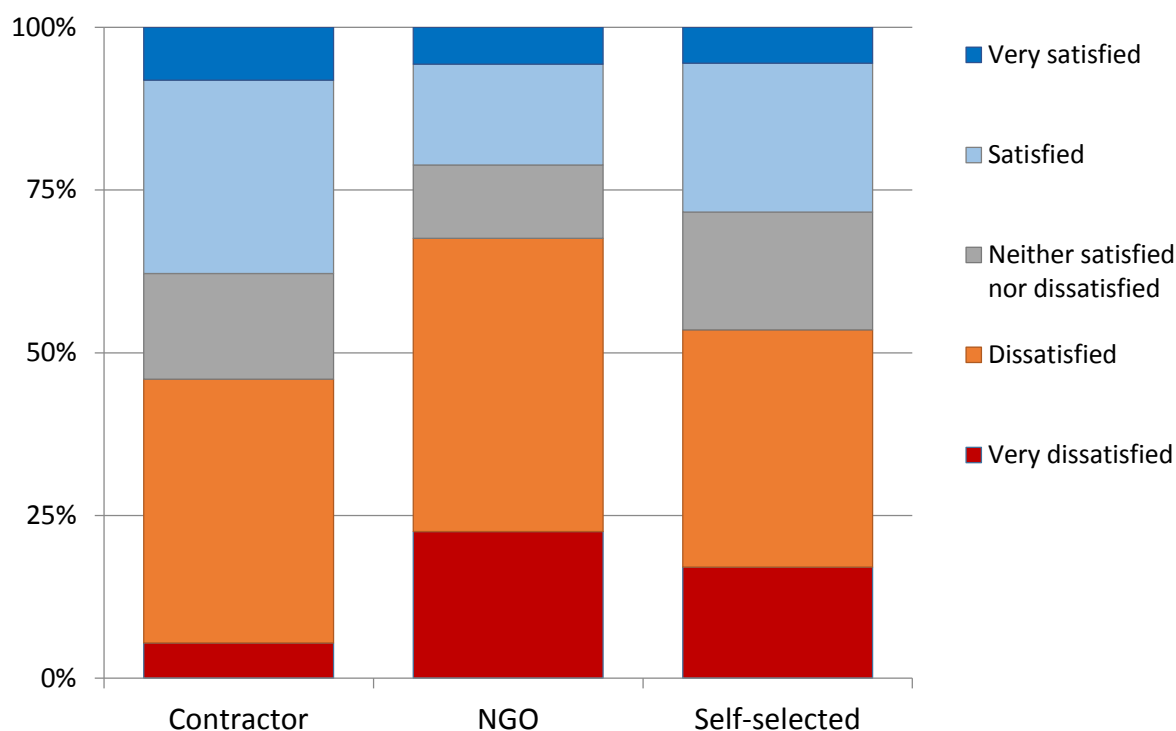


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were told the current aid program objective (listed previously in the text) and asked "How satisfied are you with this as the objective of the aid program?"

As Figure 8 shows, dissatisfaction with the Coalition's aid objective is substantially higher than was the case with the previous Labor government's overarching objective for the aid program. (The previous Labor government's objective was: "The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia's national interests by promoting stability and prosperity both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.") The difference is surprising given how similar the wording of the two statements actually is.

One possible explanation for the difference is that survey respondents are generally more critical of the aid program this time around, given the cuts and other changes. Another is that they feel the objectives of Australian aid have changed much more profoundly than is suggested by the actual text of the new aid objective. This explanation was offered by a number of respondents as they answered open-ended questions asked about the objectives of the Australian aid program. One respondent noted simply that they were: “Satisfied with the [aid program’s] expressed intent, not the reality”. Another respondent observed that:

The actual wording of the objective for the aid program is quite reasonable and not very different from earlier formulations ... What is distressing, however, is the hypocrisy of the statement when measured against actions.

Meanwhile, one other respondent argued that, “while the stated objective is poverty reduction, the actual role is more often diplomatic, strategic – a fulfilment of strategic military and economic partnerships and commercial aspirations.”

As we shall show in the next section, responses to a separate set of questions on the ends that Australian aid is given for suggest such beliefs are commonly held.

Figure 8 – Satisfaction with governments’ aid objectives (Phase 1)

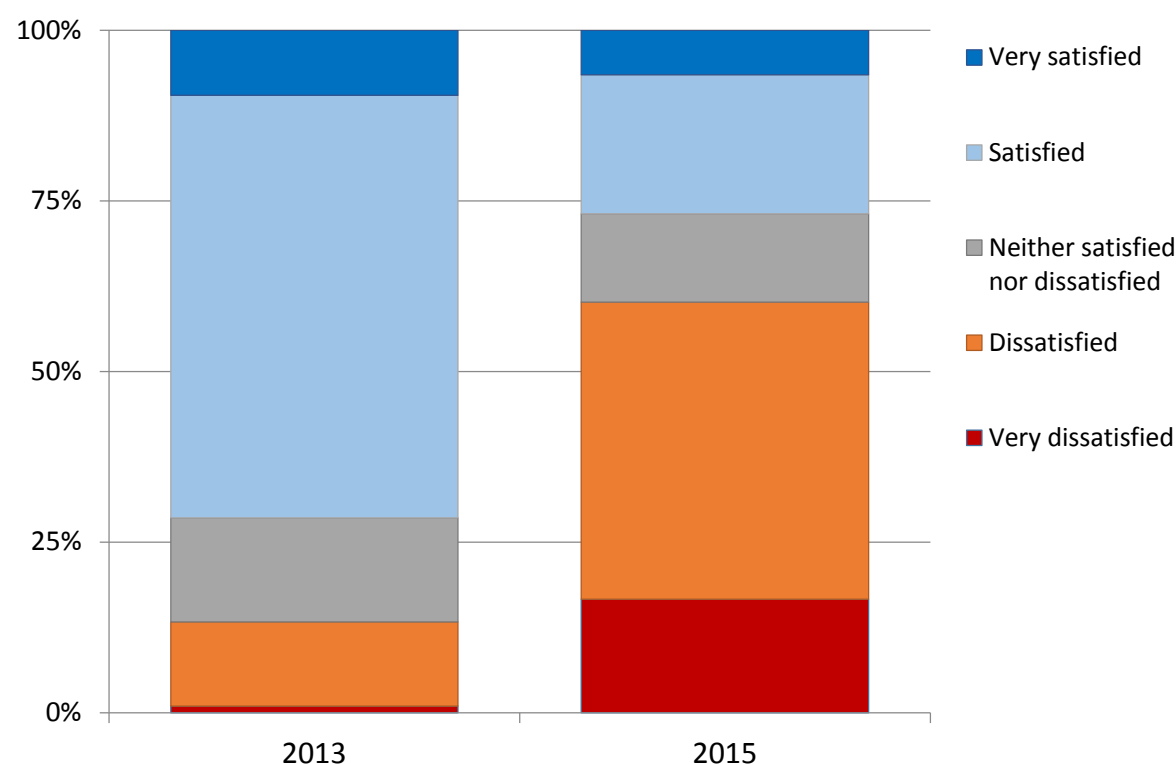


Figure notes: Exact percentages for each category are provided in Appendix 2. The full question wording for 2015 is contained in the previous figure. The wording for 2013 was the same, but contained the Labor government’s wording as shown in the text above.

4.2 Helping the poor versus helping Australia

In both 2013 and 2015 stakeholder survey respondents were asked the extent to which, official objectives notwithstanding, they thought Australian aid was actually focused on helping poor people living in developing countries, as opposed to being used to help advance Australia’s strategic and

commercial interests. Respondents were also asked what proportion of Australian aid they thought ought to be devoted to poverty reduction, Australia's strategic interests and Australia's commercial interests. Figure 9 is a kernel density plot that shows the relative frequency of responses to the questions about perceived and desired aid focus for each of the three categories for 2015 for all Phase 1 respondents. Responses were at their most frequent where the curves are at their highest.

Figure 9 – Perceived and desired Australian aid purpose (Phase 1, 2015)

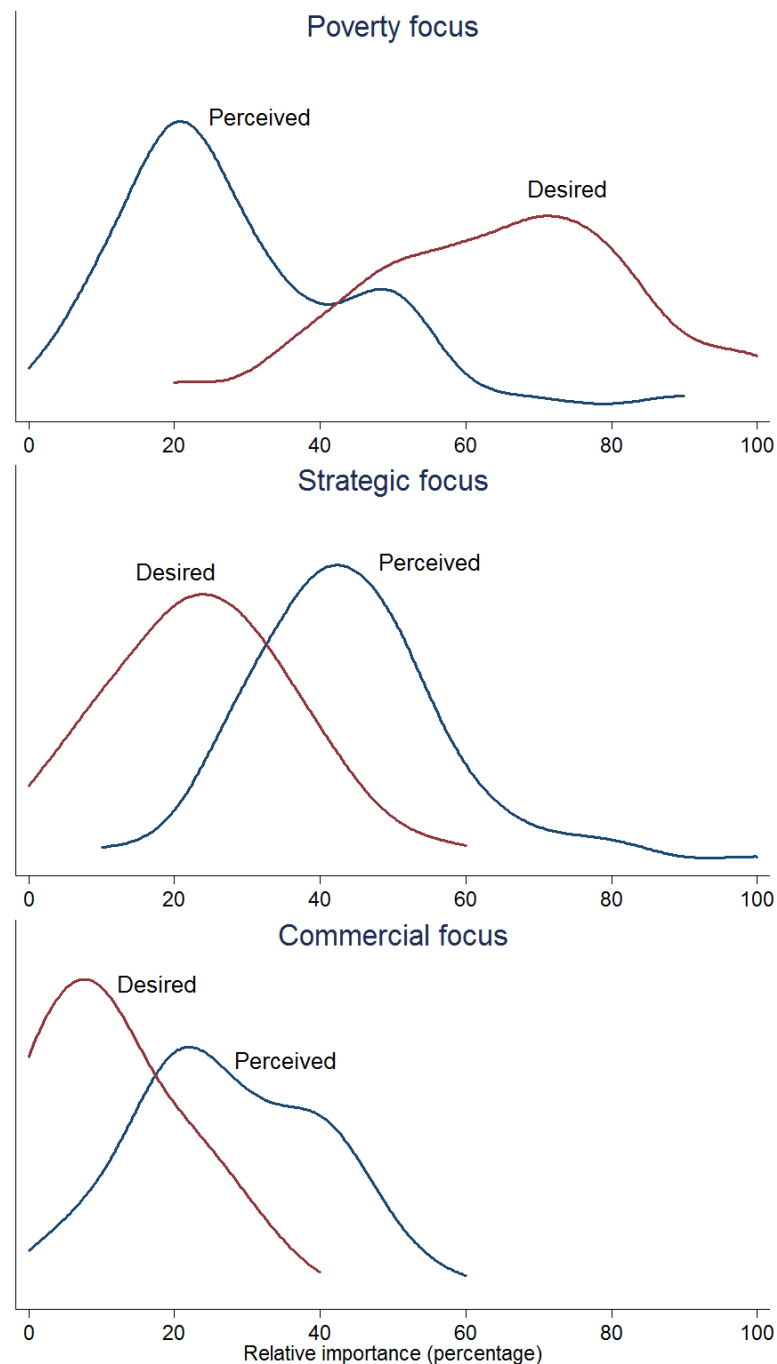


Figure notes: Respondents were asked, "Adding to 100, what weight do you think the following objectives actually have in guiding the work of the Australian aid program? Reducing poverty, promoting Australia's strategic interests, promoting Australia's commercial interests."

The use of kernel density plots allows for easy visual relative comparisons between perceived and desired focus across the different objectives. However, it is hard to gauge the proportion of respondents favouring different aid allocations from the y-axis of a kernel density plot. To assist with this, Table 1 shows the percentage of respondents whose response fell in the most common 20 percentage point range of responses for each of the perceived and desired percentage allocations in each of the three areas.

Table 1 – Most frequent response ranges, perceived and desired Australian aid purpose (Phase 1, 2015)

Purpose	Relative importance of (most frequently suggested range)	Percentage of respondents
Perceived poverty	10 to 30%	54%
Desired poverty	70 to 90%	39%
Perceived strategic	35 to 55%	63%
Desired strategic	15 to 35%	56%
Perceived commercial	15 to 35%	53%
Desired commercial	0 to 20%	70%

NGO, contractor and self-selected respondents provided broadly similar responses to questions about these high-level aid objectives. There were minor differences (for example, on average contractors wanted somewhat more aid devoted to commercial purposes than NGOs), but overall the groups were similar (in particular, most contractors and most NGOs wanted the majority of aid to be focused on poverty).

The differences between 2015 and 2013 are striking. As Figure 10 shows, compared to the responses we received in 2013, in 2015 most respondents thought that reducing poverty was a much less important goal for the aid program, and that strategic interests were much more important. Some respondents also thought greater priority was being given to advancing commercial interests. By contrast, overall, respondents' desired weights across the three purposes changed very little between 2013 and 2015. (The chart showing this can be viewed in the online charts and data folder.)

Table 2 shows the percentage of respondents whose response fell in, or close to, the most common band of responses for each of the perceived percentage allocations in each of the three areas for both years. The gap between the overarching ends that stakeholders want Australian aid to be given for and what they think it is actually given for has widened considerably since 2013. This is hardly surprising. The rationale for the AusAID-DFAT merger was expressed in terms of a desire for the aid program to be “fully integrated into our overall diplomatic effort” (Prime Minister Abbott announcing the decision, quoted in Troilo 2015). And “economic diplomacy” is often now put forward as the organising principle for the aid program (Day 2015). Although the DFAT Secretary has clarified that the “aid for trade” push is **not** “about using the aid program to promote Australian exports” (Varghese, 2013, quoted by Grattan 2013), the sector remains suspicious.

