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AUSTRALIA'S

OFFICIAL DEVELOPMENT ASSISTANCE

(ODA)

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Prepared for:

Japan International Cooperation Agency
Australia Office, Sydney

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December, 1995

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OFFICIAL DEVELOPMENT ASSISTANCE (ODA) SYSTEM AUSTRALIA

Foreword

ODA is a portfolio responsibility of the Minister for Foreign Affairs and Trade. He is assisted by a Junior minister, the Minister for Development Cooperaiton and Pacific Island Affairs. In May of each year a budget is submitted to the Australian Parliament for review and endorsement supported by a budget related paper prepared by the Minister with the assistance of *AusAID*

After the budget debate in Parliament an Act known as the Appropriation Act which sets the limit on the amount which may be spent from government funds during the financial years is debated by Parliament and when passed forms the legal basis for the expenditure of money on ODA. Unlike Japan, the responsibility for ODA resides within a single ministry and the Development Cooperation Program which is managed by *AusAID* is one of eight programs within the Department of Foreign Affairs and Trade.

Most Australian aid forms part of country programs (bilateral grants and other aid) the other major category is global programs which includes support to international development organisations, emergency relief and assistance for refugees.

Note: Source materials are listed under References and Key Documents and referred to throughout the text. For example [2] refers to Australia's Development Cooperation Program 1995-6, Budget Related Paper No. 2, May 1995.

I. General Outline of ODA/Goals and Operational System of ODA

A. Development Aid Policy.

1. Legal Basis and Framework

The regulatory framework for Commonwealth Government financial management has its basis in the Constitution and derives its substance from the Audit Act 1901. Together, these describe the powers, responsibilities, constraints, definitions and the various participants necessary to conduct *AusAID's* system of financial administration. Like Japan, there is no specific act for the provision of ODA.

2. Philosophy and Principal Goals

The objective of the aid program is to promote ecologically sustainable development in developing countries in response to Australia's humanitarian, foreign policy and commercial interests. Although the aid program is driven fundamentally by humanitarian concerns development cooperation is seen as playing an important part in enhancing Australia's relationship with developing countries, particularly in the Asia-Pacific region. There is no charter for ODA as in Japan but the objectives of the program are set out in the Minister's reports to the Australian Parliament.[1]

3. Medium Term Policy Objectives

Accepting that Australian ODA has the objective of promoting sustainable economic and social advancement of people in developing countries it is possible to identify three broad policy objectives as follows:[1]

Human Development as a Goal.

- Development should try to increase the opportunities available to individuals through increased levels of income, improved provision of services, make additional resources available to communities and increase the capacity of countries to control their own destinies.

Humanitarian Concerns and Social Justice

- The aid program should try to ensure that issues of equity, equality, access and participation are an integral part of all government programs and services. This is an extension of the domestic policies of the current labor government.

Aid in the Context of Foreign and Trade Policy

- Because ODA is an important instrument of Foreign and Trade Policy and is an integral part of Australia's Regional Security Policy it indicates a desire on the part of Australia to engage fully with the Asian region. The aid program and Australia's trade strategy are seen as mutually reinforcing.

4. Recipient Countries

a) Criteria for Recipient Countries and the Allocation of Aid

Australia's strategy is characterised by a strong regional focus, emphasis on sectoral expertise and the more effective performance of multi-lateral organisations. Of these the most important is geographical focus. Papua New Guinea receives the largest share of Australia's bilateral aid (about 22% of the total budget) and the countries of north and south east Asia including Indo China about 25%. The latter is a recent initiative[2]

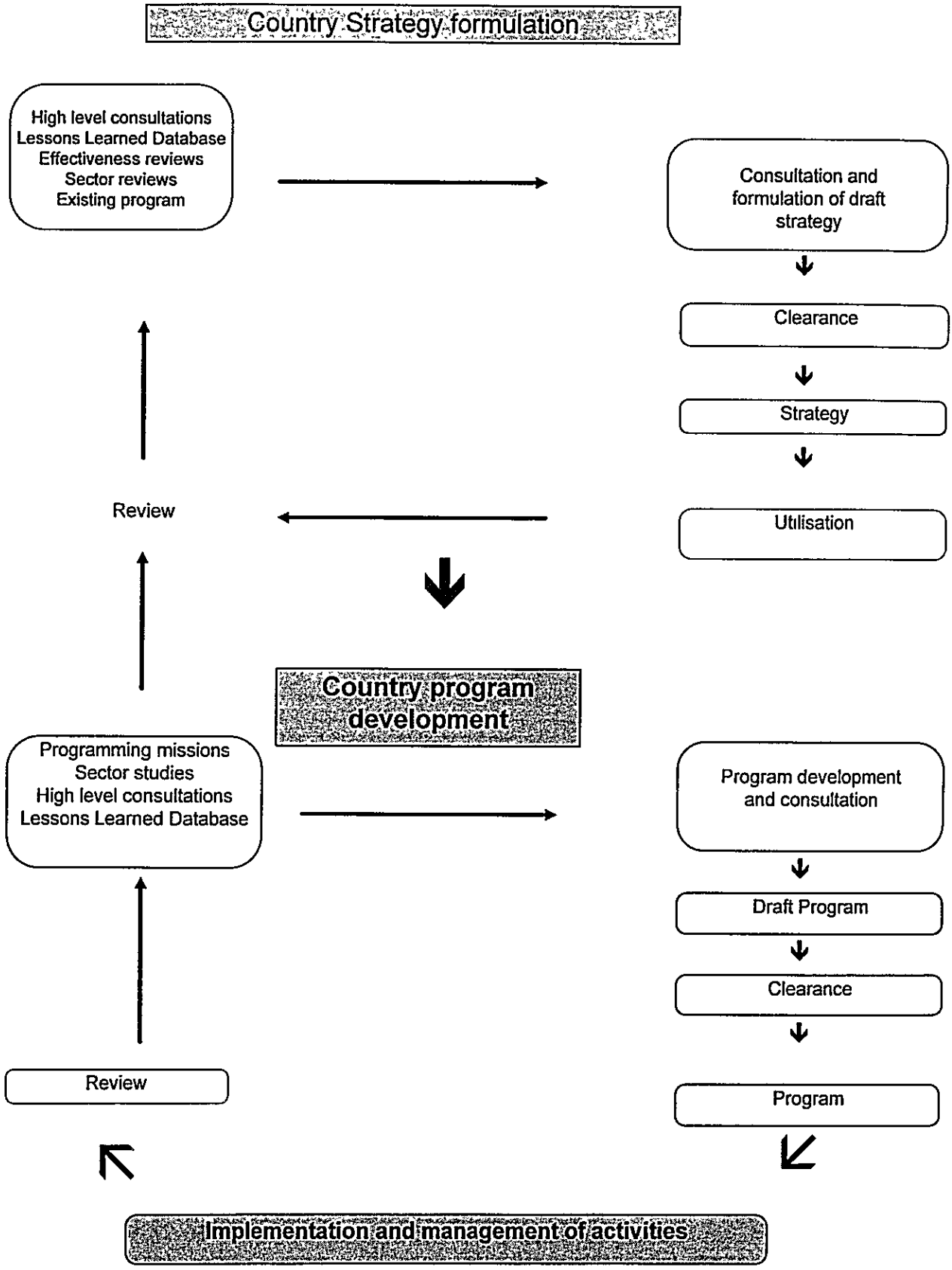
Like Japan, Australia encourages aid recipients to accelerate democratisation and establish good governance. The special aid program to South Africa and the restriction of aid to Myanmar are examples of this. Other criteria which influence the distribution of aid include the existence of an ongoing crisis, for example, Rwanda and disaster relief of various kinds. On the other hand development cooperation can be scaled down when a country graduates from Australian assistance, Malaysia is an example where the last intake of aid subsidised students took place in January 1994.

b) Country Strategy Papers and their Availability to the General Public

Country Strategy papers are produced which set out the direction and content of the programs for the following two years. Apart from their use as a tool in country program development they serve as a public information document and are available to the general public.

Country strategy is the first stage in the activity management cycle and incorporates previous work, sector reviews and the results of extensive consultation. Draft strategy papers must be cleared through the Executive and the Minister. Once clearance is obtained country program development can proceed.

The Country Program Manager is responsible for the selection of forms of development cooperation to ensure consistency with Australia's development strategy and overall program objectives.


