

BRAC and the Australian aid program

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On Monday, DFAT hosted Dr Mushtaque Chowdhury, Vice Chair and acting Executive Director of the world's largest NGO, [BRAC](#). Though it is particularly well known for its work pioneering microfinance in rural Bangladesh, today BRAC reaches an estimated 135 million people in 11 countries with a range of poverty reduction initiatives.

BRAC also enjoys a unique relationship with DFAT, as it is the recipient of the greatest amount of funding of any NGO supported by Australia's aid program. This funding is principally provided through a Strategic Partnership Arrangement (SPA) which DFAT entered into with DFID and BRAC in 2012. As part of the SPA, Australia agreed to contribute \$180 million over four years.

From an aid effectiveness standpoint, this arrangement – which Dr Chowdhury characterised as a 'new paradigm for financing development in the global South' – offers benefits for both recipient and donor. By moving away from project-based support, core funding provided under the SPA gives BRAC the stability and flexibility to focus on expanding its flagship programs; among these, Dr Chowdhury highlighted the Targeting Ultra Poor ([TUP](#)) program that was a model for the 'Graduation' program published in [Science](#) last month.

On the donor side, partnering with BRAC enables DFAT to claim results across BRAC's extensive geographic and programmatic portfolio. BRAC is also recognised as a global leader in several of the Australian aid program's priority areas – including innovation, gender and social enterprise development – and maintains an active program of research and evaluation.

Despite these mutual benefits, as of now it is unknown whether the SPA will be affected by the aid cuts handed down in last month's budget. Bangladesh is among those countries being subjected to a 40 per cent cut in funding, and the SPA is the biggest project in the Bangladesh program. The fact that the SPA is scheduled to conclude this year perhaps means the terms of the arrangement will be honoured, though this still leaves open the question of whether it will be renewed in the future. Given DFAT's professed emphasis on performance and effectiveness, it would be a shame if a partnership which has been so highly regarded, including by independent evaluators, was allowed to lapse on the basis of cost alone.

Dr Chowdhury will be speaking on a panel with Devpolicy Director Stephen Howes at [ADEW 2015](#) in Melbourne on Friday 5 June.