Figure 10 – Perceived aid purpose, 2015 and 2013 compared (Phase 1)

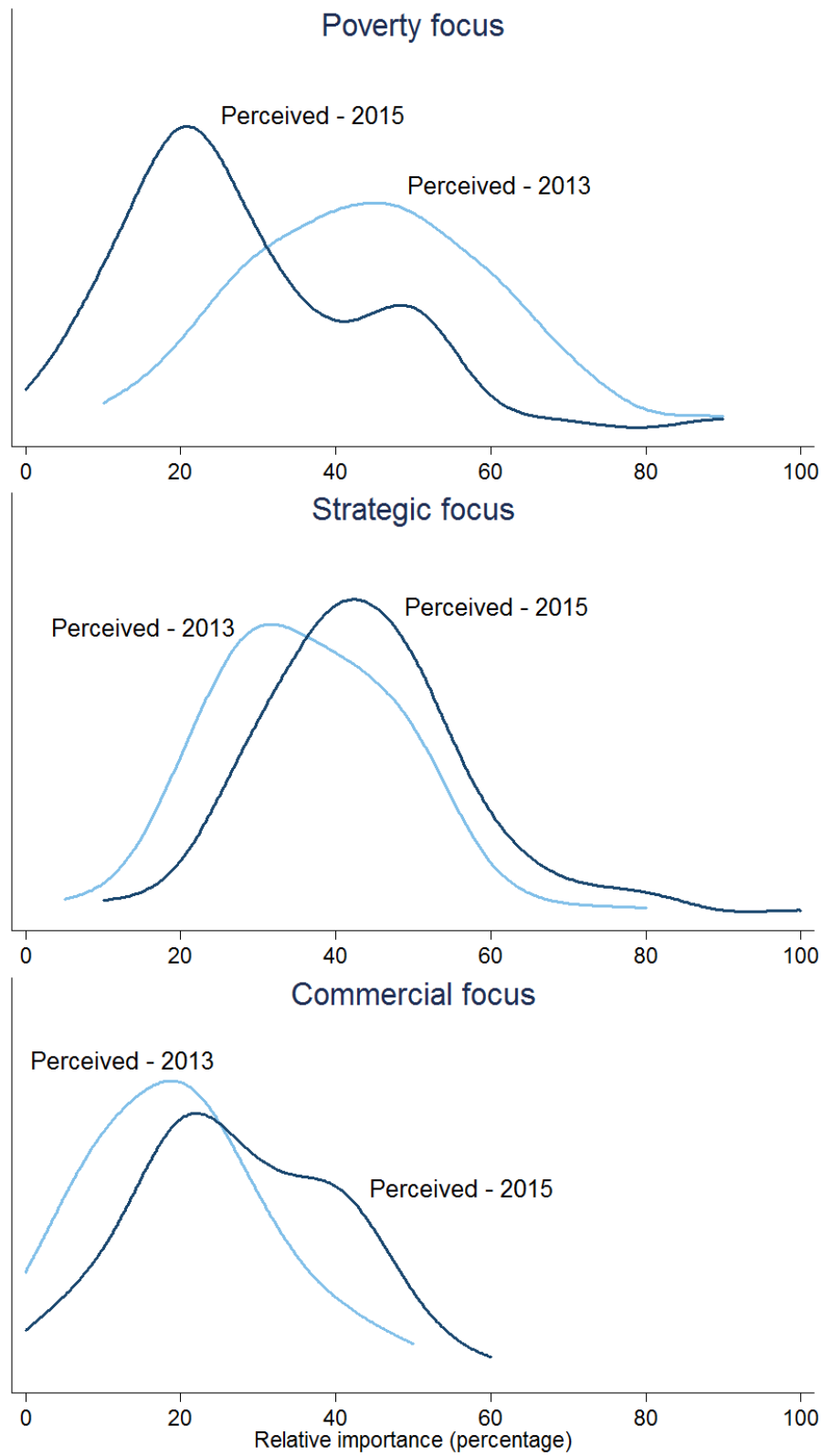


Table 2 – Most frequent response ranges, perceived Australian aid purpose (Phase 1)

Purpose	Relative importance of (most frequently suggested range)	Percentage of respondents
Perceived poverty 2015	10 to 30%	54%
Perceived poverty 2013	40 to 60%	43%
Perceived strategic 2015	35 to 55%	63%
Perceived strategic 2013	25 to 45%	59%
Perceived commercial 2015	15 to 35%	53%
Perceived commercial 2013	10 to 30%	63%

4.3 Sectoral focus

In 2015 we also asked respondents a more specific set of questions on the types of work the Australian aid program focuses on. Here, averaged across all Phase 1 respondents, there was a degree of satisfaction. In particular, as can be seen in Figure 11, there is a clear appreciation of the emphasis on gender that the foreign minister has promoted. Nearly 70 per cent of respondents thought that the aid program focused the right amount on gender (a positive assessment of the minister's emphasis on gender was also a commonly recurring theme in responses to the open ended questions we asked). A majority of respondents also thought the aid program focused the right amount on governance, and on the composite category of agriculture, fisheries and water. On the other hand, majorities of respondents thought the aid program focused too little on "Building resilience: humanitarian assistance, disaster risk reduction and social protection", and on education and health. Meanwhile, 66 per cent of respondents thought the aid program focused too heavily on infrastructure and trade.

We asked a similar question in 2013, but because the aid focus areas and accordingly the language of the two surveys have changed between the two surveys, the two years cannot be directly compared. However, some categories are similar enough to allow broad comparisons. In these there were interesting changes. In 2013 only about a quarter of respondents thought health and education had too little weight; in 2015 more than 50 per cent did. On the other hand, in 2013 46 per cent of respondents thought too little weight was placed on sustainable economic development, while in 2015 66 per cent of respondents thought too much weight was placed on the broadly analogous category of infrastructure and trade. It seems that many stakeholders would have welcomed the greater emphasis given by the Coalition to aid for trade and the private sector,⁵ but perhaps they now think that the government has gone too far, especially in the context of the broader aid cuts.

⁵ The government aims to increase aid for trade expenditure to 20 per cent of the aid budget by 2020, up from 13.5 per cent in 2013-14.

Figure 11 – Areas of aid focus (Phase 1, 2015)

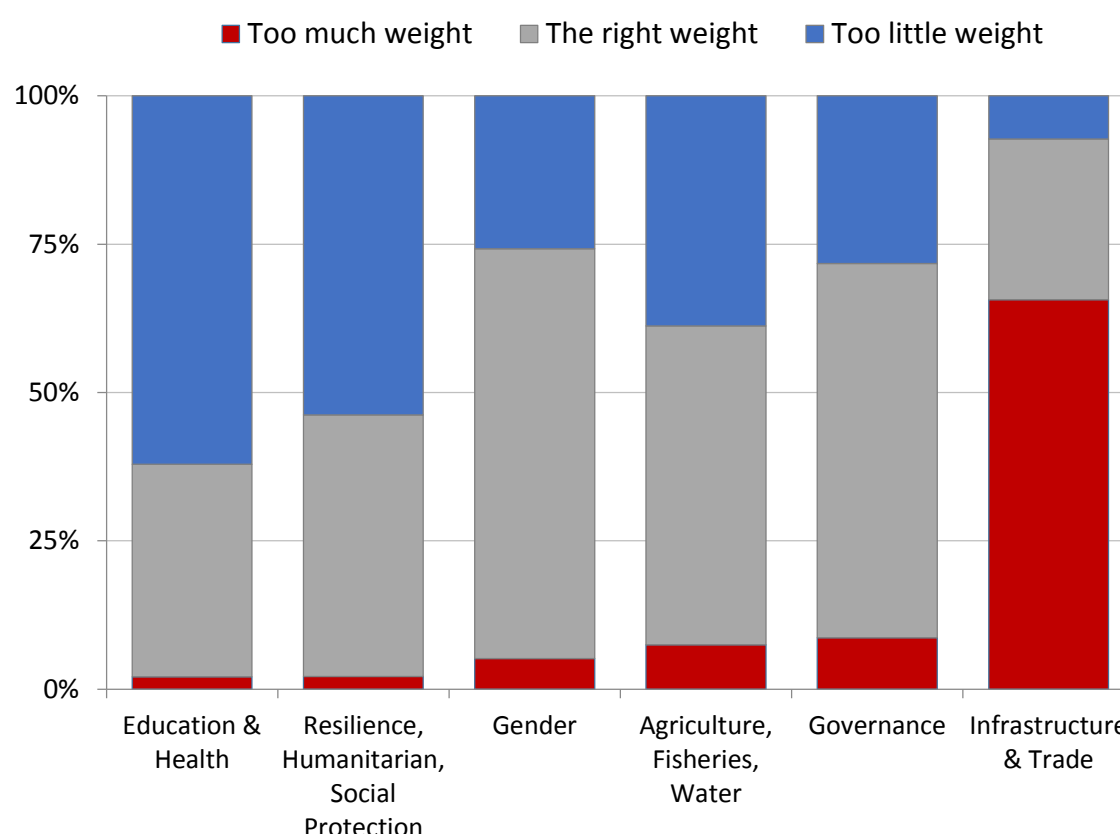


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “The six priority areas for Australia’s aid program, as identified by the present Government, are listed below. Please indicate the extent to which you believe the right emphasis is being placed upon each area.”

On average Phase 2 respondents provided very similar answers to this question to those provided by the targeted respondents in Phase 1. Within Phase 1 there was also a degree of agreement between NGOs and contractors. This can be seen in Figure 12 in the correlation between the normalised averages for both groups on each of the areas of focus.⁶ Yet there was not perfect consensus between the two groups. On average, both groups wanted to see substantially less focus on infrastructure and trade, and more on the other areas. But the three sectors below the blue diagonal one-to-one line are sectors that contractors want more focus on than NGOs do, and the three sectors above the blue line are sectors that NGOs want greater focus on than contractors do. Both groups want less focus on infrastructure and trade, but the sentiment is more prevalent amongst NGOs. Likewise, both groups want more emphasis on education and health, but of the two groups NGOs are more likely to want greater focus in this area.

⁶ The normalised average calculated here involved giving each respondent’s response a score of 0 to 1. If they thought too much focus was given to a particular sector this was scored 0, if they thought the right amount was focused this was scored 0.5, if they thought too much focus was devoted to the area it was scored 1. Once this conversion was completed we averaged the scores across all respondents in each group (NGO or contractor) for each sector.

Figure 12 – Areas of focus, NGOs versus contractors (Phase 1, 2015)

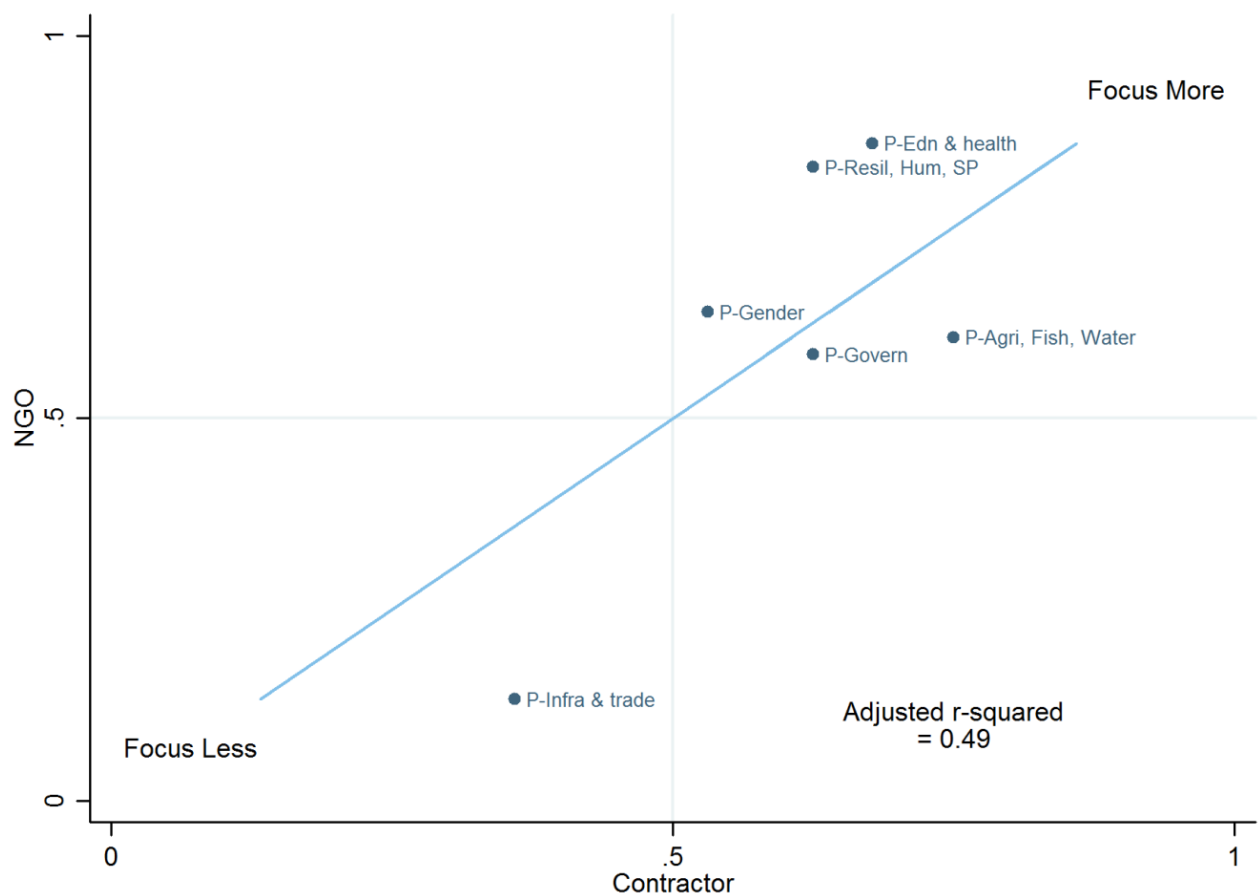


Figure notes: Values are normalised averages. Question wording can be found in Figure 11.

4. 4 Where Australian aid is given

We also asked for their views on where Australian aid is given. In 2015 there was a reasonable degree of congruence between the parts of the world where Australian aid is given and where Phase 1 respondents wanted it to be given. Figure 13 shows this match is particularly strong for contractors. For NGOs there are some clearer differences. The average NGO respondent would prefer less aid to go to the Pacific, and East and South East Asia, and more aid given to South and West Asia, Africa, and the Middle East – a preference possibly shaped both by perceived need in these regions and the regional focus of some NGOs, especially smaller NGOs. However, the allocations NGOs want and what the government gives are not poles apart.

Figure 13 – Regional allocation of Australian aid, NGOs and contractors versus actual allocation (Phase 1, 2015)

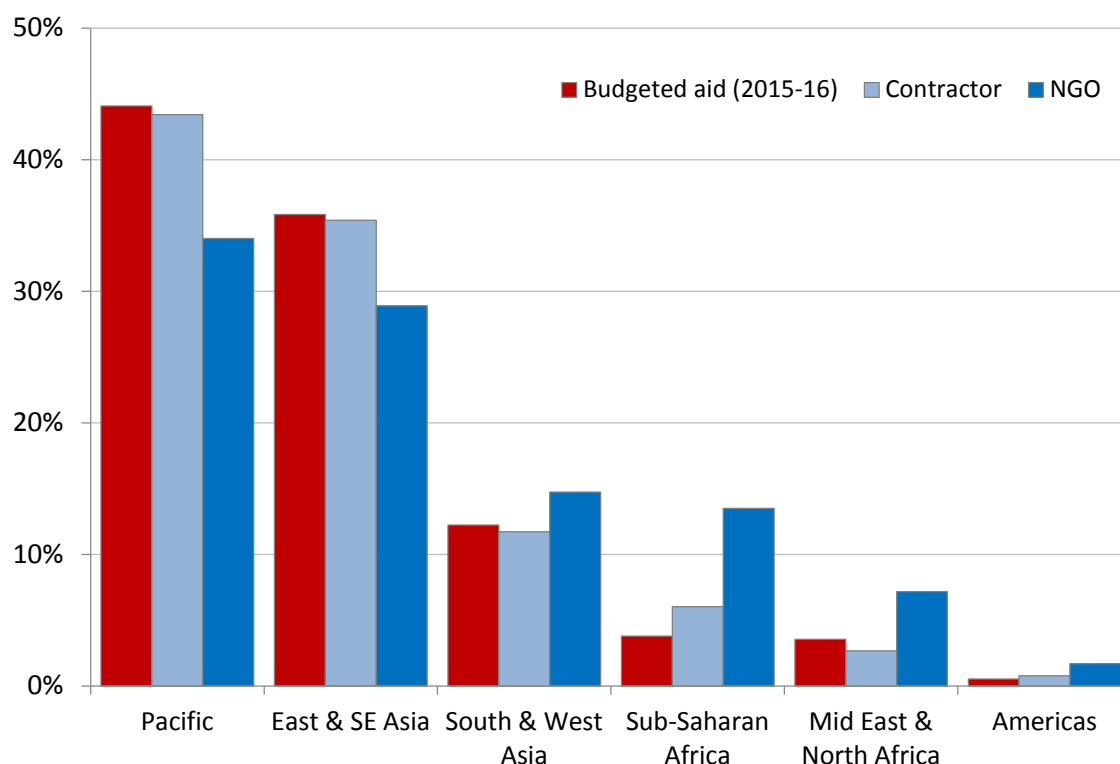


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “Adding to 100, what proportion of the Australian aid program budget do you think should be spent in the following regions?”