Country Strategy formulation
High level consultations
Lessons Learned Database
Effectiveness reviews
Sector reviews
Existing program
Consultation and formulation of draft strategy
Clearance
Strategy
Utilisation
Review
Country program development
Programming missions
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Clearance
Program
Review
Implementation and management of activities

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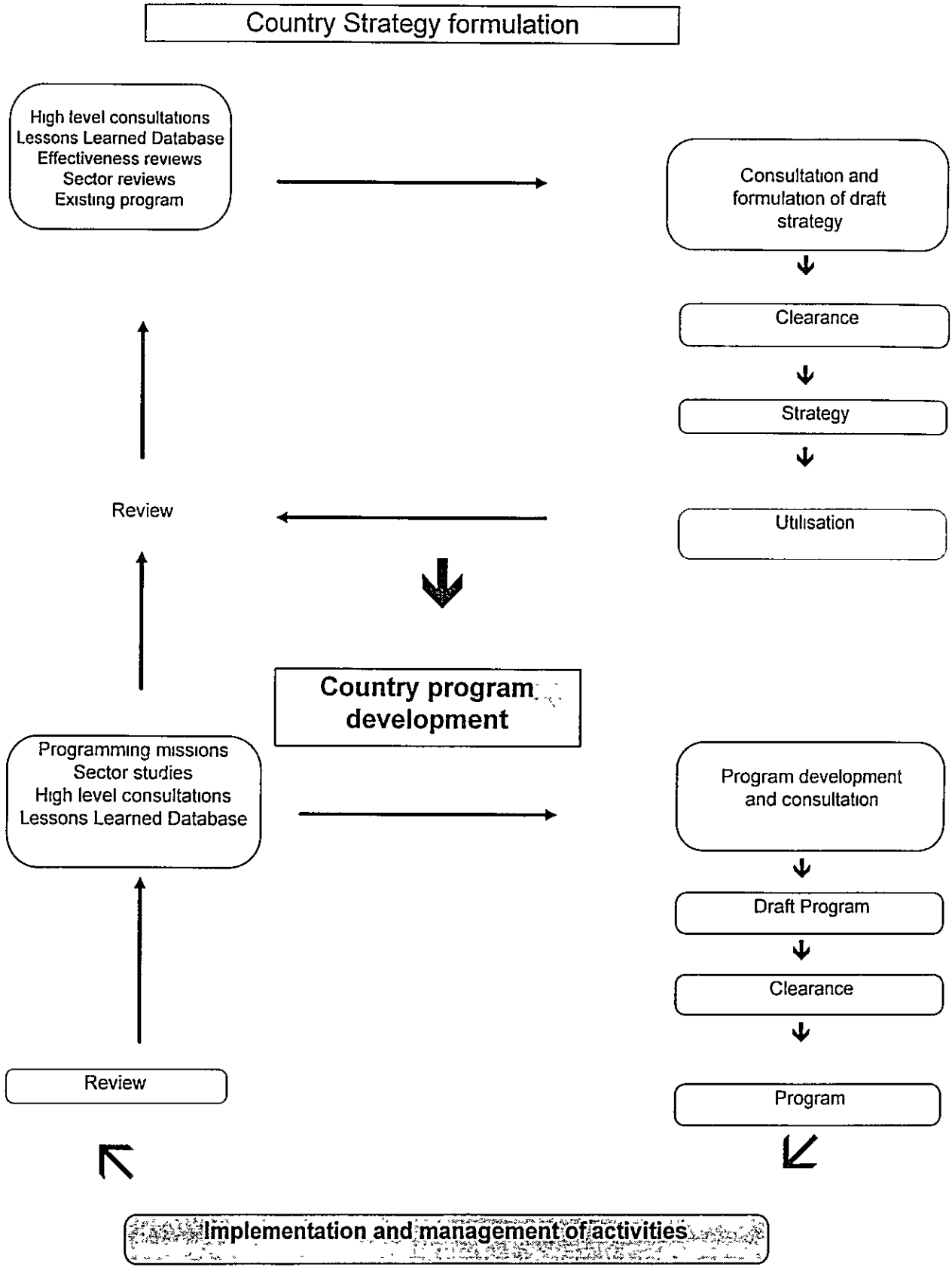
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Country program development
Programming missions
Sector studies
High level consultations
Lessons Learned Database
Program development and consultation
Draft Program
Clearance
Program
Review
Implementation and management of activities

c. *Ten Major Recipient Countries and the Volume of Aid 1995/96*

Country	Volume of Aid ($m)	Total ODA $m 1563.2)
1. PNG	325.3	20.8
2. Indonesia	129.3	8.3
3. China	85.7	5.5
4. Vietnam	72.1	4.6
5. Philippines	68.5	4.4
6. Thailand	37.4	2.4
7. Bangladesh	29.3	1.9
8. Cambodia	29.0	1.8
9. India	27.0	1.7
10. Fiji	20.5	1.3
Sub Total	**824.1**	

B. Trends in the Volume and Allocation of Aid

1. ODA Budget

a) Position of ODA Budget in the Total Budget of the Government

ODA is usually expressed as a ratio to GNP and the projected level is 0.33% which is above the average for all donor countries of 0.30%. In absolute terms Australia's contribution to international development is projected to be $m1563.2 in 1995/6.

The global aid budget is determined in May of each year when the Minister makes the initial program allocation from the global aid budget. Program managers provide more detailed allocations by activities and finalise annual budgets. Monthly cash flow estimates are prepared. In 1994/5 Australia increased official aid by 3.6% during a time of considerable financial stringency and is now ranked 13th among the 22 OECD donors in terms of aggregate aid volume. The current level of aid to GNP is 0.33%. Apart from changes in the volume of ODA there have been significant new sectoral and geographic emphases and improvements to the policy and procedural framework within which the aid budget is framed.

b) Budget Proportion of Bilateral and Multilateral Aid

Within the program structure aid is distributed to major sub programs as follows:-

Sub Program	%	Notes
1. Country programs	56	PNG is the largest single component
2. Global programs	35	Contributions to international organisations is the major component
3. Other	9	Includes corporate services and research

Country programs correspond to bilateral grant aid and global programs correspond to multilateral aid by Japan.

2. Volume of Bilateral Aid (in the Last Three Years)

a) Forms of Aid

ODA is based on 'country programming' which involves a development cooperation strategy which matches recipient country needs with Australia's objectives and capacity to assist. The country strategy provides the reference framework within which all forms of Australian aid are selected, designed and implemented.[3]

Country programs are negotiated with recipient governments based on the country strategy developed by Aus*AID*..

Australia places different emphasis on various forms of aid compared with Japan. The grant element of Australian aid is very high, bilateral loans are seldom used and technical cooperation is provided as part of a country program rather than organised on a request basis as a separate activity.

b) Distribution of Bilateral Aid by Sector [2]

Total Aid Flows by Sector of Destination to 1993-94 ($m) *

Sector and Function	Expenditure 1991-2	1992-3	1993-4
Social Infrastructure and Services	333.6	377.0	416.9
Economic Infrastructure and Services	108.9	156.6	157.0
Production	151.3	126.9	123.4
Multi-Sector	10.5	14.0	21.5
Program Assistance	464.9	455.1	457.5
Debt Reorganisation	5.7	7.2	6.1
Food Aid	106.2	89.4	101.4
Emergency Assistance	36.9	44.7	41.2
Other	112.3	115.0	85.8
Total ODA	1330.3	1386.0	1410.8

* Latest figures available

Australia is a member of DAC and publishes extensive statistics by sector and by country as part of international reporting of aid flows. [4,5]

c) *Distribution of Bilateral Aid by Country* [2]

Major Recipient Countries/Region	Expenditure				Outlook
	1991-2	1992-3	1993-4	1994-5	1995-6
PAPUA NEW GUINEA	335.0	333.7	339.0	320.5	325.3
SOUTH PACIFIC					
Fiji	29.2	24.0	23.4	21.7	20.5
Solomon Islands	14.4	14.1	13.9	14.2	14.5
Vanuatu	12.9	13.8	16 2	13.3	13.5
Western Samoa	15.7	12.0	12.0	12.3	12.5
Tonga	11.4	10.9	10.8	10.7	10.7
Kiribati	5.2	5.4	7.1	6.7	7.1
Nauru	--	0.2	2.8	2.6	2.6
Tuvalu	3.0	2.3	2.8	2.5	2.4
Other and Regional	26.8	36.3	36 6	47.2	49.8
Total South Pacific	**118.6**	**119.0**	**125.6**	**131.1**	**133.7**
SOUTH EAST ASIA					
Indonesia	116.3	127.7	130.6	141.3	129.3
Philippines	47.6	53.1	50.2	54.1	68.5
Thailand	38.4	40.4	37.9	41.2	37.4
Malaysia	26.0	37.1	28.1	16.4	9.6
Vietnam	12.7	31.2	49.5	60.1	72.1
Cambodia	15 4	19.3	23.7	27.7	29.0
Laos	12.2	16.4	17.1	15.7	17.5
Other & Regional	17.1	13.9	22.7	34.5	36.2
Total South East Asia	**285.6**	**339.1**	**359.8**	**391.0**	**399.6**
OTHER REGIONS					
China	60.1	75.9	86.8	100.0	85.7
India	23.0	18.9	15.8	22.8	27.0
Bangladesh	31.7	16.6	24.9	25.2	29.3
Sri Lanka	7.2	8.7	10.1	10.0	10.9
Pakistan	8.4	5.9	8.2	5.5	6 8
Africa	112.3	108.4	85.8	101.3	122.8
Other & Regional	30.0	31.6	41.7	32.6	37.9
Total Other Regions	**272.6**	**266.2**	**273.3**	**297.4**	**320.5**
Core Contributions to Multilateral Organisations, other ODA Expenditure	318.4	382.2	313.2	284.4	324.0
TOTAL ODA	**1330.3**	**1386.0**	**1410.8**	**1480.2**	**1563.2**

3. Volume of Multilateral Aid (in the Last Three Years)

a) *Names of Recipient Organizations and the Volume and Allocation of Contribution.* [2]