Reflecting the discrepancy between desired aid flows to Sub-Saharan Africa and actual aid to the region, a number of respondents took the opportunity in open-ended questions to lament reductions in Australian aid to Africa. Yet, at the same time, when respondents in an open-ended question were asked to state what they thought the most notable improvement to the aid program had been in the last two years, the narrowed geographic focus of Australian aid was the second most frequently mentioned improvement. And some respondents expressed that, in a context of reduced resources, focusing engagement in regions closer to Australia – and particularly in the Pacific – makes both practical and strategic sense:

The Pacific countries have small populations and continue to be amongst the poorest countries in the world, with large development needs. They attract very little other international development funding. Other countries listed have either much more developed internal resources or attract development funding from other sources not available to the Pacific. The Pacific [countries] are our near neighbours and we should support their development.

In 2013, this question was asked in a slightly different way. A small majority of stakeholders then thought that the focus of aid on the Asia-Pacific region was “about right”, but three times as many respondents thought it should be increased as reduced (35 per cent versus 12 per cent). Non-governmental respondents were the only group where a majority wanted

more aid for Africa. It would seem that the aid stakeholder community in general is happy with the increased focus by the government on the Asia-Pacific region, but not NGOs.⁷

5. How well is the Australian aid program functioning?

In both 2013 and 2015 we asked respondents about the aid program’s overall effectiveness and about its performance across a range of specific aid program attributes. This section looks at perceptions of aggregate effectiveness. The next section looks at specific attributes.

Quite probably the most encouraging finding of the 2015 survey is that, when asked about the effectiveness of the aid program as a whole, the majority of respondents – be they contractors, NGO managers, or self-selected participants – thought the program was effective or very effective. The distribution of responses to the effectiveness question by respondent type can be found in Figure 14. Interestingly, of the three groups, it was NGOs who offered the most positive assessment of overall aid program effectiveness.

Figure 14 – Aid program effectiveness: NGOs, contractors, and self-selected (2015)

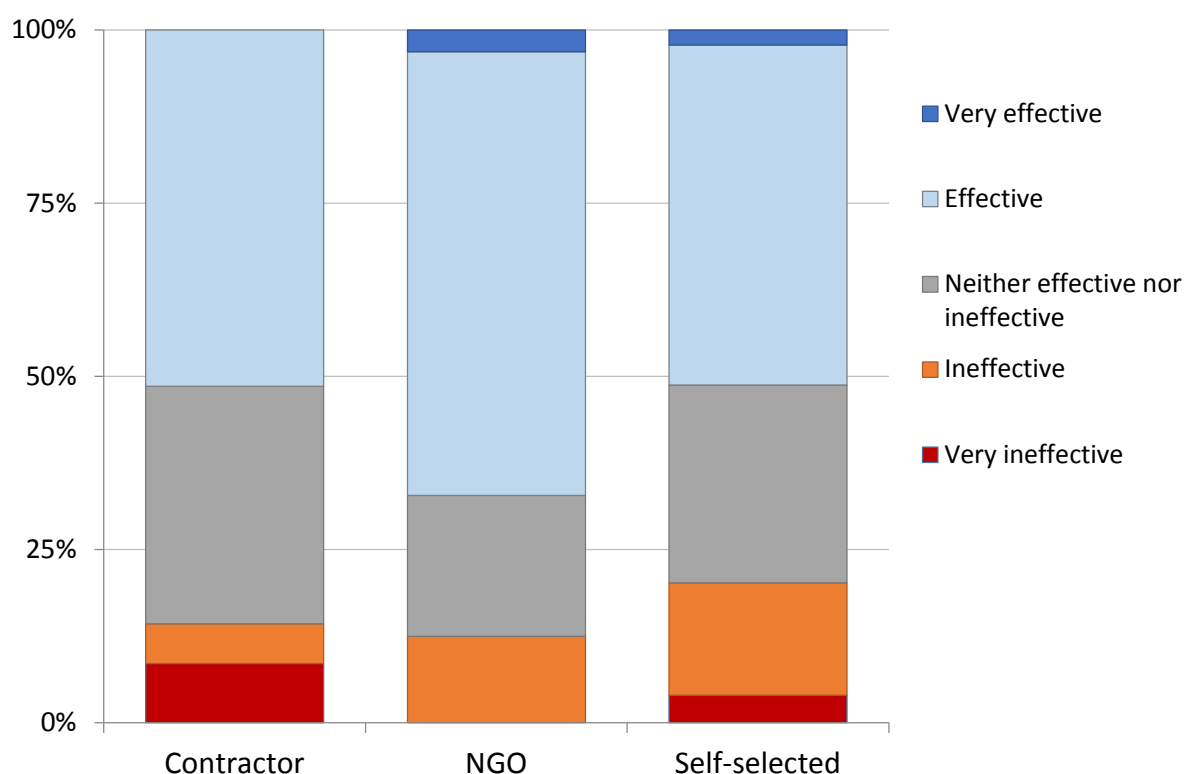


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “How would you rate the effectiveness of the Australian aid program?”

However, the stakeholders’ responses also offer cause for concern. As Figure 15 shows, while still positive, the overall assessment of the aid program’s effectiveness was lower in 2015 than it was in 2013. Interestingly, the effectiveness ratings among NGO respondents were broadly unchanged, but fell for both contractors and the self-selected group. (These data can be seen in the online dataset for this question.)

⁷ In 2013-14, 74.7 per cent of the bilateral aid program was directed to East Asia and the Pacific, and in 2015-16 81.4 per cent. (Source: [Australian Aid Tracker](#).) Note that the average responses of the self-selected group, not shown here, are similar to those of contractors in this case.

Figure 15 – Aid program effectiveness (2013 and 2015, Phase 1)

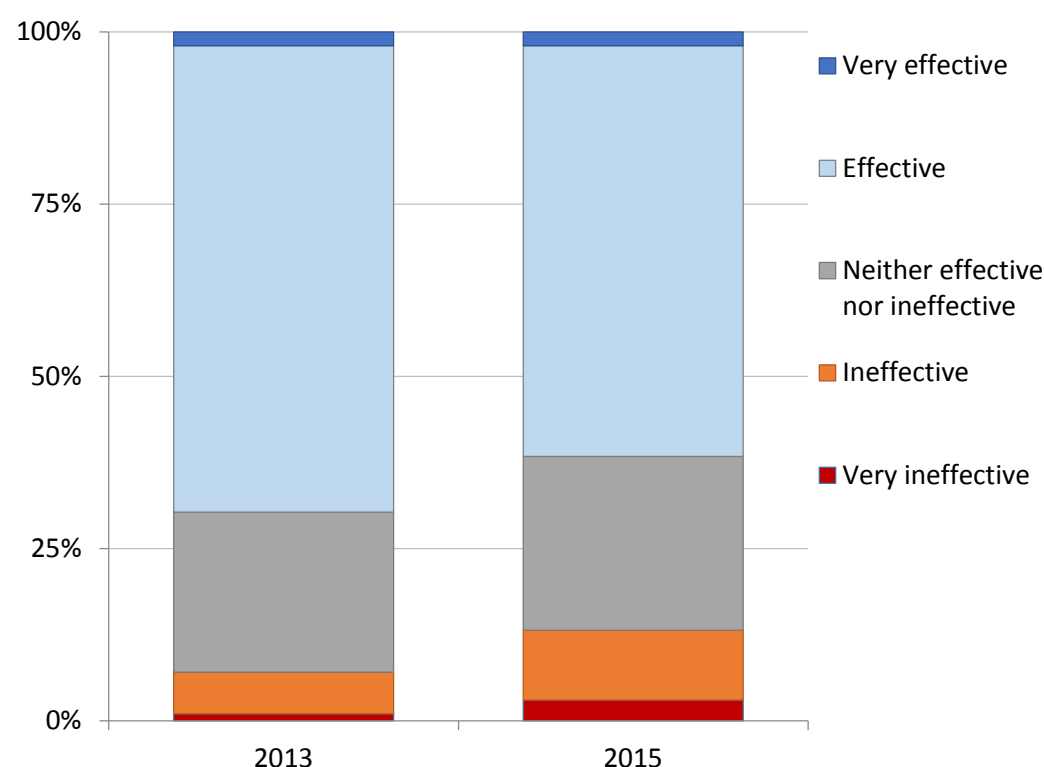


Figure notes: Respondents were asked, “How would you rate the effectiveness of the Australian aid program?”

Moreover, as Figure 16 shows, clear majorities of each of the respondent types think the aid program’s effectiveness has declined either moderately or significantly over the last two years.

Figure 16 – Change in the overall effectiveness of the aid program (2015)

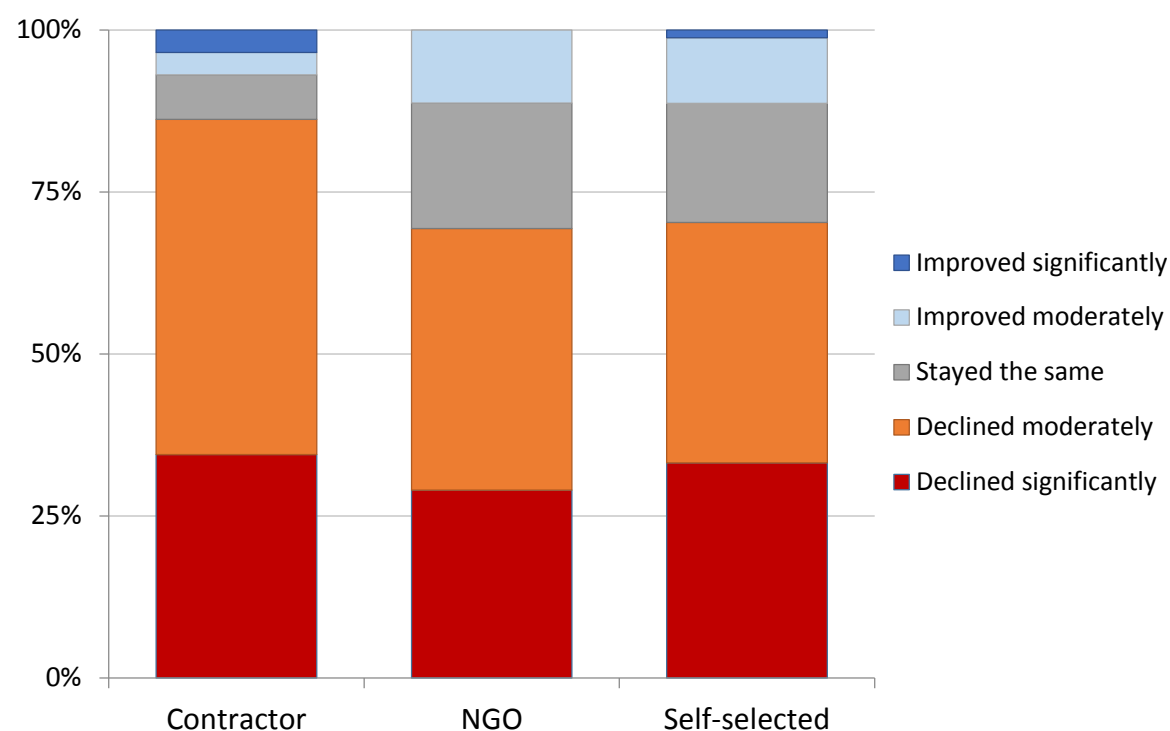


Figure notes: Respondents were asked, “Over the last two years (since the last Australian aid stakeholder survey was run in 2013), has the effectiveness of the Australian aid program improved or declined?”

The sense of change for the worse was also reflected in responses to the open-ended question that asked respondents to identify the most notable improvement to the aid program in the last two years. In responding to this question the plurality of respondents said they could not think of any discernible improvement. One respondent captured this sentiment writing:

I try to be positive but really struggle to think of an improvement. There are still good people and good programs in the aid program—but I don't think that has improved over the past two years. Rather they have 'endured' a tough environment.

More cause for concern can be found when comparing questions asked in 2013 and 2015 about trends in aid program performance. As Figure 17 shows, while in 2013 only 7 per cent of respondents thought the aid program had changed for the worse over the preceding decade, in 2015 75 per cent of respondents thought the program's effectiveness had decreased in the past two years. An aid program that had been seen as improving is now regarded by most respondents as becoming worse or significantly worse.

Figure 17– Change in the overall effectiveness of the aid program (Phase 1)

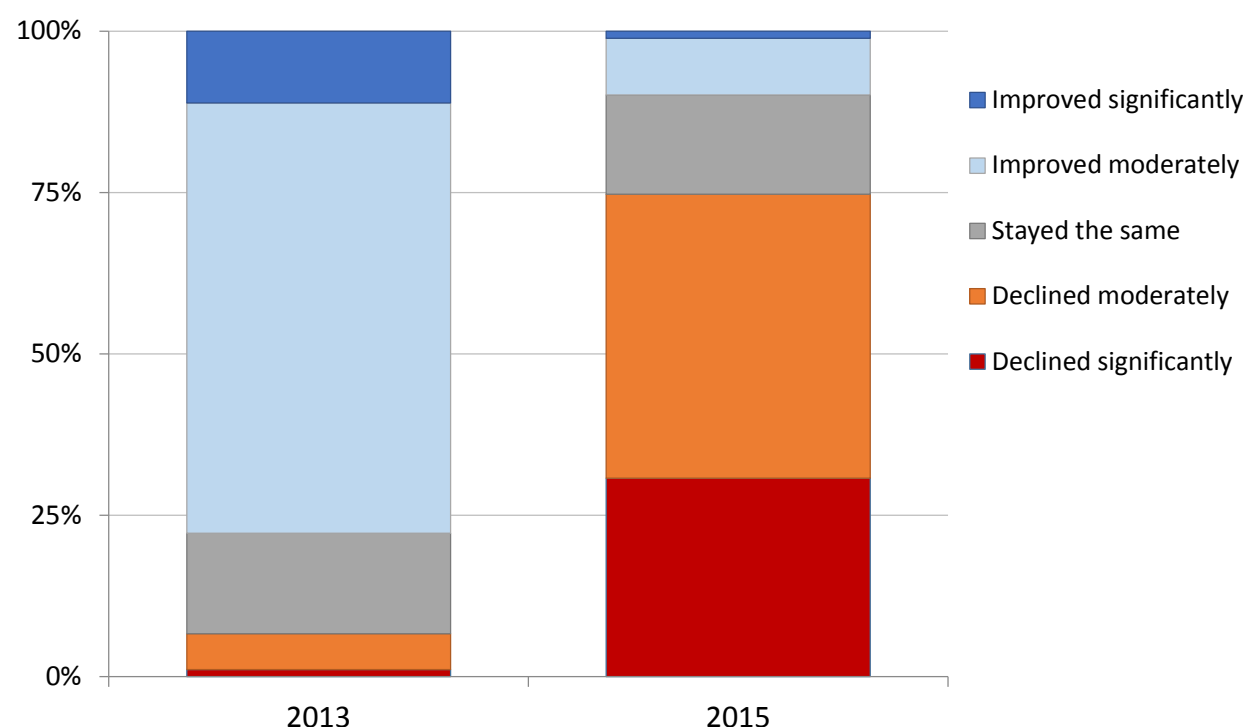


Figure notes: Exact percentages for each category are provided in Appendix 2. Wording of the 2015 question, which relates to changes in aid effectiveness over the last two years, can be found in Figure 16. In 2013 respondents were asked, “Over the last decade, has the effectiveness of the Australian aid program declined or improved?”

Moreover, as Figure 18 shows, in 2013 almost all Phase 1 respondents thought Australia to be a better than average, or at least average, OECD donor. By 2015, however, the majority thought Australia to be worse than average.⁸

⁸ Australian stakeholders also tended to appraise the Australian aid program less positively than New Zealand stakeholders appraised the New Zealand aid program. A detailed comparison between the two countries can be found in Appendix 4.

Figure 18 – The Australian aid program in comparison to other donors (Phase 1)

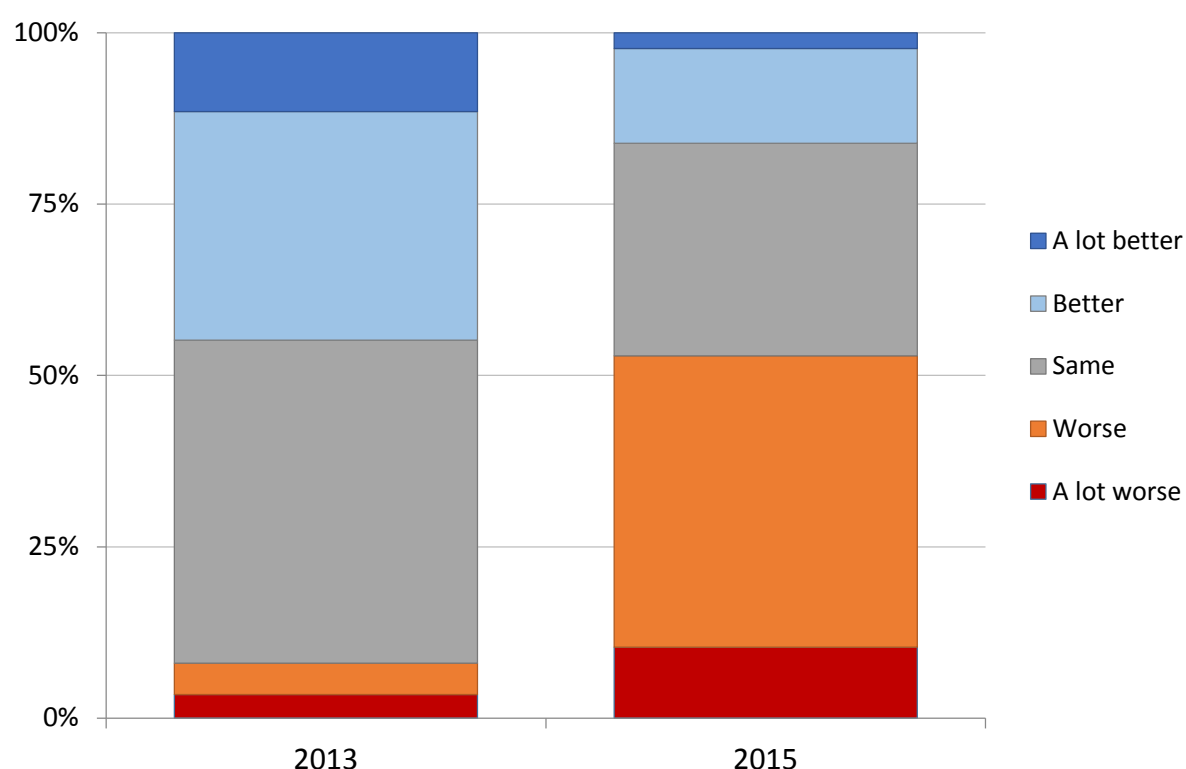


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “How would you rate the effectiveness of the Australian aid program by comparison with the aid programs of other OECD bilateral donors?”

6. The drivers of declining effectiveness

What can explain declining effectiveness? Stakeholders’ responses to the questions we asked in both 2013 and 2015 about specific aid program attributes can offer insights into what is driving perceptions of declining overall aid program effectiveness. Questions about attributes were asked both about attributes of the aid program in general and about its performance in interacting with stakeholders on projects that stakeholders received aid program funding for. (For an explanation of why particular attributes were chosen see the 2013 stakeholder survey (Howes and Pryke 2013, p. 13-16).) This section examines the changes in these attributes, and links them to the perceptions of reduced effectiveness uncovered in the previous section.

6.1 Changes in aid attributes

Figure 19 compares the normalised scores of average attribute quality, derived from the questions we asked about specific aid program attributes, for those attributes where comparisons are appropriate and where data exist for both 2013 and 2015.⁹ Both the x- and y-axis scales run from zero to one. An attribute would score zero if all respondents gave it the lowest possible appraisal. An

⁹ This average was calculated as follows. Each respondent’s response to a question was converted into numeric scales where the most negative possible response was scored 1 and the most positive possible response was scored either 3, if the response scale had three categories, or 5, if the response scale had five categories. (A three point response scale was used for one question relating to transactions costs. A five point response scale was used for all the rest.) The quantified responses were then averaged across respondents. Then, because both three and five point response scales had been used, all averages were normalised to a shared scale where 0 equalled the lowest possible response and 1 equalled the highest possible response.

attribute would score one if all respondents gave it the highest possible appraisal. A score of 0.5 reflects a neutral appraisal on average. The diagonal blue line shows a one-to-one relationship. The further an attribute lies from the line, the larger its change was between 2013 and 2015. Attributes below the line deteriorated between 2013 and 2015. Attributes above the line improved. (A map that links attribute names to a more detailed description, and the wording of the question they were based on, can be found in Appendix 3.) Attributes prefixed with “A-” relate to stakeholders’ responses to questions about their own DFAT-funded activities. All other attributes come from general questions about the aid program as a whole. In addition to attributes relating to specific aspects of aid program performance, the chart also includes responses to two questions discussed earlier in this report: funding predictability and activity-related funding adequacy and predictability.

As can be seen in Figure 19, there is a reasonable correlation between the two years. Although there are some striking exceptions (discussed further below), by and large the aid program’s strong points in 2013 were still its strong points in 2015, and areas that were comparatively weak in 2013 have remained weak in 2015. The dramatic high level changes that have occurred to Australian aid since 2013 have not in most cases upended the aid program’s comparative strengths and weaknesses.

Importantly, however, the fact that the majority of the attributes charted in Figure 19 lie below the one-to-one line suggests that most areas of aid program performance have become worse. Some have become dramatically worse. The 2013 stakeholder survey report concluded that the aid program had an “unfinished reform agenda”. Only six of the 16 program-level indicators in 2013 obtained “pass grades” of 0.5 or more. Unfortunately, by 2015, this number has fallen to only two.

Figure 19 – Quality of aid program attributes 2013 compared to 2015 (Phase 1)

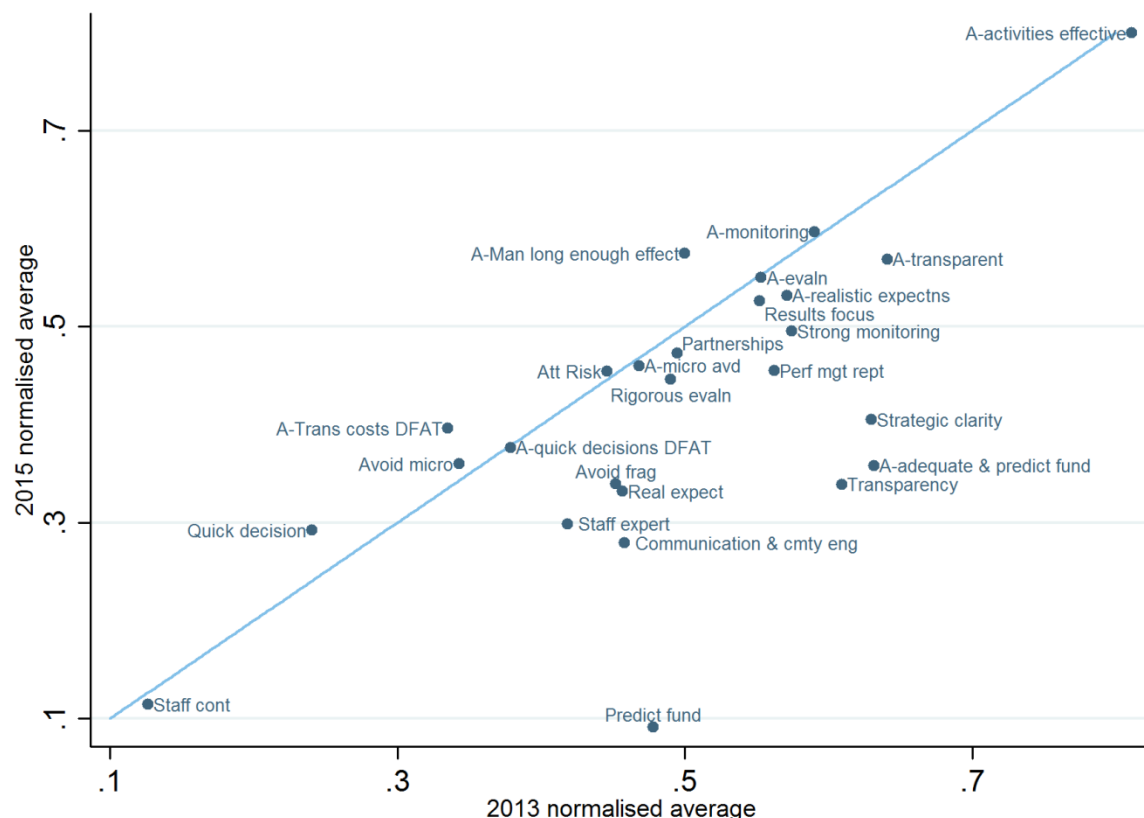


Figure notes: A list mapping the attribute labels used in this chart and the full wording of the questions they come from can be found in Appendix 3.

Tables 3 and 4 shows the differences between the normalised average in 2015 and the normalised average in 2013 of each attribute included in Figure 19. Numbers of respondents and p-values are also provided. Table 3 details overall aid program attributes. Table 4 details attributes stemming from questions to do with stakeholders' own activities.

Table 3 – Difference in general aid program attributes 2013 compared to 2015 (Phase 1)

Attribute Name (Attribute label)	Normalised average 2015	Normalised average 2013	Difference	p-value	n
Predictable funding	0.09	0.48	-0.39	0.00	207
Transparency	0.34	0.61	-0.27	0.00	207
Strategic clarity	0.40	0.63	-0.23	0.00	207
Communication & community engagement	0.28	0.46	-0.18	0.00	204
Realistic expectations	0.33	0.46	-0.12	0.00	199
Staff expertise	0.30	0.42	-0.12	0.00	194
Selectivity and avoid fragmentation	0.34	0.45	-0.11	0.00	195
Performance management & reporting	0.45	0.56	-0.11	0.00	194
Strong monitoring	0.50	0.57	-0.08	0.00	204
Rigorous evaluation	0.45	0.49	-0.04	0.00	203
Results focus	0.53	0.55	-0.03	0.02	196
Partnerships	0.47	0.50	-0.02	0.02	202
Staff continuity	0.11	0.13	-0.01	0.15	193
Appropriate attitude to risk	0.45	0.45	0.01	0.54	195
Avoidance of micromanagement	0.36	0.34	0.02	0.26	188
Quick decision making	0.29	0.24	0.05	0.00	199
Overall average	0.36	0.46	-0.10		

Table 4 – Difference in activity-related aid program attributes 2013 to 2015 (Phase 1)

Attribute	Normalised average 2015	Normalised average 2013	Difference	p-value	n
Adequate & predictable funding	0.36	0.63	-0.27	0.00	176
Transparency	0.57	0.64	-0.07	0.00	174
Realistic expectations	0.53	0.57	-0.04	0.03	174
DFAT micromanagement avoided	0.46	0.47	-0.01	0.65	176
Evaluation	0.55	0.55	0.00	0.86	174
Quick decisions DFAT	0.38	0.38	0.00	0.89	176
Monitoring	0.60	0.59	0.01	0.70	174
Transaction costs DFAT	0.40	0.34	0.06	0.01	171
DFAT manager long enough to be effective	0.57	0.50	0.07	0.00	147
Activities Effective	0.80	0.81	-0.01	0.14	175
Overall average	0.52	0.55	-0.03		

Table notes: A list mapping the attribute labels used in these tables and the full wording of the questions they come from can be found in Appendix 3. P-values come from a two tailed unequal variance t-test, with a finite population correction applied to the standard errors. Because sampling was non-random the p-value should be used only as a heuristic.

6.2 Attributes driving perceptions of overall changes in effectiveness

The fact that so many attributes have declined is concerning. It is unlikely, however, that each attribute has played an equal role in shaping stakeholders' perceptions of a deteriorating aid program. Some attributes will have been more important to stakeholders than others. Such attributes warrant particular attention as the aid program attempts to return to a trajectory of improvement.

One way of obtaining a sense of the attributes that have played the biggest role in shaping perceptions of declining overall effectiveness is to examine the correlation between respondents' assessments of each attribute and respondents' assessments of changing overall aid program effectiveness. This is not a perfect means of gauging the importance of specific attributes (it may be the case, for example, that deterioration in other areas that we did not ask about is also driving perceptions), but it offers some sense of the relative importance of different attributes. If most stakeholders who responded that the aid program is getting worse also rated its performance on a particular attribute poorly, it is more likely the attribute will have played a role in shaping their overall opinion than would be the case for an attribute where the link does not exist.

Figures 20 and 21 reflect this approach to determining the relative influence of different attributes on perceptions of changing aid program effectiveness. The two figures are typologies of the aid program attributes that we asked stakeholders about. Both figures are based on Phase 1 data. In both figures each point is an attribute. Figure 20 plots general aid program attributes. Figure 21 plots those attributes that come from questions specifically relating to stakeholders' aid-funded activities.

The x-axis of both typologies is identical and plots the strength of each attribute's correlation (across all Phase 1 respondents in 2015) with stakeholders' responses to the 2015 question about the overall change in aid program effectiveness.¹⁰ Attributes in the upper and lower right quadrants of both figures are robustly correlated with stakeholders' 2015 assessment of the overall change in the effectiveness of the aid program. These attributes are the attributes most likely to be driving stakeholders' perceptions of changing overall aid program effectiveness. Attributes in the upper and lower left quadrants of both figures are only weakly correlated with overall change and, as such, are less likely to have driven stakeholders' beliefs in 2015 about changing aid program quality. The line that divides the left quadrants of both figures from the right is the median correlation. In both figures, the y-axis reflects the change in the normalised average of the attribute's score from 2013 to 2015 – whether it has, on average, improved or become worse, and how much its score has changed. Attributes with a score above zero (where the horizontal line is located) have improved. Attributes below the horizontal line became worse. Those attributes in the top right quadrant of the typologies are comparatively strongly correlated with the overall assessment of change in effectiveness, and have improved since 2013. If anything, their improvement has likely offset, to an extent, stakeholders' beliefs that the aid program has become worse. On the other hand, attributes in the bottom right quadrant are strongly correlated with perceived overall change in effectiveness, and are attributes that have themselves become worse since 2013. Although it is not possible to be certain, it is likely that performance in these areas has played a significant role in shaping most stakeholders' beliefs that the aid program's effectiveness has deteriorated.

¹⁰ Because the questions produced ordinal data the correlation used was the Spearman's rank order correlation. To test the robustness of this measure we also calculated the Goodman-Kruskal Gamma for the relationship. The relative ranking of attributes using this alternate calculation was very similar.