Contribution to International Organisations 1991-2 to 1995-7 ($m)

	Expenditure			Estimate	
Program Element	**1991-2**	**1992-3**	**1993-4**	**1994.5**	**1995-6**
Multilateral Development Banks					
Asian Development Fund	49.9	53 0	1.3	39.3	81.2
International Development Association	109.5	95.1	139.2	113.1	109.9
International Fund for Agricultural Development	2.8	1.5	0.4	2.2	0.2
Total Multilateral Development Banks	**162.2**	**149.6**	**140.9**	**154.6**	**191.2**
United Nations					
World Food Programme	45.4	47 0	48 3	50.0	51.9
United Nations Development Program	16.6	17.3	17.6	18 0	18 6
United Nations Childrens Fund	4.1	4 3	5.4	4.6	4.8
United Nations Population Fund	1.7	2.0	3.3	3.8	4.0
United Nations Environment Program	1.0	1.0	1.1	1.1	1.1
United Nations Other	5.9	5.2	4.7	6.2	5.5
Total United Nations	**74.7**	**76.8**	**80.4**	**83.7**	**85.8**
Commonwealth Organisations	12.2	12.6	11.2	10.2	10.6
International Research, Environment and Development Organisations	19.6	22.0	14.9	25.6	21.9
Total	**268.6**	**261.0**	**247.3**	**274.1**	**309.5**

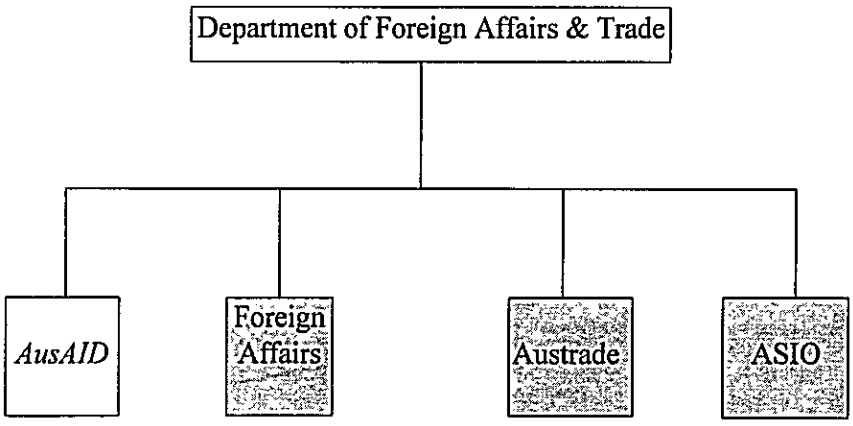
C. National ODA Implementation System

1. General Structure of ODA

Australia has a relatively simply structure for ODA it is delivered as a program within the portfolio of the Department of Foreign Affairs and Trade:

- Bilateral Relations
- Trade Relations and Economic Issues
- Global Issues
- Development Cooperation - *AusAID*
- Corporate and Public Services
- Public Affairs
- Australian Security Intelligence Organization
- Austrade

2. Roles and Position of the ODA Agencies and the Policy-formulation System



II. Overview of Aus*Aid*

A. Profile of Aus*Aid*

1. Background of Establishment, Year of Establishment, Goals, Legal Basis, Address of Headquarters

Prior to 1982 various forms of establishment were used to administer ODA ranging from an interim office made up of the staff of five different departments to a fully integrated Bureau within the Department of Foreign Affairs. In 1984 a comprehensive review known as the Jackson Report established a clear statement of the purpose of official ODA and recommended the creation of an autonomous administrative unit. The subsequent restructuring lead to the realignment of units into Country Program Units [6] and the introduction of 'a coherent approach to the planning and delivery of aid on a country basis with the recipient country as the logical management focus.' (Country Programming). The present program which forms part of the portfolio of the Department of Foreign Affairs and Trade dates from this time. The name of the Agency was changed to *AusAID* which stands for Australian Agency for International Development, in March of 1995. The mission of *AusAID* as stated in the corporate plan [7] is "*Australians building a better world in partnership with the people of developing countries*" Its corporate goals are identified as follows:-

- To promote ecologically sustainable development in developing countries in response to Australia's humanitarian, foreign policy and commercial interests.
- To deliver the highest quality program of development cooperation.
- To ensure *AusAID* is a leading international development organisation that is creative, responsive and effective.

Operating as an autonomous unit within the Department of Foreign Affairs and Trade *AusAID* has the same legal basis as any policy department such as its parent, the Department of Foreign Affairs and Trade. The full postal address of *AusAID* is shown below:

AusAID Headquarters
4695 GPO Box 807
Canberra ACT 2601

Tel: 616 276 4970
Fax: 615 276

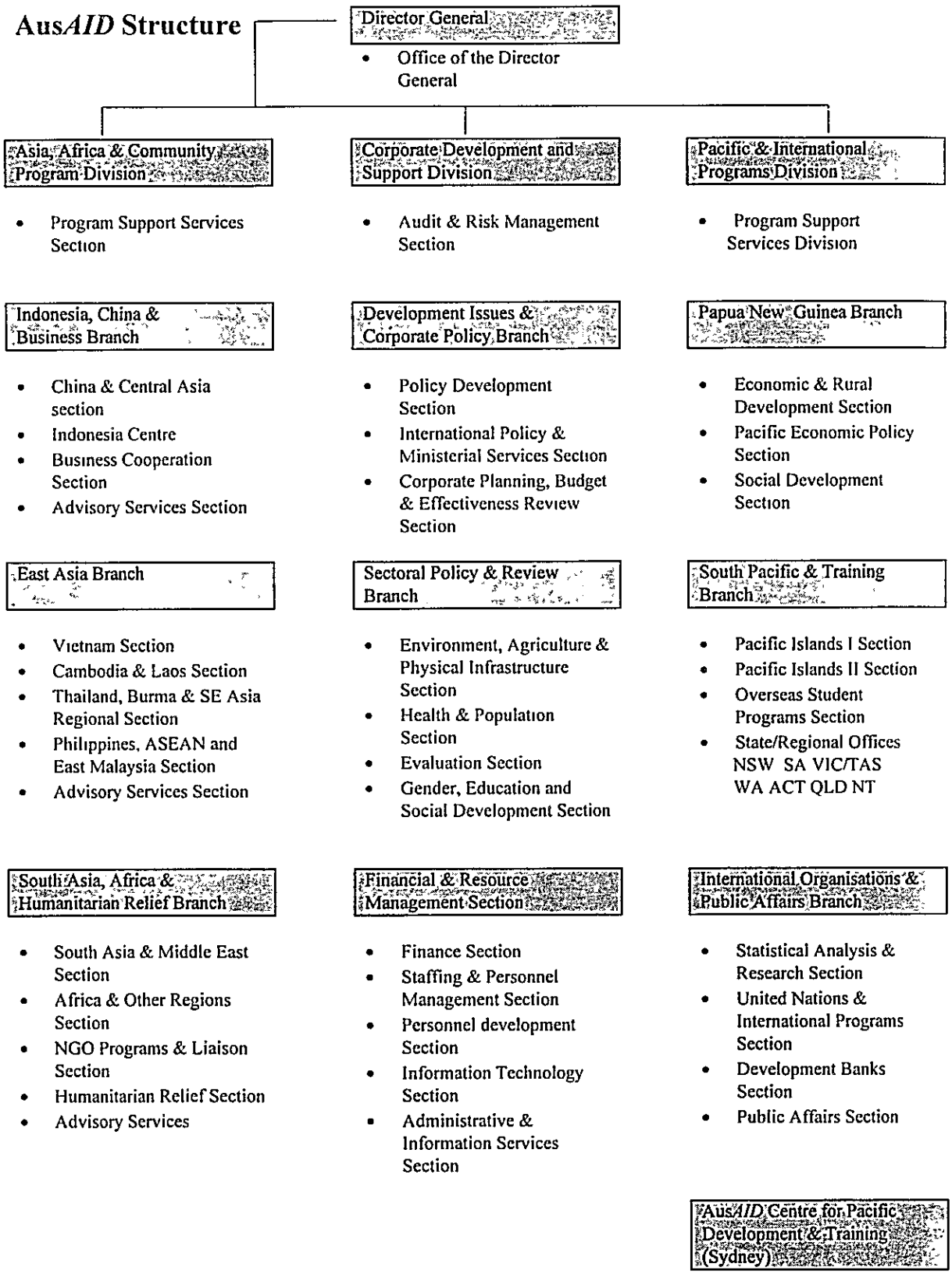
2. Areas and Scope of Cooperation Activities