Figure 20 – Changes in general aid program attributes and their relationship to the overall assessment of the change in aid program quality (Phase 1)



Figure 21 – Changes in activity-related aid program attributes and their relationship to the overall assessment of the change in aid program quality (Phase 1)

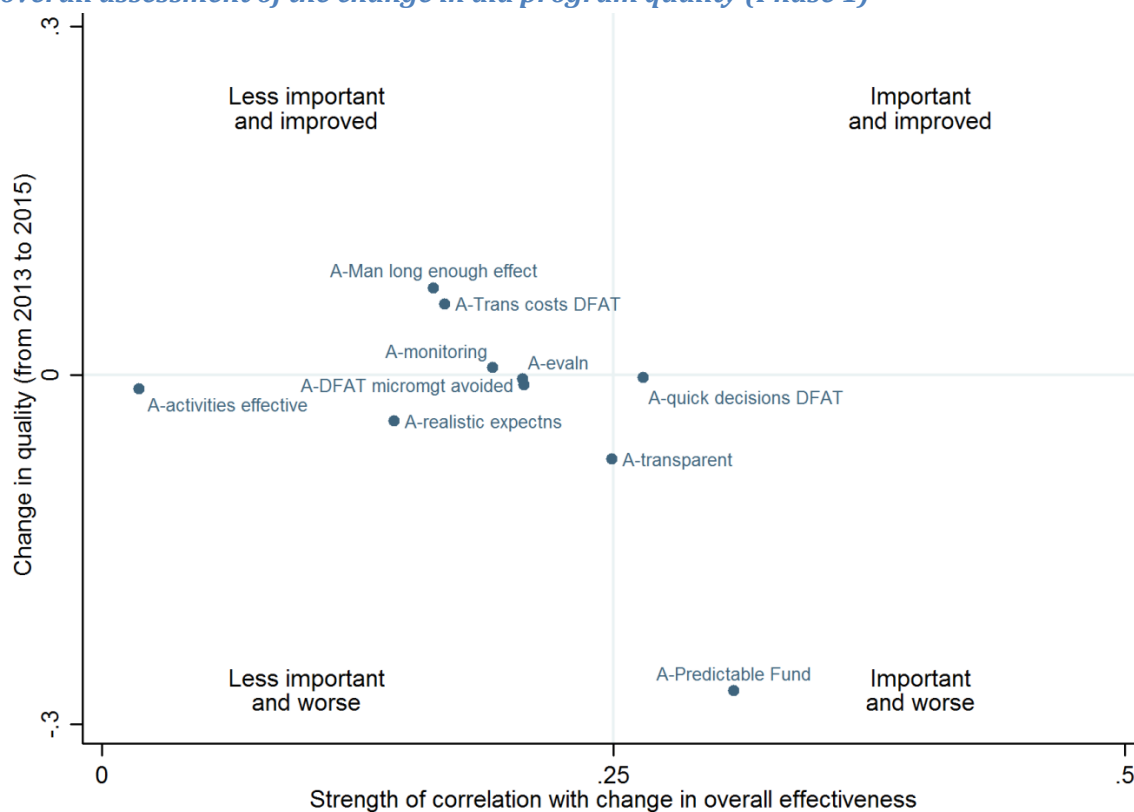


Figure notes: A list mapping attribute labels in this chart to the wording of questions can be found in Appendix 3

Taken together Figures 20 and 21 offer a sense of the attributes that have most influenced stakeholders' assessments of the change in aid program effectiveness, and they also highlight key areas of deterioration, as well as the occasional example of improvement. In the following sections we look at different sub-sets of these attributes. We start with stakeholders' own activities, then look at one area of improvement that the results reveal (more streamlined aid management), consider some important staffing issues, and finally we highlight what emerges from the data as the biggest areas of concern.

6.3 Stakeholders' own activities

There is a clear contrast between Figure 20 and Figure 21. Not only was there less change on average in stakeholders' responses to activity-related questions (nearly half of activity-related attributes did not change to a meaningful extent), but responses to the activity-related questions were for the most part only weakly correlated with stakeholders' appraisals of the overall change in aid program effectiveness. There is one clear exception, predictability of activity funding ("A-Predictable Fund"), but even here the correlation is still less than those of a number of general attributes in Figure 20.

This weakness of association is consistent with the fact that participants judge the performance of their own activity quite differently to that of the overall aid program. As was noted in the 2013 stakeholder survey report (Howes and Pryke 2013, p. 46), survey participants tend to be at their kindest when assessing their own work. As Figure 21 shows, the 2015 survey reveals only the smallest of declines in the average effectiveness ratings of respondents when it comes to activities they are managing ("A-activities effective").¹¹ There is no reason to think that self-reporting bias would increase between 2013 and 2015. This disconnect between average project self-ratings and average overall assessments could indicate several things. It may be that respondents, while still able to do good aid work, have become generally more critical of the aid program as a whole, especially as a result of the large aid cuts. Indeed, when asked, some 90 per cent of Phase 1 respondents said that the budget cuts had had a negative or very negative impact on aid effectiveness.

Alternatively, or as well, it may be that the increased weaknesses that respondents discern at the aggregate level weaken the aid program not so much by reducing the quality of existing activities, but by making it more difficult to plan for the future, or to be clear about the direction of the aid program as a whole. Consistent with this, it may also be the case that some of these aggregate weaknesses, such as a loss of staff expertise, discussed further below, are more in the nature of risks to future aid quality, rather than causes of reduced aid quality today.

In any case it seems that stakeholders have, for the most part, based their beliefs about the deteriorating quality of the Australian aid program not primarily on how it has affected their own activities, but on a more holistic appraisal of the changes it has been through. Clearly the

¹¹ Interestingly, one change is evident. The proportion of contractors who rated their project as "very effective" fell from 15 per cent in 2012 to 7 per cent in 2015. In general, contractors have less autonomy than NGOs in implementing aid projects (since the latter but not the former receive flexible funding through the Australian NGO Cooperation Program). It make sense then that contractors should feel the adverse effects of any negative changes in the aid program sooner and more keenly than NGOs.

predictability of funding for stakeholder's own activities has played some role in shaping perceptions of an aid program becoming less effective, but more important drivers can be found elsewhere.

6.4 More streamlined aid management

A small number of attributes improved between 2013 and 2015. Of the attributes that are clearly correlated with respondents' overall assessment of change in aid program performance (those in the quadrants of Figure 20 labelled "Important"), the speed of DFAT decision making (labelled "Quick Decision" in Figure 20), while still scoring comparatively poorly overall in 2015, was assessed somewhat more positively in 2015 than in 2013. This appears to be an important area, though it is worth noting that there is no corresponding improvement reported at the individual activity attribute level.

None of the individual activity attributes are in the "Important and Improving" quadrant of Figure 20, but two do show an improvement relative to 2013: DFAT staff continuity (discussed further in the next section), and the transaction costs of dealing with DFAT. Although the latter was only weakly correlated with stakeholders' assessment of change in the aid program – and while it still scored fairly poorly in 2015 – the small perceived reduction in transaction costs, along with a suggestion of quicker decision making, both point to one area of potential benefits from the merger. As part of that merger there has been an attempt to simplify aid processes and streamline aid management. (The 2013 stakeholder survey highlighted this as an area of growing concern (Howes and Pryke, 2013, p. 56-57).) The survey provides some modest evidence that these reforms may be showing returns, and at a minimum it refutes the case that everything has got worse over the last two years.

6.5 Staffing

Given the significant changes in staffing that have occurred in the aid program since the dissolution of AusAID, attributes associated with staff warrant special attention.

The first of the staffing-related attributes we asked about offers some good news. As Figure 22 shows, the proportion of Phase 1 respondents who agreed or strongly agreed with the proposition that the aid program manager that they dealt with for their own specific aid activities had been in place long enough to be effective (labelled "A-Man long enough effect" in Figure 21) increased from 35 per cent in 2013 to 50 per cent in 2015. This finding was also reflected in the results of another question (not displayed here) that asked how long the manager that the respondent dealt with had been in their role.

Given the changes the aid program has been through, the fact that about half of the respondents felt that the manager they dealt with regarding their own aid activities had been in place long enough to be effective is worth noting, even if the attribute is only weakly related to stakeholders' appraisals of overall changing aid program effectiveness. It may reflect the end of the aid scale up and the very rapid hiring, and therefore turnover, associated with that (Howes and Pryke, 2013, p.54).

Strikingly, however, no improvement is recorded with regard to stakeholders' assessment of staff continuity at the aggregate level. As can be seen in Figure 23, in both 2013 and 2015 this attribute emerges as one of the great weaknesses of the aid program, with at least 90 per cent of respondents rating staff continuity a weakness or great weakness of the aid program. It may be that respondents

are reflecting on the very large changes at the senior management level of the aid program, or that they are simply more critical in general due to the budget cuts. Whatever the case, while staff continuity may have improved at the activity level, it remains a major weakness.

Figure 22 – Activity manager in place long enough to be effective (Phase 1)

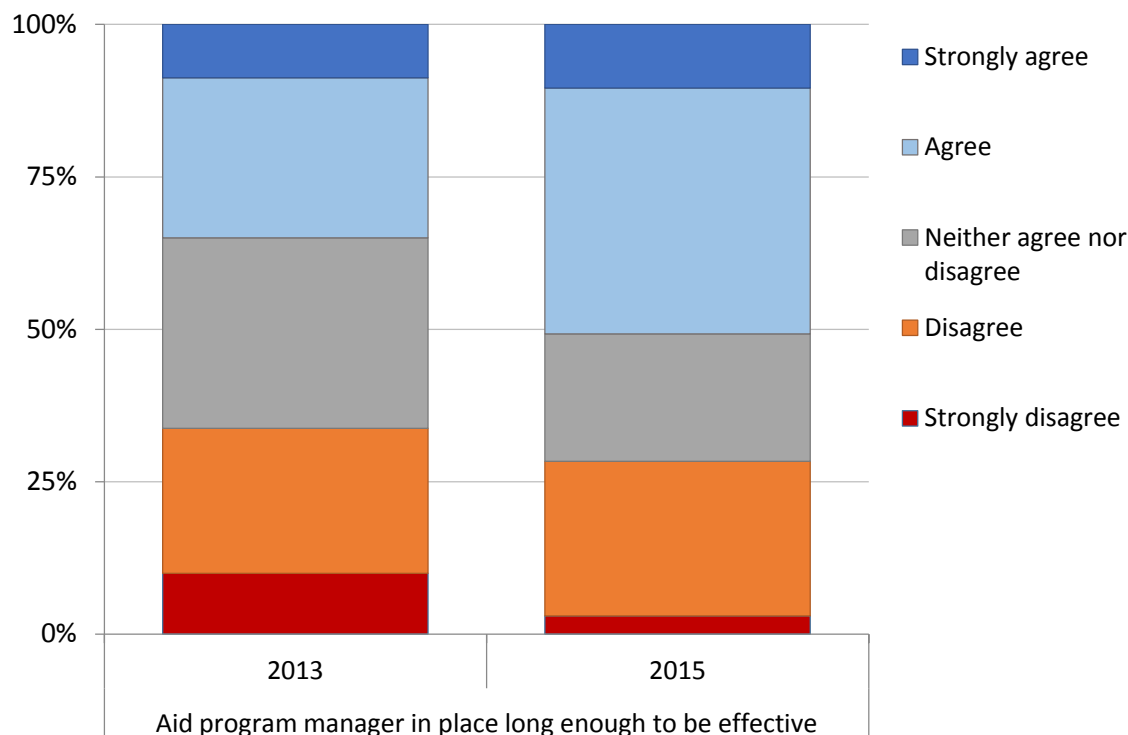


Figure notes: In both years respondents were asked, “To what extent do you agree with the following statement: ‘The ‘manager’ appointed to my project has been in place long enough to be effective.’”

Figure 23 – Staff continuity (Phase 1)

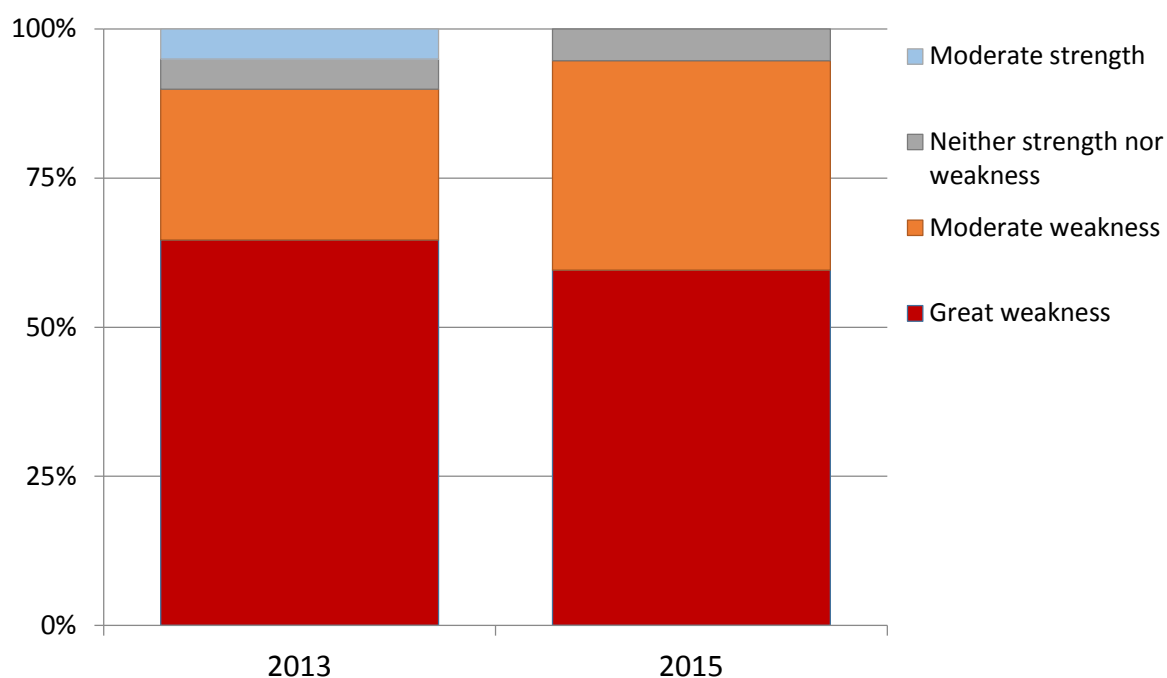


Figure notes: Respondents were asked, “Please indicate the extent to which you believe the Australian aid program as it currently stands possesses staff continuity.”

Unlike the previous two staff-related attributes, staff expertise (labelled “Staff Expert” in Figures 19 and 20) was strongly correlated with stakeholders’ appraisals of the overall decline in aid program quality. And it was, as Figure 24 shows, an area where stakeholders scored the aid program discernibly worse in 2015 than they did in 2013.

Figure 24 – Staff expertise (Phase 1)

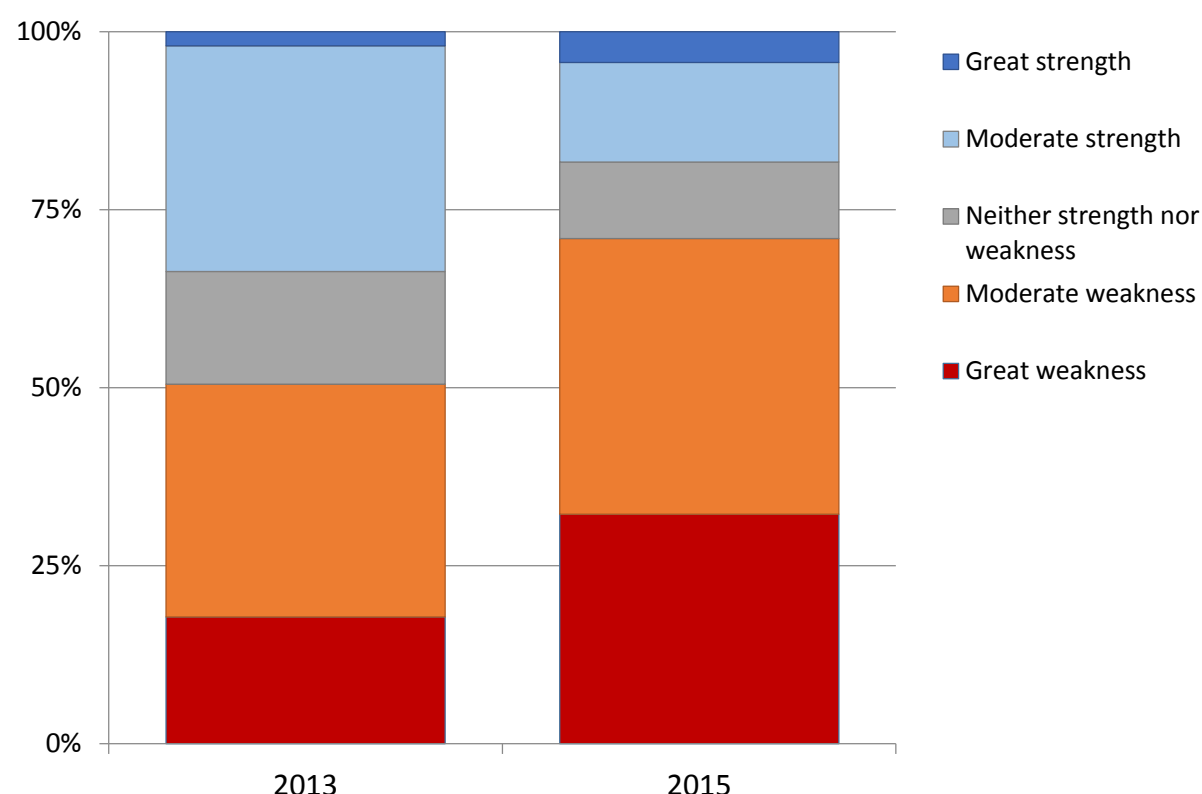


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “Please indicate the extent to which you believe the Australian aid program as it currently stands possesses staff expertise.”

Responses to open-ended questions reflected this change. When respondents were asked what they thought the most negative consequences of the merger were, loss of staff expertise, or comments to similar effect, were the most frequent response.

Importantly, in responses to open-ended questions a number of respondents argued that the loss of staff expertise was not only a product of a large number of AusAID staff leaving after the merger, but also a consequence of an organisational culture within DFAT that is failing to value development expertise. For example, one respondent raised the issue of “the marked devaluation of aid program management skills and the lack of recognition in DFAT senior management of the depth of expertise required”. Another respondent suggested that the skills and perspectives of aid staff are “not understood or valued by foreign policy/trade staff, resulting in narrowing of objectives and less time to build relationships with counterparts”.

Presumably reflecting these concerns, as Figure 25 shows, responses to another question that asked directly about the impact of the merger on staff effectiveness show that a large majority (over 75 per cent in each category) of stakeholders believe that the merger has led to staff effectiveness becoming worse or a lot worse.

Figure 25 – The impact of the merger on staff effectiveness (2015)

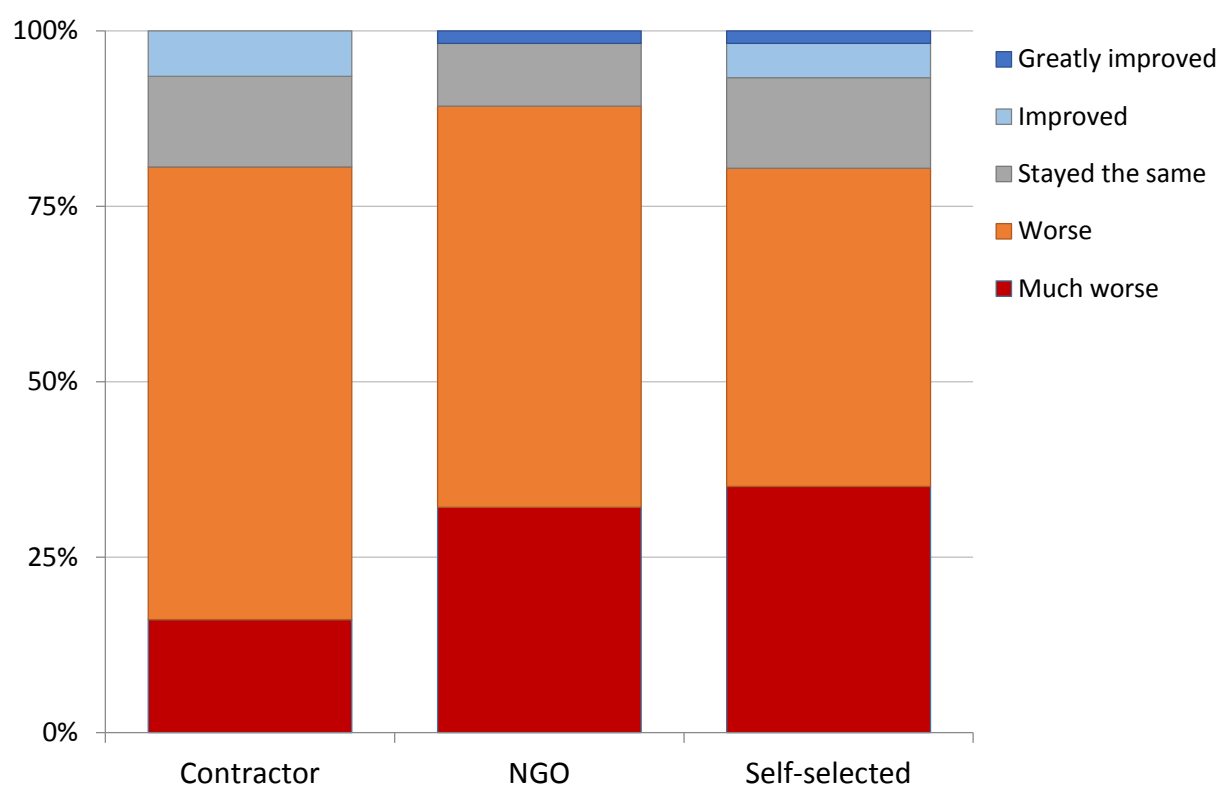


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “What has been the impact of the merger of AusAID and DFAT on the effectiveness of staff primarily engaged in the Australian aid program?”

6.6 New causes for concern

Apart from a loss of staff expertise, there are a number of other “important and worse” attributes in 2015, including some that have gone from being strengths of the program in 2013 to weaknesses in 2015.

One area of concern, reflected in both Figures 20 and 21, is predictability of funding – an issue discussed earlier in the report. Given the major cuts to Australian aid in 2015 one might have anticipated that it would be by far and away the most important driver of changing appraisals of aid program effectiveness. Yet, interestingly, Figure 20 shows that this is not the case. Other attributes are more strongly correlated with stakeholders’ assessments of overall change. Clearly respondents see performance as more than just a function of funding.

Stakeholders’ appraisals of some of the “important” attributes in Figure 20 – such as monitoring, evaluation, and performance management and reporting (labelled “Strong monitoring”, “Rigorous evaln”, “Perf Mgt Rept” in Figure 20) – suggests that performance in these areas, while worse, has not collapsed since 2013. Nevertheless, stakeholders’ appraisals still point to some deterioration (quite significant deterioration in the case of performance management and reporting, less for the other two). Moreover, all three attributes are also clearly correlated with stakeholders’ perceptions of change.

A strong point of the merger has been the retention within DFAT of earlier AusAID program performance management mechanisms – such as the Office of Development Effectiveness, annual

country performance reports, and project quality ratings. The government has also introduced a new performance framework for the aid program (*Making performance count: enhancing the accountability and effectiveness of Australian aid.*) Nevertheless, the findings of the stakeholder survey suggest there is clearly no cause for complacency in these areas.

Three other attributes stand out as being in particularly urgent need of attention. They are strategic clarity, transparency, and effective communication and community engagement (labelled “Strategic clarity”, “Transparency”, and “Communication & cmtly eng” in Figure 20). All three attributes are correlated with stakeholders’ assessment of the changing effectiveness of the aid program, with the correlation being particularly strong for communication and community engagement. As Figure 26 shows, all three became substantially worse between 2013 and 2015; their declines in rating are the largest after funding predictability.

In the case of transparency and strategic clarity, the two reversed from being predominantly favourably assessed to being predominantly unfavourably assessed. The decline of transparency is particularly striking: it has the second biggest fall of any attribute (after predictability). Strategic clarity and transparency were in fact rated as the two top strengths of the aid program in 2013 (in that order). In 2015 by contrast, they were ranked 7th and 9th out of 16. The ranking of communication and community engagement fell from 9th to 14th.

In answers to open-ended questions a number of stakeholders elaborated their concerns in these areas. For example, one stakeholder stated that: “There is limited transparency – the detail in the aid budget is greatly reduced, the aid website is a shadow of what it used to be.”

And another noted that:

Transparency, accountability, and community engagement have become significantly worse. Information that used to be easily accessible on AusAID’s website now no longer exists on DFAT’s website.

To be fair, information about aid on the DFAT website continues to grow after a sharp decline post-integration. And, although the government no longer talks about the 2011 Aid Transparency Charter, it does now have a strong and explicit “[commitment to transparency](#)” on that website. This is perhaps an area where much could be done quickly to improve perceptions, by first publicising and then following through fully on the published commitment.

The perceived decline in strategic clarity at first surprises, since the Coalition government moved quickly to put in place a new strategy (*Australian aid: promoting prosperity, reducing poverty, enhancing stability*, launched in June 2014). However, only 35 per cent of Phase 1 stakeholders rated this strategy (sometimes referred to as “the new aid paradigm”) as appropriate or very appropriate (compared to 70 per cent in 2013 who had a favourable view of the previous aid strategy). Moreover, only 9 per cent of these respondents thought the implementation of the new strategy was effective (compared to 40 per cent in 2013). Clearly, having a new strategy is not enough. The strategy has to be viewed as credible, and as being sensibly implemented. No doubt, the large budget cuts, which were not foreshadowed in the new aid strategy, but which

occurred after its release, have undermined its credibility. Related to this, another indicator to show a significant decline is “Realistic expectations”. This suggests that increasingly the ambition of the aid program is not matched by its funding.

Figure 26 – Transparency, strategic clarity, and effective communication (Phase 1)

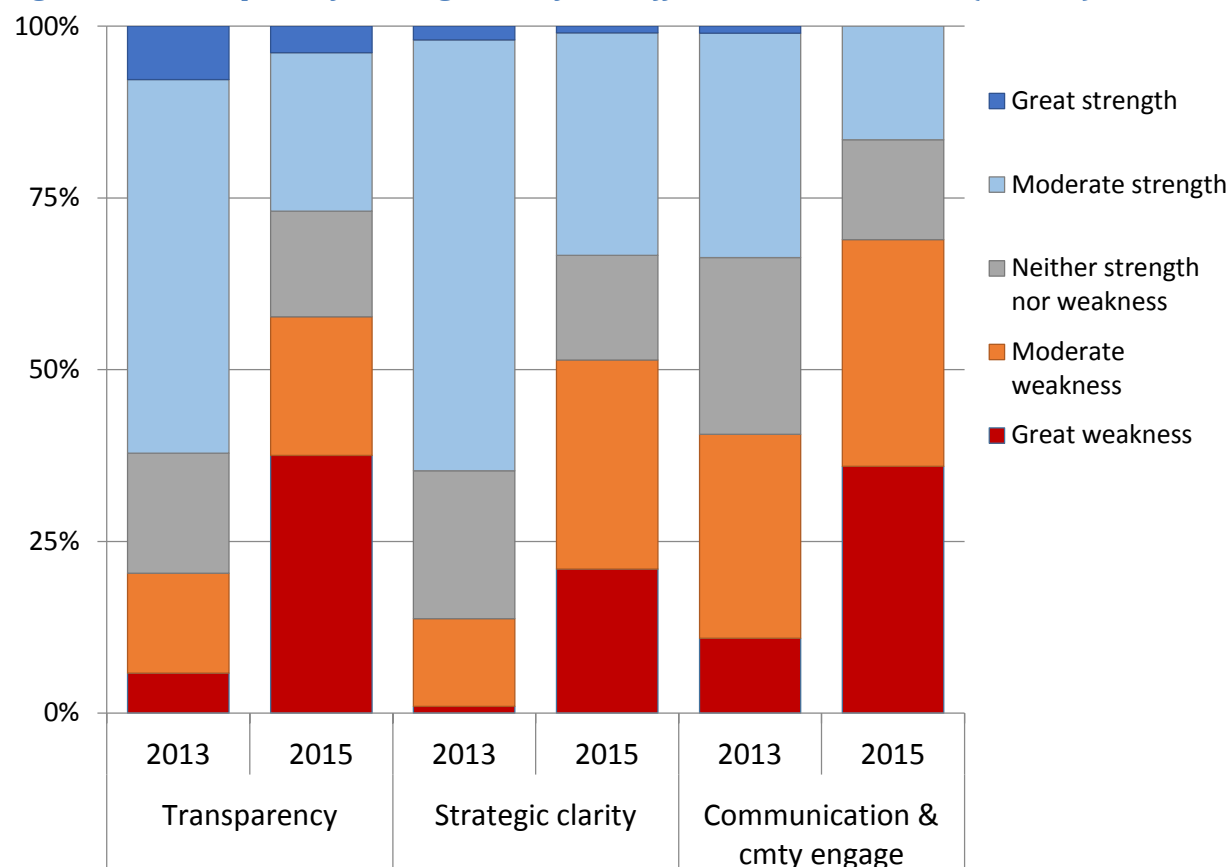


Figure notes: Exact percentages for each category are provided in Appendix 2. Respondents were asked, “Please indicate the extent to which you believe the Australian aid program as it currently stands possesses each attribute in the list: Transparency; Strategic clarity; Effective communication and community engagement.”

7. Recommendations for strengthening Australian aid

The most encouraging finding from the 2015 Australian stakeholder survey is that the majority of Australian aid stakeholders think the aid program is effective. Given the turbulence brought by the aid program’s integration into DFAT, and the impact of the 2015 aid cuts, this is a considerable achievement. Those aid program staff, as well as DFAT staff more generally, who have worked hard over the last two years to ensure Australia still gives aid well deserve credit for this, as do those outside of government who work on the aid program.

At the same time, there is no cause for complacency. In 2013 nearly more than three quarters of Phase 1 respondents thought the aid program was improving. In 2015 nearly three quarters of respondents thought it was becoming worse. This is not a surprising result given the budget cuts. It would be a mistake, however, to view the decline in effectiveness as entirely due to the budget cuts, or something that will reverse itself over time. Rather, the survey results point to a number of other

attributes that have worsened over the last couple of years, which pose serious and growing risks to aid effectiveness.

The consequences of continuing decline will be borne, foremost, by people in aid-recipient countries, but ongoing decline in the effectiveness of Australian aid also risks damaging Australia's international reputation. Recall that most stakeholders now believe that the Australian aid program is worse than the average OECD donor.

There is much in the stakeholder survey data that those making decisions about the future of Australian aid may want to consider as they work to turn around its fortunes. Our analysis of the data leads us to emphasise the following areas.

7.1 Funding predictability

Few stakeholders believe that aid will rise as a share of GNI under the current government. Slightly fewer than half believe the Coalition will honour its existing commitment to increase the aid program in line with inflation. Like most aid stakeholders we think that government aid should be increased. However, if the current government believes this undesirable, there is still one action it could easily undertake, which the survey reveals as important: this is to increase the predictability of funding. It is hard for aid implementers to work effectively if they are uncertain about the following year's aid flows. Obviously, funding for any particular project can never be guaranteed and must be contingent on performance; however, a broader funding environment that is predictable is something the government can ensure. To do this, the Coalition government needs to abandon the \$224 million of aid cuts that it has previously signalled will occur in the 2016-17 budget and, as per its election promise, start at least protecting the aid budget against inflation. While it could be argued that the already signalled aid cuts are predictable, the point is that, with more cuts on the horizon, stakeholders have no sense of whether particular projects will continue to be funded. Predictability will only come when the aid budget ceases to be cut and when trust in the budget process is restored. Should a Labor government be elected in 2016 it needs to prioritise these changes too.