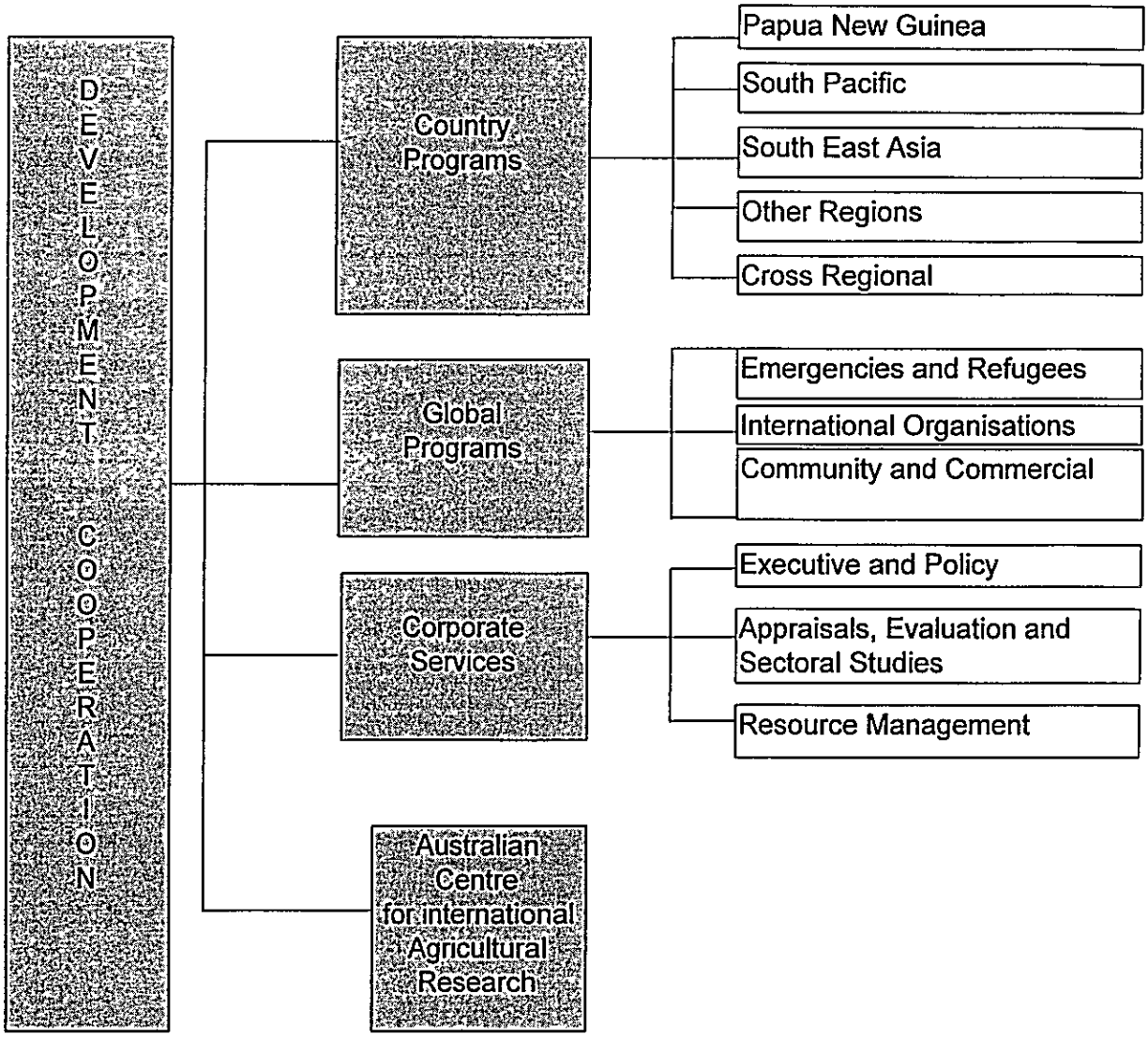
The activities of *AusAID* are organised within a program structure. The amounts allocated to the various programs in the current financial year are shown below:

Australian Aid by Program 1995-6 ($m)

Program	Objective	$M
Bilateral programs	To promote sustainable development in designated countries	876
Emergency and refugee aid	To alleviate suffering of victims of disaster and refugees	84
International organisations	To support the work of international development institutions	310
Community programs	To encourage community support for international development efforts	35
Commercial programs	To expand opportunities for Australian business to supply developmentally important goods and services	123
Australian Centre for International Agricultural Research	To improve the well being of people in developing countries and Australia through international collaboration in research	40
Corporate services	To provide the best advice to the Minister and facilitate the executive direction of Aus*Aid*	45
Other programs	To promote other activities which will lead to sustainable economic and social advancement of developing countries	44
Total		**1563**

Aus*AID* Structure




PROGRAM
SUB-PROGRAM
COMPONENT
DEVELOPMENT COOPERATION
Country Programs
Global Programs
Corporate Services
Australian Centre for international Agricultural Research
Papua New Guinea
South Pacific
South East Asia
Other Regions
Cross Regional
Emergencies and Refugees
International Organisations
Community and Commercial
Executive and Policy
Appraisals, Evaluation and Sectoral Studies
Resource Management

b) Headquarters

As the organizational chart suggests *AusAID* is a centralised organisation and all senior executive service positions are located in Canberra. Staff based outside Canberra operate with limited delegation of authority under guidelines provided by headquarters. The executive of *AusAID* comprises the Director General and three Deputy Directors General, each responsible for a program or operating division. The current divisions are Asia, Africa and Community Programs, Pacific and International Programs; Corporate Development and Support. Staff allocation by division is shown below:

AusAID Staff Allocation Headquarters (Canberra)

Asia, Africa and Community Programs Division

• Indonesia, China and Business Branch	34
• East Asia Branch	39
• South Asia, Africa and Humanitarian Relief Branch	34
	107

Pacific and International Programs Division

• Papua New Guinea Branch	35
• International Organisations and Public Affairs Branch	34
• South Pacific and Training Branch	32
	101

Corporate Development and Support Division

• Financial and Resource Management Branch	99
• Development Issues and Corporate Policy Branch	23
• Sectoral Policy and Review Branch	22
• Audit and Risk Management	4
	158

AusAID Staff Allocations State Offices (Australia Wide)

Pacific and International Programs Division - Overseas Students Program

• Australian Capital Territory	9
• Northern Territory - Darwin	1
• New South Wales - Sydney	24
• Queensland - Brisbane	22
• South Australia - Adelaide	13
• Victoria - Melbourne	22
• Tasmania - Hobart	2
• Western Australia - Perth	9
	101

c) Overseas Offices

The highest level of representation of *AusAID* overseas is that of an Aid Counsellor's Office usually located with but operating independently from the Australian Mission. There are aid offices of this type in Bangkok, Beijing, Hanoi, Jakarta, Suva, Manila and Port Moresby. The largest office is in Port Moresby and there are moves to make this Aid Counsellor position equivalent to an Assistant Director General. In smaller centres *AusAID* may be represented by a single officer supported by locally employed staff operating from the Australian mission. There are also *AusAID* representatives in Geneva and New York who support global programs run with UN agencies.

The role of the overseas officers is to support the activities of country program managers in Canberra to whom they report. Overseas officers are expected to coordinate their activities through the Head of Mission and the Head of Mission can exercise disciplinary powers on local matters. Figures given below include locally employed staff as well as *AusAID* permanent staff.

AusAID Post	Telephone #	# Staff
Apia	685 23411	3
Bangkok	662 287 2680	8
Beijing	861 532 2331	8
Colombo	941 698 767	2
Dhaka	880 260 0091	2
Geneva UN	844 258 4801	2
Hanoi	844 258 4801	8
Harare	263 475 7775	6
Honiara	677 231 65	3
Islamabad	925 121 4902	2
Jakarta	622 152 27111	14
Manila	632 817 7911	8
Nairobi	254 244 5034	1
New Delhi	911 1688 8223	4
New York UN	121 296 31234	2
Nuku'Alofa	676 232 244	3
Phnom Penh	855 232 26000	4
Pohnpei	691 320 5448	2
Port Louis	230 208 1700	2
Port Moresby	675 259 333	20
Port Vila	678 233 41	3
Pretoria	271 234 23142	2
Rome WFP	396 57971	2
Suva	679 382 294	6
Tarawa	686 21143	2
Vientiane	856 214 13600	2
Wellington	644 473 6411	1
		122

4. Aid Performance in the Last Three Years

a) *Volume by Sector* [2]

Total Aid Flow by Sector of Destination 1991-2 to 1993-94 ($m)

Sector and Function	Expenditure 1991-2	1993-3	1993-4
SOCIAL INFRASTRUCTURE AND SERVICES			
Education and Training	228.0	231.3	233.5
Health	26.0	40.8	51.4
Water Supply and Sanitation	5.5	27.7	31.3
Population	8.2	8.2	23.4
Public Administration	41.4	36.8	40.9
Other Social Infrastructure and Services	24.6	32.2	36.4
TOTAL SOCIAL INFRASTRUCTURE AND SERVICES	**333.6**	**377.0**	**416.9**
ECONOMIC INFRASTRUCTURE & SERVICES			
Transport and Communications	85.8	113.9	65.2
Development and Planning Services	10.6	17.6	9.0
River Development	1.4	0.8	1.5
Energy	6.9	23.1	78.2
Other Economic Infrastructure and Services	4.2	1.2	3.1
TOTAL ECONOMIC INFRASTRUCTURE & SERVICES	**108.9**	**156.6**	**157.0**
PRODUCTION			
Agriculture, Forestry and Fishing	91.0	97.1	89.0
Manufacturing	13.7	14.7	13.0
Mining and Construction	39.1	7.6	12.3
Trade	5.7	6.5	8.4
Banking	1.8	0.9	0.7
TOTAL PRODUCTION	**151.3**	**126.9**	**123.4**
MULTI-SECTOR	**10.5**	**14.0**	**21.5**
PROGRAM ASSISTANCE	**464.9**	**455.1**	**457.5**
DEBT REORGANISATION	**5.7**	**7.2**	**6.1**
FOOD AID			
Development Food Aid	76.0	68.2	73.5
Emergency Food Aid	30.1	21.1	28.0
TOTAL FOOD AID	**106.2**	**89.4**	**101.4**
EMERGENCY ASSISTANCE (other than Food Aid)	**36.9**	**44.7**	**41.2**
OTHER	**112.3**	**115.0**	**85.8**
TOTAL ODA	**1330.3**	**1386.0**	**1410.8**