7.2 Staff expertise

While staff continuity and the duration of DFAT managers responsible for stakeholders' activities showed some improvement, there was another staff-related attribute where there was clear deterioration: staff expertise. This is a cost of integration. Many skilled aid program staff have left, and this has clearly affected stakeholders' appraisals of aid program effectiveness. Those with little understanding of aid often underestimate the difficulty of providing good aid. The development problems that plague countries like Papua New Guinea, and which make it hard to give aid well in these contexts, are complex. And if the Australian aid program is to avoid wasting taxpayers' money, the need for expertise must be recognised. Experienced staff bring this expertise, and a much greater effort needs to be made to hold on to experienced staff, as well as to replace the expertise that has been lost. This will be particularly challenging with the aid program now fully integrated into DFAT, but nevertheless needs to be prioritised.

7.3 Opening up and engaging

Two attributes that were clearly associated with stakeholders' appraisals of the overall effectiveness of the aid program, which scored poorly on average in 2015, and which deteriorated notably

between 2013 and 2015, were transparency, and communication and community engagement. Their combined performance suggests an aid program that is failing to be sufficiently open about its work while at the same time struggling to engage with stakeholders regarding the work it is doing. In the case of transparency, there is a strong case for revisiting the 2011 Australian Aid Transparency Charter. The Coalition government never formally dropped this Charter, but there is no reference to it any more. Converting the DFAT website “commitment to transparency” into something with more detail and clear political backing – in effect, a new transparency charter – and then reporting performance against that standard could quickly reverse the negative perceptions that have developed in this area.

On communication and community engagement, it will not be easy to re-build the case for aid, and it will take the combined efforts of all aid stakeholders to do so. The 2015 appointment of a Minister for International Development and the Pacific with a mandate to promote within government and the community the importance of aid is certainly a positive step.¹² Another positive step would be for the new minister to request from DFAT and then lead the implementation of a new strategy on community engagement in relation to the aid program.

7.4 Aid purpose and aid focus

Another attribute that scored very poorly in 2015, and which was appraised as much worse in 2015 than in 2013, was the aid program’s strategic clarity. Stakeholders are not convinced by the government’s new aid strategy, the new aid paradigm. Quite possibly this was inevitable given the massive changes in Australian aid, especially the large budget cuts in 2015 *after* the release of the strategy in 2014. Perhaps, as the dust settles, strategic clarity will re-emerge. Certainly, the finalisation and release by government of a large number of new country strategies (Aid Investment Plans) and sectoral strategies, especially over the last six months, will help. However, the survey results suggest that more is needed.

First, expectations need to be realistic, and consistent with a much-reduced aid envelope.

Second, as discussed in Section 4, stakeholders now believe that poverty reduction is much less important a goal for the aid program than it used to be. As noted then, the issue is unlikely to be the formal aid program objective as this has not changed dramatically. Perhaps the issue is again a lack of clarity. Under the Coalition’s [Economic Diplomacy Policy](#), aid, foreign and trade policy are all to be used “to advance Australia’s prosperity and global prosperity.” This language is ambiguous as to whether aid is to be used for the former goal (advancing Australia’s prosperity) or the latter (global prosperity). If the problem is simply one of poor communication, it could be rectified as part of a strategy for improved community engagement, and by a new emphasis from the government on the importance of poverty reduction for the aid program.

Another possibility, however, is that stakeholders’ perceptions reflect reality, and that less Australian aid is being devoted to reducing poverty, while more is being devoted to directly advancing Australia’s own interests. If this is the case, the government should consider if the ethos

¹² In his October 2015 ACFID speech, in which he undertook to “outline the role” he’d been given, Minister Ciobo highlighted as one of his “key objectives” to “reinforce the importance of [aid and the Pacific] as a policy priority for government”. He also announced his intention to do “as much as I possibly can within government” to support public advocacy in favour of aid.

of its aid giving is justified. Public opinion survey data indicate that giving aid in Australia's own interests, rather than in the interests of people in developing countries, is not what the Australian public wants (see Wood 2015, p. 24). And, beyond this, it is far from clear that giving aid in Australia's immediate self-interest will ultimately bring Australia greater benefits than will come from fostering higher levels of development in countries such as Papua New Guinea.

Third, as the government considers the purpose of Australian aid, it should also consider the allocation of Australian aid across different sectors. Stakeholders in 2013 supported a greater emphasis on the private sector, but now believe that the government has gone too far, and that too much aid is being focused on trade and infrastructure. No doubt this view is influenced by the budget cuts, which have tended to spare trade and infrastructure expenditures at the expense of health and education. This belief is not just held by NGOs, but also by aid contracting companies, which lessens the likelihood that it simply reflects ideological preferences. It is possible that stakeholders are mistaken, but their responses suggest that a review of the emphasis given to trade and infrastructure would be warranted, especially given the smaller overall budget.¹³

8. Conclusion

Some of the issues we have identified in this report, and the remedies we have suggested, ought to fall within the decision making remit of DFAT staff. Other areas, such as funding predictability and the purpose for which Australian aid is given, will at least in part be political decisions. For now, even as the stakeholders of the Australian aid program who we surveyed lament the political leadership it has been on the receiving end of, they appear to have largely absolved the foreign minister of any blame for decisions such as cuts to the aid budget. And at the same time Foreign Minister Bishop has clearly impressed stakeholders with her engagement with important development issues. However, it is unlikely such favourable appraisals will last long if stakeholders continue to believe the aid program is becoming worse. Coming months, and the lead up to the next budget, offer Foreign Minister Bishop, and the newly appointed Minister for International Development and the Pacific Steven Ciobo an excellent opportunity to prove their commitment to Australian aid, and to giving Australian aid well.

More broadly, with regards to the Australian government aid program, stakeholders' appraisals show that all is not lost, but that a lot is getting worse. Having survived reintegration and budget cuts, the challenge for the aid program now is to reverse trends of deterioration and counter emerging risks to effectiveness. On the basis of our analysis of the 2015 Australian stakeholder survey data we believe there are a number of key attributes for effective aid that need attention as part of this process. Improvements in these areas are far from impossible. The crucial question is whether DFAT and its political leaders will be willing to take action. We will report back again after the next stakeholder survey to let you know how they have performed.

¹³ Howes (2015) questions the commitment to earmark 50 per cent of Australian aid to PNG for infrastructure.

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Appendix 1: Methodology and Respondent Details

Methodology

To the greatest extent possible, both in terms of sampling and the questions used, the 2015 survey followed the same methodology used to conduct the 2013 Australian aid stakeholder survey. Where survey questions differed this reflected changing circumstances such as the merger, and the changing priorities of the Coalition government.

The 2015 stakeholder survey was conducted in two phases. In the first, which ran from July 6 to October 6, links to an online survey questionnaire were emailed to 155 senior managers of Australian NGOs and development contractors.

NGOs were divided into two groups. The NGOs that have the most to do with the Australian aid program are the nearly 50 Australian NGO Cooperation Program (ANCP) NGOs. The ANCP is an Australian Government scheme that accredits and provides support to established Australian development NGOs. We identified the most senior manager (CEO or equivalent) and his or her deputy most actively engaged with the aid program (though this was not possible in all cases), and invited 71 of these representatives of ANCP NGOs to take the survey.

Non-ANCP NGOs are more numerous than the ANCP NGOs, but are typically smaller organisations and are usually less closely engaged with the government aid program. Reflecting this, only a sample of non-ANCP NGOs were invited to participate in Phase 1 of the survey. To provide for comparability, our 2015 non-ANCP list included the same non-ANCP NGOs that were randomly sampled and surveyed in the 2013 Australian aid stakeholder survey, as well as two NGOs that were part of the ANCP in 2013, but which were no longer ANCP participants in 2015.¹⁴ (The 2013 sample was drawn randomly from a list of Australian Council for International Development (ACFID) members who do not participate in the ANCP.)¹⁵ In total 36 representatives of non-ANCP NGOs were invited to participate in the survey.

Development contractors were also invited to participate in the first phase of the survey. As with the smaller NGOs, the sample of development contractors invited to participate in the survey followed those who were approached for the 2013 survey. The majority of these are members of International Development Contractors Australia (IDC Australia). As with ANCP NGOs, wherever possible, we sent questionnaires to both the most senior manager (CEO or equivalent) of each development contracting organisation and his or her deputy most actively engaged with the aid program. A total of 48 development contractor senior executives were identified and invited to participate.

In all, 69 development NGO representatives and 41 development contractor representatives took part in Phase 1 of the survey. The response rate was 70 per cent for ANCP NGOs, 53 per cent for non-ANCP NGOs, and 85 per cent for development contractors. The overall response rate for Phase 1 of the survey was 71 per cent, equivalent to the response rate for Phase 1 of the 2013 stakeholder survey.

¹⁴ Also, one NGO that was non-ANCP in 2013 had become part of the ANCP scheme by 2015. This NGO was included in the ANCP group.

¹⁵ ACFID is the peak body for Australian development NGOs.

Phase 2 of the survey, which ran from August 28 to October 6, was open to all interested individuals to complete online. 351 participants responded, compared to 251 in 2013. The largest proportion of respondents to this phase of the survey were from NGOs or were contractors/consultants.

Academics, public servants (from both Australia and developing countries), employees of multilateral and regional organisations, and other interested individuals (such as students, retirees, and volunteers) also responded.

Table A1 provides a breakdown of the survey respondents and response rates. Response rates in Phase 1 were broadly similar to those in 2013, as were the proportions of respondents in the various categories in Phase 2 (self-selected).

Table A1: Survey respondents

PHASE 1 (pre-selected)	<i>Target</i>	<i>Responses</i>	<i>Response rate</i>
ANCP NGO representatives	71	50	70%
Non-ANCP NGO representatives	36	19	53%
Total NGO representatives	107	69	64%
Total development contractor representatives	48	41	85%
PHASE 1 TOTAL	155	110	71%

PHASE 2 (self-selected)	<i>Responses</i>	<i>Proportion of total Phase 2 responses</i>
Academics	58	17%
Australian government (federal, state or local)	54	15%
Contractors and consultants	81	23%
Development contractors	30	9%
Independent consultants	51	15%
Multilateral and developing country government	36	10%
Developing country government	14	4%
Multilateral or regional organisation	22	6%
NGOs	101	29%
Other	21	6%
PHASE 2 TOTAL	351	100%

SUMMARY	<i>Responses</i>	<i>Proportion</i>
NGO representatives (Phase 1)	69	15%
Development contractor representatives (Phase 1)	41	9%
Phase 2 (self-selected)	351	76%
GRAND TOTAL	461	100%

Within the report, stakeholders are usually divided into three groups: NGOs, Contractors, and Self-selected. The first two categories are drawn solely from responses in Phase 1, while the third captures responses from Phase 2 (including those who self-identified as representatives of NGOs and contractors, but who were not invited to participate as part of Phase 1).

While, wherever possible, the 2015 stakeholder survey report contains information on Phase 1 and Phase 2 responses, in instances in our quantitative analysis we limited our focus to Phase 1 respondents. However, it is important to note that there was a strong correlation between Phase 1 and Phase 2 responses. Therefore, even if we had chosen to present more results from Phase 2 or more aggregated results, the findings would remain largely unchanged. The strength of this correlation is shown in Figure A1.

Figure A1 – Correlation of responses between Phase 1 and Phase 2 respondents (2015)

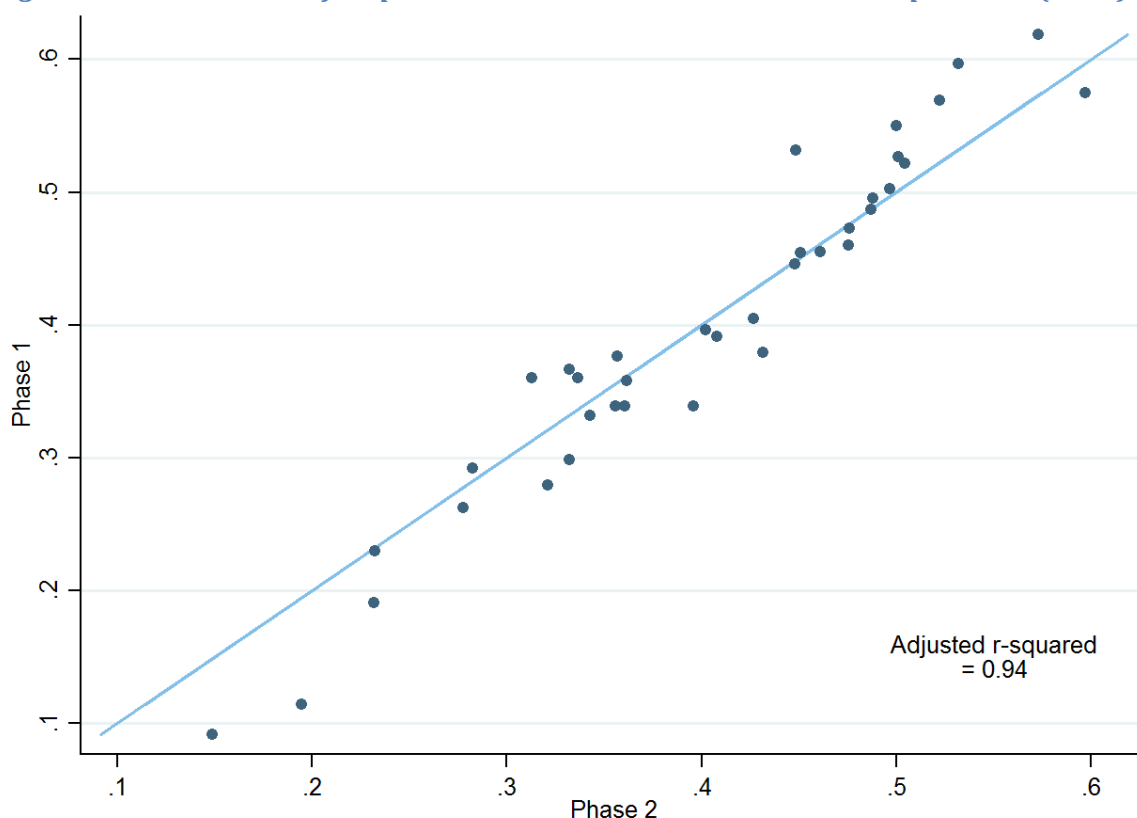


Figure notes: Each point reflects the normalised average to a question. Only questions where such averages could meaningfully be included on the same scale are included. The blue line is the one-to-one line. Points on the line had identical average responses from Phase 1 and Phase 2.

About the respondents

A total of 461 individuals took part in the 2016 Australian aid stakeholder survey, a 30 per cent increase on the 2013 survey.

Table A2 provides an overview of (self-reported) respondent demographics.

Table A2: About the respondents

	NGO	Contractor	Phase 1	Phase 2	All
Percentage female	42%	38%	41%	53%	50%
Average age (years)	50	50	50	44	47
Percentage with very strong or strong knowledge of the aid program	82%	89%	85%	77%	79%
Percentage with 5 or more years of experience in development	90%	100%	94%	70%	76%
Percentage based in Australia	100%	86%	95%	63%	71%
Percentage senior management	93%	84%	90%	34%	47%
Percentage at current organisation for 2 years or more	86%	86%	86%	53%	61%
Percentage directly engaged with the aid program	70%	81%	74%	46%	53%

In general, respondents are both highly knowledgeable about and closely engaged with the aid program. As expected, this is particularly true of Phase 1 respondents. 85 per cent of respondents in Phase 1 (77 per cent in Phase 2) regarded themselves as having strong or very strong knowledge of the aid program. 94 per cent of Phase 1 respondents (70 per cent of Phase 2) have five or more years of experience working in international development; nearly a third of Phase 1 respondents reported more than 20 years' experience in international development. 74 per cent of Phase 1 respondents manage or implement an activity or activities that are at least in part funded by the Australian aid program.