* Latest figures available

Australia is a member of DAC and these figures are part of international reporting of aid flows. [4,5]

b) Volume by Country [2]

Major Recipient Countries/Region	Expenditure				Outlook
	1991-2	1992-3	1993-4	1994-5	1995-6
PAPUA NEW GUINEA	335.0	333.7	339.0	320.5	325.3
SOUTH PACIFIC					
Fiji	29.2	24 0	23.4	21.7	20.5
Solomon Islands	14.4	14.1	13.9	14.2	14.5
Vanuatu	12.9	13.8	16.2	13.3	13.5
Western Samoa	15.7	12.0	12.0	12.3	12 5
Tonga	11.4	10.9	10.8	10.7	10.7
Kiribati	5 2	5.4	7.1	6.7	7.1
Nauru	--	0.2	2.8	2.6	2.6
Tuvalu	3.0	2.3	2.8	2.5	2.4
Other and Regional	26.8	36.3	36.6	47.2	49.8
Total South Pacific	**118.6**	**119.0**	**125.6**	**131.1**	**133.7**
SOUTH EAST ASIA					
Indonesia	116.3	127.7	130.6	141.3	129.3
Philippines	47.6	53.1	50.2	54.1	68.5
Thailand	38.4	40.4	37.9	41.2	37.4
Malaysia	26.0	37.1	28.1	16.4	9.6
Vietnam	12.7	31.2	49.5	60.1	72.1
Cambodia	15.4	19.3	23.7	27.7	29.0
Laos	12.2	16.4	17.1	15.7	17.5
Other & Regional	17.1	13.9	22.7	34.5	36.2
Total South East Asia	**285.6**	**339.1**	**359.8**	**391.0**	**399.6**
OTHER REGIONS					
China	60.1	75.9	86 8	100.0	85.7
India	23.0	18.9	15.8	22.8	27.0
Bangladesh	31.7	16.6	24.9	25.2	29.3
Sri Lanka	7.2	8.7	10.1	10.0	10.9
Pakistan	8.4	5.9	8.2	5.5	6.8
Africa	112.3	108.4	85.8	101.3	122.8
Other & Regional	30.0	31.6	41.7	32.6	37.9
Total Other Regions	**272.6**	**266.2**	**273.3**	**297.4**	**320.5**
Core Contributions to Multilateral Organisations, other ODA Expenditure	318.4	382.2	313.2	284.4	324.0
TOTAL ODA	**1330.3**	**1386.0**	**1410.8**	**1480.2**	**1563.2**

B. Cooperation and Coordination with Other Organisations

1. Multilateral Organizations

a) Policy Guidelines

Within the Asia Pacific Region the multilateral development banks (MDBs) complement the programs managed by *AusAID*. Outside this region they provide a means to assist countries where Australia does not have an ongoing bilateral aid program. Policy guidelines are to participate in the MDBs but to encourage them to improve their performance and increase their attention to the South Pacific and the social dimensions of development. [2]

United Nations development organisations are seen as an important means of promoting and protecting Australia's interest across a wide range of issues. Policy guidelines are that *AusAID* will work to make the UN's development activities more effective and will encourage the reform and revitalisation of UN development organisations.[1]

b) Periodic Policy-dialogue/consultation

Australia's contributions to the MDBs are provided mainly through the International Development Association (IDA) and the Asian Development Fund (ADF). These organisations provide development credits to the poorest countries on near grant terms. Australia's payments are determined by the size of the commitments made in replenishment negotiations every three or four years and by the bank's own disbursement patterns which vary from year to year. The replenishment negotiations provide an important means for donor governments to review the direction and effectiveness of bank operations. Australia has a representative on the board of the Asian Development Bank and consultations are held regularly.

Australia is one of the largest contributors to Commonwealth development activities such as the Commonwealth Fund for Technical Cooperation..

2. Other Bilateral Donors

a) Policy Guidelines

There has been a history of project level coordination, by *AusAID* with other donors such as Great Britain, New Zealand and Canada. *AusAID* have been exploring with Japan the possibility of project level collaboration in the South Pacific and South East Asia.[1] Examples include a water and sanitation project in the Solomon Islands, an environmental management project in Indonesia and an HIV/AIDS prevention program in the Philippines. Coordination at policy level is in a formative stage and there are no published policy guidelines. It is likely that

this form of coordination would proceed under the auspices of a multi-lateral organisation.

b) Periodic Policy-dialogue/consultation

AusAID's practice is to hold consultations at least annually with major donors in the region

3. NGO Sector

a) Policy Guidelines

There has been a significant increase over the last ten years in cooperation between NGOs and the Australian Government in delivering ODA.

b) Classification of Relevant NGOs

AusAID classify NGOs into two groups those who are based in Australia and those who are not. The latter group includes International Non Government Organisations like the Red Cross. Australian NGOs receive the major share of funding as shown in the table below:

Summary of Official Aid through Australian and non-Australian NGOs 1994-5 ($m)

	1994-5 $m
Australian NGOs	
Emergency Relief and Refugees	26.3
NGO Projects Funded from Country Program	31.2
Development Project Subsidies (AIDAB/NGO Cooperation Program	12.9
Volunteer Programs	11.1
Southern African NGO Participation Program	4.0
NGO Environment Initiatives	1.6
Women in Development	1.4
Development Education	0.4
ACFOA, NGO Consultancies and Other	1.1
Total for Australian NGOs	**89.9**
Non-Australian NGOs	
Emergency Relief and Refugees	1.7
NGO Projects Funded from Country Programs	5.4
International NGOs (INGOs)	0.4
Women in Development Fund	0.2
Total for Non-Australian NGOs	***7.7***
Total	**97.6**

Most Australian NGOs belong to the Australian Council for Overseas Aid (ACFOA) an organisation supported by *AusAID*. The total funds available to ACFOA include money raised by voluntary contributions from the public were $m 166.9 in 1994. Regional allocation of funds is shown in the table below:- [8]

ACFOA Agencies Overseas Aid by Region 1994

	$m	%
Africa	71.8	43
South & East Asia	21.7	13
South East Asia	18.4	11
Indochina	13.4	8
Pacific & PNG	16.6	10
Latin America	15.0	9
Other	10.0	6
	~~116~~ 166.9	100

This allocation reflects the high priority ACFOA members attach to Africa and humanitarian aid in general.

c) NGO Registration System

NGOs are required to meet legal, accounting and fund raising requirements in order to obtain tax exemptions and tax deductibility for public contribution. ACFOA members also must obey a code of ethics and meet minimum requirements.

d) List of Ten Major NGOs involved with AusAID

Name	**Cooperation Activities**	**Funding $m**
World Vision Australia	Community development and child /family sponsorship. Emergency relief.	53.4
Overseas Service Bureau	Voluntary technical assistance via Australian Volunteers Abroad recruitment, briefing and training	13.4
UNICEF Australia	Assisting the UN Children's fund by financing child health and survival programs	10.0
Australian Catholic Relief	Community based self-help development in agriculture, health and cooperative activities	10.0

Adventist Development and Relief Agency	Seventh Day Adventist aid for education, health, nutrition, sanitation, water supply	8.3
PLAN International Australia	Sponsorship of children and help to families and communities to meet basic human needs.	6.7
Credit Union Foundation Australia	Institutional development of credit unions through education and technical assistance.	6.7
Austcare	Specialist refugee organisation which conducts appeals and funds projects for emergency relief.	5.0
The Salvation Army	An international Christian movement which undertakes aid projects with health, cultural and economic objectives.	5.0
Australian Baptist World Aid Inc.	Inform and raise funds from Australian Baptists for aid and relief projects.	3.3

* Funding includes amounts raised by the NGOs as well as money provided by *AusAID.*[8]

NGOs play a valuable role in Australia's ODA. Because they focus on community-based projects they are an important means of delivering programs to reduce poverty among those worst off. They also play an important part in women in development and environmental initiatives and have for a long while assisted the Australian government to deliver emergency and refugee assistance. Of the $100 million or so provided each year 92% goes to Australian NGOs and the remaining 8% to non Australian NGOs including the Red Cross and Women in Development Fund. The ratio of NGO aid to ODA is 6.2% compared with the DAC average of about 10%.

e) NGO Partnership/Funding

There is an *AusAID*-NGO Cooperation Program (ANCP) which is administered through a joint Committee for Development Cooperation (CDC). This CDC makes recommendations to *AusAID* on the eligibility of NGOs to participate in the program.

AusAID usually has a grant agreement with an NGO approved to undertake a project or other activity which the NGO has developed and designed.

Grants are paid in advance but must be fully accounted for on completion of the activity. Reporting, funds acquittal and audit requirements are similar to any other *AusAID* project.

In recent years, increasing use has been made of country program funds for NGO activities which form part of a bilateral project. A competitive selection process is used.

f) Constraints on Promoting Further Cooperation with NGOs

The accountability and credibility of NGOs has been the subject of a recent enquiry. The smaller NGOs in particular sometimes experience difficulty in meeting *AusAID*'s requirements and they would need to strengthen their management process to be able to administer an increased volume of grants.

NGOs have a strong desire to maintain a degree of independence from *AusAID*. For example, ACFOA has recently urged the Australian Government to increase bilateral assistance to African countries. Only 5% of such assistance goes to Africa and even if all other forms of aid are included the figure for official ODA is only 12%. By contrast, 43% of nongovernment aid goes to Africa because of the poverty alleviation focus of many NGO programs.

4. Local Governments

a) International Development Cooperation by Local Governments

This does not currently form part of the aid program although some of the state governments are actively pursuing a commercial role in providing goods or services for the aid program.

b) Cooperation and Coordination Between Local Governments and AusAID

There are numerous examples of experts from local government being used in the aid program but this is normally done through non government organisations such as Australian Volunteers Abroad and Australian Executive Service Overseas Program.

III Technical Assistance Projects (*AusAID*)

AusAID have moved away from having separate departments for Training Affairs, Experts Assignment, Development and Sector studies to an organisation based on country and global programs (see Page 13 *AusAID* Structure).

A. Forms of Technical Assistance

More than 90% of technical assistance is delivered as part of a country program in a similar way to JICA's project type technical cooperation. The distinguishing features of *AusAID's* technical assistance in human resource development are:-

- Training is treated as a programmable form of aid.
- Priority is given to training incountry rather than in Australia.
- Extensive use of consulting firms and NGOs to engage and manage experts.
- Funding of major items of equipment or facilities as part of a country program allocation.
- Use of a small grants scheme to cover minor items of equipment or training which do not fit within the program structure.
- Emphasis on institution strengthening.

The form and extent of technical assistance is decided within the country strategy framework in consultation with the recipient government rather than on request.

B. Project Cycle

AusAID uses the concept of an activity management cycle and a project is one example of an activity. Each project is managed as a separate entity within the program. The *AusAID* project management cycle is summarised below[9]

- Country Strategy Formulation;
- Country Program Development;
- Project Identification and Initial Assessment;
- Project Preparation and Design;
- Project Implementation and Monitoring; and
- Project Completion and Evaluation

The process used in *AusAID* has been extensively documented and made available to the general public. The *AusAID* approach relies heavily on logframe methodology although in recent years there have been attempts to use a more diverse approach particularly for social development projects.

C. Project Management and Monitoring Methods for Implementation

After a project is approved it moves into the implementation and monitoring stage of the project management cycle.

One of the first steps is the preparation of Memorandum of Understanding which is similar to the Record of Discussions used by JICA. Concurrent with this negotiation *AusAID* begins the process of selecting a contractor to implement the project. The selection process followed usually involves seeking three or more competitive bids. After the final choice of supplier is approved, the contract is drawn up setting out the scope of services to be provided and the basis for payment. The successful contractor is required to provide a spreadsheet for contract expenditure monitoring and this will generally match the resource and cost schedules in the project design document.

After mobilisation and in the early months of the project, the selected contractor is required to prepare a project implementation document. Usually this will not be radically different from the project design document and any potential changes must be carefully researched and justified and presented in a "change frame". If there are changes in the project design they must be reflected in a revised project log frame. Usually the contractor is required to submit a draft project implementation document within six months of the commencement of the project.

The ongoing management of the project is achieved through an annual plan which includes a schedule of physical tasks and inputs and the financial budget for the financial year. It provides a basis for *AusAID* to monitor and financially control the project. Monitoring, defined as measurement of a project implementation efficiency focuses on the availability of project resource and the achievement of outputs. The logframe is used to monitor effectiveness and to provide an ongoing evaluation. While monitoring within each year on the ground is done by the *AusAID* post but the final responsibility for financial and contract management rests with the country program manager in Canberra.

Each month the contractor is required to present a report listing achievements as compared with the annual plan, and any issues or problems which have arisen. Issues are always related directly to the project components as stated in the annual plan.

Project coordinating committees include representatives from *AusAID* and the recipient government and formal meetings are held every six months to review implementation performance.

Where the contractor is engaged in a complex technical task, a technical advisory group (TAG) may be established comprising one or more consultants with relevant expertise and qualifications. As the project approaches its end it moves into the completion and evaluation phase of the project management cycle. The managing contractor is required to prepare a project completion report.

D. ODA Personnel and Experts *

1. Training of ODA Personnel

a) In house Training System

AusAID officers are trained in Australian Public Service procedures, particularly those relating to finance. Purchasing procedures and contract administration are also covered by inhouse training and there are short courses on aid program management including the use of the activity management system.

* It has been assumed that this refers to *AusAID* personnel and that experts are not employed directly by *AusAID* but by managing agents.

b) Training Courses Provided by Other Organisations

AusAID staff are regularly sent to other organisations for training in computer skills, supervision and management. There is a six week part time course run by the Australian National University specifically for *AusAID* which provides a background in development economics for those officers who have not studied this as part of their formal qualifications.

2. Security Measures for Overseas Personnel and Experts

a) Systematic Measures for Emergency Situations

Each Australian mission has an officer responsible for security usually the chief administrative officer. The situation is much more difficult in the field and the official policy is to withdraw officers if a dangerous situation exists.

b) Names and Roles of Office which is Responsible for Emergency Situations

There is no separate office and in an emergency the responsibility would be assumed by the Australian Head of Mission in the country concerned who would consult with *AusAID* headquarters in Canberra regarding the position of officers in the field.

c) Preparation of Manuals for Case of Emergency

AusAID has sought external advice on emergency procedures from security firms, particularly in relation to Papua New Guinea. Details are not know or at least are not available at this point.

3. Welfare and Benefit System for Employees and Experts

a) Availability and Procurement of Insurance at the Time of Dispatch

AusAID employees are covered by travel and medical insurance although they may take out additional cover in some situations. Experts are responsible for their own insurance and are encouraged to take out a high level of travel insurance and health cover.

b) Medical Service in the Place of Assignment

Generally the local medical officers and hospital systems are used but where these are below the standards normally available in Australia, staff may be evacuated to a third country or to Australia. In such a case the post is known as a 'Medivac' area and if necessary a military aircraft may be used for evacuation purposes.

c) Holidays and Home-leave during the Dispatch-period

Holidays in-country or in Australia are allowed each year.

d) Benefits and Privileges in the Place of Assignment

In general *AusAID* staff enjoy the same benefits and privileges as other members of the Department of Foreign Affairs and Trade. However, although their income is earned abroad they are taxed at Australian rates but do enjoy taxation concessions on cars and obtain some items free of duty. The level of benefits including provision of cars and entertainment allowances are generally better for officers posted overseas than they are within Australia.

e) *Social Security System (Pension, Compensation, Recruiting Service etc) after the Completion of Dispatching*

Most *AusAID* people return to Canberra and it is rare for an *AusAID* officer to go from one posting to another. Therefore they resume their work as members of the Australian Public Service and enjoy the same level of benefits.

4. Experts of Technical Assistance:

a) Experts of Australian Nationality

AusAID has moved away from engaging experts individually to provide technical assistance. The preferred method of operation is to include the expert within a project and the project manager is then responsible for engaging and supervising an expert in the required field. However, non government organisations through Australian Volunteers Abroad and similar organisations and Australian Executive Service Overseas Program which is equivalent to the Japan Silver Volunteers Foundation very often supply experts for short or long term engagements.

Volunteers are paid considerably less than experts engaged through consulting firms.

b) Experts of Host-country

It is usually the responsibility of the recipient government to engage local experts to work as counterparts with Australians.

c) Experts of Third-country

Their use is comparatively rare although New Zealand experts are able to operate on the same terms and conditions as Australians because of the free trade agreement between the two countries.

E. Tender System and Conditions of Procurement of Materials and Equipment

The program support services units in *AusAID* are responsible for planning, procurement and management of consultancy services, infrastructure and other works and materials to support the planning and implementation of ODA. They are obliged to follow Australian government procurement guidelines which specify that there must be open and effective competition between suppliers and that value for money must be obtained.

a) AusAID Purchasing Policy

Policy is to use a two step selection process for selection of the appropriate firms/organisation or individual. This involves competitive bids and the use of a technical assistance panel. This process is used where the total expected expenditure is thought to exceed $75,000. The two step process is meant to canvass the widest range of expertise and includes professional assessment at two levels to ensure selection of the most appropriate services available while taking account of 'value for money'. Aus*AID* has recently moved to a system which adjusts for price after technical merit is decided. The weighting given to price is currently 30%.

b) Period Contracts

The purpose of period contracts is to allow *AusAID* officers to access short term (less than one year) professional advice and consultancies for approved activities costing less than $75,000 without having to repeat the selection process and fee rate negotiations on each occasion.