Though the majority of respondents are based in Australia, individuals from over 31 countries participated in the 2015 survey. Nearly 40 per cent of Phase 2 participants are based overseas, with Timor-Leste, Papua New Guinea, and Indonesia being the most common locations of overseas participants.

Appendix 2: Details from figures in text

Figure 1 – Minister's performance in managing aid (2015)

Group	Very ineffective	Ineffective	Neither	Effective	Very effective	n
Contractor	10%	19%	26%	32%	13%	31
NGO	10%	26%	21%	39%	5%	62
Self-selected	11%	22%	24%	38%	4%	230

Figure 2 – Political leadership of the aid program (2015)

Group	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
Contractor	34%	23%	14%	26%	3%	35
NGO	59%	16%	6%	18%	1%	68
Self-selected	45%	19%	18%	16%	2%	282

Figure 3 – Desired and anticipated changes to aid levels by 2019-20 (Phase 1, 2015)

Question	Fall in nominal terms	Approx stay the same in nominal terms	Approx stay the same in real terms	Approx stay the same as % of GNI	Increase as % of GNI, but not to 0.5%	Increase to 0.5% of GNI	n
Desired	0%	1%	1%	3%	31%	64%	96
Coalition	35%	20%	24%	18%	3%	0%	91
Labor	2%	9%	11%	22%	51%	5%	88

Figure 4 – Predictability of Australian aid funding 2013 and 2015 (Phase 1)

Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
2013	20%	22%	10%	41%	7%	103
2015	74%	17%	7%	2%	0%	104

Figure 5 – Predictability and adequacy of funding for stakeholders' activities (Phase 1)

Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
2013	8%	23%	4%	36%	28%	95
2015	38%	21%	9%	23%	9%	81

Figure 6 – Predictability and adequacy of funding for stakeholders’ activities, NGOs and contractors compared (Phase 1)

Group	Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
Contractor	2013	9%	26%	6%	40%	20%	35
	2015	23%	30%	13%	27%	7%	30
NGO	2013	8%	22%	3%	33%	33%	60
	2015	47%	16%	6%	22%	10%	51

Figure 7 – Satisfaction with Coalition’s aid objective (2015)

Group	Very dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied	n
Contractor	5%	41%	16%	30%	8%	37
NGO	23%	45%	11%	15%	6%	71
Self-selected	17%	36%	18%	23%	5%	310

Figure 8 – Satisfaction with governments’ aid objectives (Phase 1)

Year	Very dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied	n
2013	1%	12%	15%	62%	10%	105
2015	17%	44%	13%	20%	6%	108

Figure 11 – Areas of aid focus (Phase 1, 2015)

Area	Too much weight	The right weight	Too little weight	n
Education & Health	2%	36%	62%	95
Resilience, Humanitarian, Social Protection	2%	44%	54%	93
Gender	5%	69%	26%	97
Agriculture, Fisheries, Water	8%	54%	39%	80
Governance	9%	63%	28%	92
Infrastructure & Trade	66%	27%	7%	96

Figure 13 – Regional allocation of Australian aid, NGOs and contractors versus actual allocation (Phase 1, 2015)

Type	Pacific	East & SE Asia	South & West Asia	Sub-Saharan Africa	Mid East & Nth Africa	Americas	n
NGO	34%	29%	15%	13%	7%	2%	63
Contractor	43%	35%	12%	6%	3%	1%	35
Budgeted aid 2015-16	44%	36%	12%	4%	4%	1%	253

Figure 14 – Aid program effectiveness: NGOs, contractors, and self-selected (2015)

Group	Very ineffective	Ineffective	Neither effective nor ineffective	Effective	Very effective	n
Contractor	9%	6%	34%	51%	0%	35
NGO	0%	13%	20%	64%	3%	64
Self-selected	4%	16%	29%	49%	2%	277

Figure 15 – Aid program effectiveness (2013 and 2015, Phase 1)

Year	Very ineffective	Ineffective	Neither effective nor ineffective	Effective	Very effective	n
2013	1%	6%	23%	68%	2%	99
2015	3%	10%	25%	60%	2%	99

Figure 16 – Change in the overall effectiveness of the aid program (2015)

Group	Declined significantly	Declined moderately	Stayed the same	Improved moderately	Improved significantly	n
Contractor	34%	52%	7%	3%	3%	29
NGO	29%	40%	19%	11%	0%	62
Self-selected	33%	37%	18%	10%	1%	256

Figure 17– Change in the overall effectiveness of the aid program (Phase 1)

Year	Declined significantly	Declined moderately	Stayed the same	Improved moderately	Improved significantly	n
2013	1%	6%	16%	67%	11%	90
2015	31%	44%	15%	9%	1%	91

Figure 18 – The Australian aid program in comparison to other donors (Phase 1)

Year	A lot worse	Worse	Same	Better	A lot better	n
2013	3%	5%	47%	33%	11%	87
2015	10%	43%	31%	14%	2%	87

Figure 22 – Activity manager in place long enough to be effective (Phase 1)

Year	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	n
2013	10%	24%	31%	26%	9%	80
2015	3%	25%	21%	40%	10%	67

Figure 23 – Staff continuity (Phase 1)

Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	n
2013	65%	25%	5%	5%	99
2015	60%	35%	5%	0%	94

Figure 24 – Staff expertise (Phase 1)

Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
2013	18%	33%	16%	32%	2%	101
2015	32%	39%	11%	14%	4%	93

Figure 25 – The impact of the merger on staff effectiveness (2015)

Group	Much worse	Worse	Stayed the same	Improved	Greatly improved	n
Contractor	16%	65%	13%	6%	0%	31
NGO	32%	57%	9%	0%	2%	56
Self-selected	35%	45%	13%	5%	2%	225

Figure 26 – Transparency, strategic clarity, and effective communication (Phase 1)

Question	Year	Great weakness	Moderate weakness	Neither strength nor weakness	Moderate strength	Great strength	n
Transparency	2013	6%	15%	17%	54%	8%	103
	2015	38%	20%	15%	23%	4%	104
Strategic clarity	2013	1%	13%	22%	63%	2%	102
	2015	21%	30%	15%	32%	1%	105
Com & Cmty engage	2013	11%	30%	26%	33%	1%	101
	2015	36%	33%	15%	17%	0%	103

Appendix 3: Scatter plot labels

Label	Question
	Questions associated with aid program funded activities that respondents oversaw
	<i>Rate each of the following as a strength or weakness of the specific aid activity or activities you are reflecting on in this section.</i>
A-evaln	Rigorous evaluation
A-realistic expectns	Realism of expectations
A-DFAT micromgt avoided	Avoidance of micromanagement by DFAT management
A-monitoring	Strong monitoring
A-quick decisions DFAT	Quick decision making by DFAT management
A-transparent	Transparency.
A-Man long enough effect	To what extent do you agree with the following statement: "The 'manager' appointed to my project has been in place long enough to be effective."
	Questions associated with aid program in general
	<i>The 2013 Australian aid stakeholder survey drew on a list of attributes identified by the 2011 Independent Review of Aid Effectiveness as being particularly important for the Australian aid program. Please indicate the extent to which you believe the Australian aid as it currently stands possesses each attribute in the list:</i>
Communication & cmtly eng	Effective communication and community engagement
Rigorous evaln	Rigorous evaluation
Real expect	Realism of expectations
Avoid Frag	Selectivity and avoidance of fragmentation
Strong monitoring	Strong monitoring
Partnerships	Effective use of partnerships
Strategic clarity	Strategic clarity
Transparency	Transparency.
	<i>The following attributes are among those used in the 2013 baseline survey and noted by the 2011 Independent Review of Aid Effectiveness as being particularly important for the quality of the Australian aid program. Please indicate the extent to which you believe Australia's aid program possesses each of the attributes listed, using the following scale:</i>
Att risk	Appropriate attitude to risk
Avoid micro	Avoidance of micromanagement
Perf mgt ptpt	Strong aid program performance management and reporting
Quick decision	Quick decision making
Results focus	Focus on results
Staff cont	Staff continuity
Staff expert	Staff expertise.
A-Trans costs DFAT	How would you identify the transaction costs of dealing with DFAT?
	Additional questions only shown in the Australia versus New Zealand Comparison (note that 'DFAT' was removed from the labels for this chart)
	<i>The 2013 Australian aid stakeholder survey drew on a list of attributes identified by the 2011 Independent Review...Please indicate the extent to which you believe the Australian/New Zealand aid program as it currently stands possesses each attribute in the list.</i>
Political leadership	Political leadership
Predict fund	Predictability of funding
Overall effectiveness	How would you rate the effectiveness of the Australian/New Zealand aid program?
Minister eff	How effective do you think Australia's/NZ's current Minister of Foreign Affairs is in managing the aid program?
A-adequate & predict fund	Adequate & predictable funding (of respondent's own aid funded activities)

Appendix 4: A detailed comparison of Australian and New Zealand aid

The fact that we ran surveys in Australia and New Zealand in 2015 allowed for comparison between the two countries. Not all of the questions we asked were common across both countries, but many were. Figure A2 is a scatter plot (for Phase 1 respondents) of the normalised average responses for all questions that were common across the two countries and which could be meaningfully compared in a scatter plot. (In effect these are performance-related questions, as opposed to questions such as the extent to which aid is focused on poverty reduction, or preferred geographical allocations of aid.) Each point on the graph charts the average response to a question about a particular aspect of the two countries' aid programs. A point's position on the x-axis reflects the attribute's normalised average score in New Zealand. A point's position on the y-axis reflects the attribute's normalised average score in Australia. For each individual attribute a score of one represents the best possible assessment (all respondents scoring the attribute as high as possible). 0.5 represents a neutral assessment. Zero represents the worst possible assessment (all respondents scoring the attribute as low as possible). The blue diagonal line plots the one-to-one relationship. Points below the line are questions where Australia scored worse than New Zealand.

Interestingly, there is a strong correlation between the responses for the two countries. These are responses from different respondents working for different organisations, asked about two different countries' aid programs. Yet, by and large, the relative strengths and weaknesses of the two antipodean aid programs, as perceived by their stakeholders, were similar. Attributes that were comparatively strong for one country tended to be comparatively strong for the other as well. Attributes that were weak in one tended to be weak in the other. Notably, both the Australian and New Zealand aid programs scored quite highly on overall aid program effectiveness, and both received very similar scores.

However, despite the very similar score for overall aid program effectiveness, and similar relative scores on other questions, as can be seen by the distribution of the points on the chart, in almost all areas the Australian aid program was appraised worse than New Zealand's. The difference was particularly acute for predictability of funding, but was substantial across a range of other areas too. In only two areas did Australia perform better. The first was to do with the transaction costs of dealing with the aid program, although in this area Australia performed only marginally better. In the second area the margin was more significant – this was to do with the performance of the minister in charge of the aid program. On average, Australian stakeholders appraised their foreign minister more positively than New Zealander stakeholders appraised theirs.

Figure A2 – Australia and New Zealand compared (2015, Phase 1)

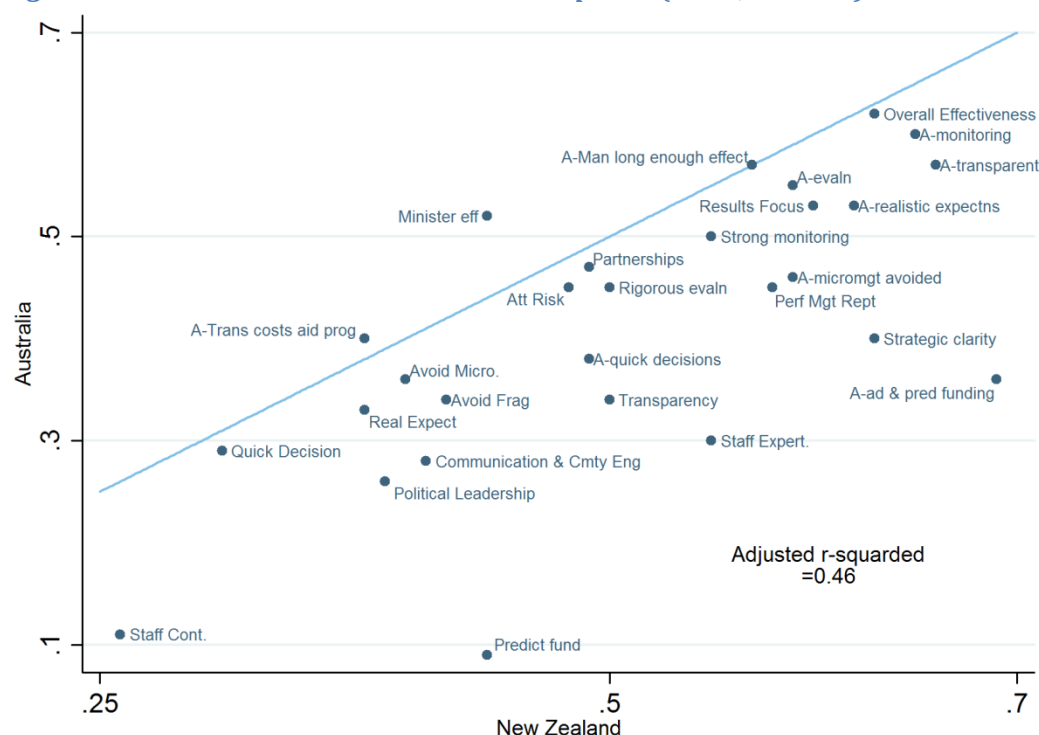


Figure notes: A table mapping labels from this chart to the full wording of the questions can be found in Appendix 3.

Australia and New Zealand compared (2015, Phase 1)

Attribute label	Australia 2015	New Zealand 2015
Overall effectiveness	0.62	0.63
Strategic clarity	0.40	0.63
Predict fund	0.09	0.44
Avoid frag	0.34	0.42
Strong monitoring	0.50	0.55
Rigorous evaln	0.45	0.50
Partnerships	0.47	0.49
Transparency	0.34	0.50
Communication & cmty eng	0.28	0.41
Political leadership	0.26	0.39
Real expect	0.33	0.38
Att risk	0.45	0.48
Quick decision	0.29	0.31
Staff cont	0.11	0.26
Staff expert	0.30	0.55
Avoid micro	0.36	0.40
Results focus	0.53	0.60
Perf mgt rept	0.45	0.58
Minister eff	0.52	0.44
A-Man long enough effect	0.57	0.57
Trans costs aid prog	0.40	0.38
A-adequate & predict fund	0.36	0.69
A-quick decisions	0.38	0.49
A-micromgt avoided	0.46	0.59
A-monitoring	0.6	0.65
A-evaln	0.55	0.59
A-transparent	0.57	0.66
A-realistic expectns	0.53	0.62

Use the QR code below to visit our website for the
underlying data from this report



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The Development Policy Centre (Devpolicy) was established in September 2010 as a think tank to provide a unique Australian and regional meeting place for researchers and those in the government and non-government sectors working in aid and development policy. We are based at Crawford School of Public Policy in the College of Asia and the Pacific at The Australian National University (ANU).

We research and promote discussion in three distinct but related areas: Australian aid; the Pacific and PNG; and global development policy. Our discussion papers, policy briefs and reports make our research and policy recommendations available for critique, development and use. Our events are fora for the dissemination of findings and the exchange of ideas. Our blog is a platform for debate, analysis and discussion.

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