Period contracts set out the general terms and conditions of service, broad scope of technical services and a range of agreed fixed unit fee rates. The range of services provided for in the period contracts is as follows:

- Specialist advice on specific projects.
- Technical assessment of project proposals.
- Preparation of terms of reference and scopes of services
- Preparation, appraisal and review of project documentation
- Design and delivery of short-term/ad hoc training courses.
- Evaluation of projects or activities
- Participation in short-term overseas missions.
- Participation in seminars, meetings and conferences
- Design and preparation of technical specifications
- Inspection and acceptance testing.

Period contracts are normally valid for a period of two years and are then open to competitive bidding. The procedures for using period contracts have six main steps:

1. Approval, terms of reference and criteria.
2. Identification of firm and personnel required
3. Scope of services
4. Cost investigation
5. Final agreement on inputs
6. Exchange of letters

The preferred basis of payment is lump sum and is used in all cases where the requirements of the consultancy can be determined with reasonable accuracy. Where the inputs or cost may not be determined with reasonable accuracy there is the option of providing an input based payment but this is used sparingly.

c) Small Consultancy Contracts

Like period contracts these are intended for the purchase of consultancy services up to a value of $75,000. However, they cover areas not provided for in period contacts but in many respects are very similar except that the competitive selection process must be repeated every time. The only exceptions allowed are where the need is very urgent or where the required services are available from only one source (sole supplier) or the consultant is already performing similar work for *AusAID*.

In the case of contracts under the value of $2,000 there is no requirement to obtain quotations from competitive suppliers. However, the officer concerned is still required to obtain best value for money and to consider a range of possible suppliers.

d) Major Contracts

Major contracts are used in the feasibility study and implementation phases of the project management cycle where the value of goods and services to be provided exceeds $75,000. The submission for a major project proposal should seek funding approval for the best estimate of the entire cost of an activity throughout the project cycle.

The negotiation of a project specific Memorandum of Understanding (MOU) between the recipient government and *AusAID* is required prior to contract signature and project implementation. The MOU sets out the respective project responsibilities of the two governments and provides for exemption from taxes, import duties and so on.

Procedures

Selection process used for the engagement of services must include advertising and a two step bidding process. The main steps are as follows:

- Advertising and receipt of expressions of interest.
- Capability statements
- Substantive proposals and technical assessment and recommendation

In certain cases where the two step procedure would be impractical because of time constraints or there is a limited field of expertise a one step procedure based on competitive bidding may be used

Technical Assessment Panels (TAPs)

TAPs are used by *AusAID* in the bidding process for project consultancies, to short list initial bids and at the second stage to assess the detailed proposals submitted on technical grounds. The TAP recommends a preferred supplier to *AusAID*. TAPs typically consist of three voting technical specialists including an *AusAID* appraisal specialist. A representative of the recipient government may attend the TAP in an observer capacity.

e) Commercial Advisory Board (CAB)

The purpose of the CAB is to provide advice on the commercial, political and other relevant implications of contract decisions where the total contract value exceeds $5m. The membership of the CAB comprises senior members of *AusAID* staff including a chairperson who is one of the Deputy Directors General. They

take into account the evaluation of technical merit and competence of short listed tenderers provided by a technical advisory panel but also consider the past performance of the nominated contractor on *AusAID* contracts and the financial standing of potential contractors.

Construction Contracts

AusAID has recognised that the selection of contractors and the management of construction contracts require special attention because of the:

- importance of engineering and construction projects in bilateral programs;
- complex nature of many construction contracts and the importance of the engineer as the agent of *AusAID* in the management of such contracts;
- competitive nature of the construction industry which may manifest itself in tensions within contractual relationships and therefore requires a mechanism for the resolution of such issues;
- need for procedures to enforce contract performance and to ensure the interests of the Australian Government are protected when it awards such contracts for higher risk projects in developing countries.

Definition

A major construction contract is defined as a contract that:

- is awarded for building or construction-based work or for the performance of engineering works with a value exceeding $500,000
- requires the engagement of an engineer under a separate consultancy services contract to provide design services and or/supervise the construction phase of the contract;
- requires specialised contract conditions and documents for the administration of the contract.

Parties to the Contract

There are two parties to an *AusAID* construction contract namely:

- the employer - the Australian government represented by *AusAID*
- the contractor -the party selected by *AusAID* to execute and complete the works

In addition an **engineer** while not party to the actual construction contract is identified to perform certain functions relating to the supervision, certification and authorisation of the work to be performed by the contractor.

The engineer is engaged by *AusAID* under a separate consultancy services contract. Under the consultancy contract, the engineering contractor is required among other things to prepare plans, designs and detailed specifications and assess, report and recommend to *AusAID* on prequalification submissions and priced tenders from the pre-qualified tenderers.

The role of the engineer is a major distinguishing feature of construction contracts.

IV. Research Activities on Development Assistance.

A. In-house Research Activities (*AusAID*)

AusAID does not have a single division/office in charge of research although the work of the evaluation section location located within the sectoral policy and review branch often contains elements of commissioned research.

B. Profile of Major Research Institutes in the Country.

1. Name, address, Number of Staff

Australian Centre for International Agricultural Research (ACIAR)
GPO Box 1571
Canberra ACT 2601
Tel: 06 248 8588
Fax: 06 257 3051
Number of Employees: 50

The Australian Centre for International Agricultural Research (ACIAR) is funded as part of Australia's overseas aid program. ACIAR promotes research into improving agricultural production in developing countries. It does this by mobilising Australian agricultural research expertise to help developing countries help themselves. To achieve its objectives, ACIAR commissions research groups in such Australian institutions as the universities, CSIRO and the state agricultural departments to carry out joint research projects with their counterparts in developing countries. The commissioned research focuses on high priority agricultural problems in developing countries in field where Australia has particular scientific and technical competence.

It's activities are concentrated in the Asia/Pacific region with a current emphasis on Vietnam. It follows a program structure like *AusAID* and its research and development program has three major components which are described below:

1. Bilateral Programs

Funding and administering projects in the seven subject disciplines (animal sciences, crop sciences, agricultural and natural resource economics, fisheries, forestry, land and water resources, and post harvest technology). ACIAR identifies problems of mutual interest and mobilises Australian and partner country research expertise to develop collaborative research projects.

2. *Multilateral Programs*

Australia contributes to the international agricultural research centres which are part of the Consultative Group on International Agricultural Research (CGIAR). Research support is allocated to the various centres on the basis of a strategic plan that emphasises the potential impact on agriculture and natural resources. This funding was formerly administered directly by *AusAID* but responsibility was given to ACIAR as from 1993/4.

3. *Economic Evaluation*

This component provides a systematic basis for establishing research priorities for the other two programs. As part of the program scholarships are awarded for postgraduate study in Australian universities and colleges. In 1995, 36 fellows from 14 different countries were sponsored under this scheme. Separate from this are master classes in biotechnology which have been attended by 130 trainees.

2. Other Research

The National Centre for Development Studies at the Australian National University in Canberra is funded by *AusAID* and has a budget of about $2 million per year. Only a small number of staff are engaged in research and the main responsibility of the Centre is to teach courses in development studies. Other institutes within the Australian National University such as the Research School of Pacific Studies are also closely involved with *AusAID* policy formulation. Otherwise the research that is undertaken is usually done by individual faculties or staff members who may form part of teams organised by consulting groups.

A recent initiative is to provide limited funds for academic institutions to bid on a competitive basis for research projects. Priority areas for research include ODA needs in the year 2005, role of the private sector in human resources development, vernacular education in the South Pacific; child labour in South and South east Asia; and vocational education needs of women in the agricultural sector.[1]

V. Response to Newly Emerging and Key Development Issues

A. *AusAID's* Policy Orientation Toward Cooperation on Newly Emerging Issues

- ***The Agency's Current Policy***

Over the last two years not only has there been a shift in geographic emphasis in the Australian Aid program but much more attention has been given to social sector and cross sectoral developments. This includes the areas of health, population and basic education. This may reflect the belief that *AusAID* needs to change the balance between sectoral issues and country programs in favour of sectoral issues. This will not be easy because of the heavy and often conflicting demand for the resources of *AusAID*. Policy also reflects the views of world organisations in areas such as participatory democracy and good governance, community health and participatory development.

- ***List of Major Issues***

1. *Environment* *
2. *Women in Development/Gender Equity*
3. *Poverty* *
4. *Democratisation* *
5. *Education*
6. *Population* *

* These issues are incorporated in program and project design rather than as a separate responsibility in *AusAID*.

B. Approaches and Strategies for Key Development Issues [11]

1. Environment

AusAID manages a large number of activities which are related to environmental protection. In 1995/6 over $160 million will be spent on environmental assistance activities, ranging from water and sanitation, cleaner energy, forestry, coral reefs, environmental urban planning and pollution control. An increasing amount of assistance is being channelled through multi lateral organisations as a contribution to global environmental problems such as climate change and protection of the ozone layer.

AusAID is committed to ecologically sustainable development policies and its strategy is to undertake regular reviews on the integration of environmental policies into the aid program. To further this several country environmental profiles have been prepared and environmental audits of the entire aid program are undertaken and reported to Parliament.

Implementation System

The Environment, Agriculture and Physical Infrastructure section within the Sectoral Policy and Review Branch is responsible for the coordination of environmental policies. The section has three staff and is limited in its role with the primary responsibility accepted by the individual country program managers.

Country environment profiles for Indonesia and Papua New Guinea were completed in the last year and profiles for Laos and China are being prepared.

Inputs provided

Assistance provided includes funds for studies, training in climatology and monitoring techniques and specific technical assistance in areas such as the control of mine waste.

When an official request for development assistance is received the project is subject to environmental screening by the country program manager. If the environmental impact is thought to be significant then further studies may be commissioned. These studies may be completed by an outside agency. Monitoring of environmental impacts is built into the implementation process and is usually the responsibility of the *AusAID* post.

Future Prospects

It is expected that present procedures will be maintained at the level of individual projects and that more attention will be given to the use of global programs to implement environmental initiatives.

2. Women in Development/Gender Equity

AusAID's approach is to emphasise women's role as decision makers and to support measures which aim to improve the status of women in their own countries.

Again, this is reflected in the country programs and it is intended that at least one significant WID activity is included in each country program and that program performance is monitored against WID indicators. However, this has recently been extended across the aid program and there is agreement that within sectors, particular attention will be paid to increasing involvement of women in the entire program. For example, most country programs have the goal of achieving 50/50 gender balance in their training assistance programs.

Implementation System

The Gender, Education and Social Development Section (GEDS) located within the Sectoral Policy and Review Branch has the responsibility for coordinating WID activities. As with environmental issues the main responsibility resides with the country program managers who are expected to integrate WID issues

Specific inputs provided include a WID fund and contribution to international organisations which have mandates for women's' activities including WFP, UNICEF, UNIFEM and INSTRAW. Other assistance is provided to NGOs such as IWDA which are primarily concerned with WID issues.

When an official request for ODA is received an assessment of the WID impacts is made specifically, how women in the country or locality are to be involved in the planning and implementation of the project and what are the expected costs and benefits for women in the project outcomes. In fact there are WID guidelines for all stages of project identification, design, implementation, monitoring and evaluation. For example, a detailed WID assessment of a project would need to cover at least the following:

- Division of labour and women's workload requirements.
- Productivity of labour and women's access to skills and technologies
- Consumption needs and women's access to income
- Patterns of consultation and participation

Research and development activities are not separated from the general policy research undertaken by *AusAID.*

Future Prospects

The integration of WID into country programs will continue as will the funding of separate small scale innovative activities which will probably be increasingly undertaken by non government organisations.

3. Poverty

AusAID works within a policy framework for poverty reduction which has three main parts:

- Sustainable economic growth
- Investment in human resources through education, health, capacity building and social sector development, and
- Safety nets and poverty targeting which includes emergency relief.

The second of these includes capacity building for human resource development and community based developments for non government organisations. It is believed that the gains from improved social sector development are relatively greater for poor people and that the growth and transformation of systems of education is essential. This is in keeping with world wide trends by multilateral agencies to devote a high proportion of funds to expenditure on the social sector.

4. Democratisation

AusAID seeks to promote participatory development, good governance and respect for human rights through policy dialogue and activities aimed at building capacities in these areas. Good governance does not necessarily equate with western-style models of democracy. It is more broadly understood as effective management of a country's social and economic resources in a manner that is open, transparent, accountable and equitable. Support for electoral and legal systems and land titling are aspects of the aid program's role in this area.

5. Education

AusAID sees education and training as the fundamental components of the development process without which countries would be unable to develop the human resources necessary for social and economic advancement. Traditionally the education sector has comprised about 20% of the aid program with most resources going to the tertiary sub sector. The annual cost of supporting nearly 6,000 overseas students at Australian universities is about $150 million. The balance of educational assistance is provided in the form of projects for institutional strengthening, teacher training, curriculum development and the supply of infrastructure equipment and materials. A review is currently in progress to see whether Australia's contribution could be strengthened particularly in the area of basic education and presumably to ensure that the strategy adopted is more country specific.

On the assumption that there will be a shift toward basic education and away from the tertiary sector *AusAID* is trying to adopt strategies which use Australia's

comparative advantage in the provision of education assistance including English language training, distance and vocational education and in-Australia education and training. It should be noted that the nature of Australia's education assistance is broadening and universities for example, are offering training arrangements directly and not necessary as part of the aid program. Similarly the Department of Employment Education and Training maintains a network of overseas officers and funds for regional research and training centres.

Implementation System

The Overseas Students Program Section (OSP) located within the South Pacific and Training Branch looks after the tertiary training in Australia. It has a staff of five located in *AusAID* headquarters in Canberra but the *AusAID* state offices in Brisbane, Sydney, Canberra, Melbourne, Adelaide Perth, Darwin and Hobart are also part of the system. These offices have in total a staff of 101.

Specific cooperation activities include the provision of scholarships for inAustralia study, development of incountry programs, incountry and third country training.

In general education and training are regarded as programmable forms of aid and as such are managed by the country program managers. Often coordination will be undertaken by the *AusAID* post on behalf of the country program manager. There is a volume of the Country Program Operations guide which specifically deals with training programs with emphasis on in-Australia training. However, it also includes incountry and third country training. *AusAID* has also embarked on a major revision of its Scholar system which is used to administer the various forms of training aid. It will ultimately be incorporated in the activity management system.

Future Prospects

There are clear indications that Australia will give a more prominent role to assistance to basic education because of the acknowledgement of the economic, health and population gains that are associated with it. This involvement could include curriculum development, teacher training, adult training in literacy through NGOs and education for street kids.

6. Population

Population has moved from a minor item to one that now receives priority. Over the last three years expenditure on population activities has trebled. Underlying the shift in emphasis is the belief that population and development issues are closely linked and that few development activities are likely to have the same impact as family planning in raising per capital income.

C. Abstract of a Project Example

Foreword

In the areas of poverty and WID *AusAID* is working closely with non government organisations. Often funds are made available through *AusAID's* bilateral programs especially designated funding 'windows'. These activities are funded from the allocation of individual front country programs and one example is the country program for the Philippines. The two examples are part of this program.

Project Example - 1. Poverty

1. Name:	Philippines Australia NGO Program (PANGOP) Microfinance and Institutional Development (PAKMED)
2. Country:	Philippines Metro Manila Region
3. Project Term:	3 years
4. Total Budget:	$1.5 million (AUD) of which *AusAID* is providing $750, 000 (50%)
5. Objectives:	The principle objective of the program is to utilise two existing financial institutions TSPI and KNBI to provide 2,800 small value loans to poor urban women in Metro Manila. The loans are to be used by the women to establish their own businesses, no collateral is required but the activity must be approved by a committee established by an NGO called the Opportunity Foundation.
6. Activities:	The main components of the project are project management, financial organisation, and advisory services and field workers.
7. Implementation Mechanism of the Donor-Side:	a) The program is managed by the Philippines/Asia link section of *AusAID* b) The project is monitored regularly by the aid counsellor in Manila and his staff. c) *AusAID* inputs are essentially part time and combine with other similar programs.

8. Implementation Mechanism of an Aid-receiving Country:	a) There is a counterpart organisation in the form of the local branch of the NGO. b) Costs are shared 50/50 with *AusAID*
9. Output (Achievements & Ripple-Effects)	After a slow start the project is on schedule and approximately 80% of the target loans have been advanced. Monitoring suggests that the loans have been successful in generating income at least sufficient to make the schedule repayments.
10. Factors:	*AusAID* feel that one of the main factors contributing to success is the use of an NGO as a channel for the distribution of funds and for training and field support. A good indicator is the low proportion of loans which fall into arrears only 5% have done so to this point and the pool of funds is being replenished so that the project should have very good sustainability.

Project Example - 2. Women in Development (WID)

The example described below is part of PANGOP

1. Name:	Women's Credit and Services Program
2. Country:	Philippines Metro Manila Region
3. Project Term:	3 years
4. Total Budget:	$641,0001 (AUD) all of which is being supplied by *AusAID.*
5. Objectives:	The principle objective of the program is to improve the livelihood of women in the Metro Manila regional by increasing their technical skills, awareness of and access to credit facilities and urban welfare services from government and nongovernment sources.
6. Activities:	Activities include project management, provision of funds, organisation of field work and provision of advisory services through IWDA and a local non government organisation Lihok Pilipina.
7. Implementation Mechanism of the Donor-Side:	a) The program is managed by the Philippines/Asia link section of *AusAID* b) The project is monitored regularly by the aid counsellor in Manila and his staff. c) Part time inputs are required from the program officer in Canberra and staff in the Manila post. Field workers are recruited by the NGO. IWDA have project manager who visits the Philippines at approximately three month intervals.
8. Implementation Mechanism of an Aid receiving Country	a) The counterpart organisation is the local NGO Lihok Pilipina supported by IWDA. b) The NGO arranges for staffing including field workers.
9. Output (Achievements) &Ripple-Effects)	Initial indications are encouraging although mobilisation has taken longer than expected.
10. Factors:	*AusAID* feel that one of the main factors contributing to success is the use of an NGO for training and field support.

VI Future Trends and Prospects on Australia's ODA [12]

A. Public Support and Opinion Towards ODA

One of *AusAID's* goals is to improve public understanding of Australia's aid program and international development issues. As part of the public information program in 1994 *AusAID* undertook a survey of Australian's attitudes to overseas aid. The last such survey was conducted in 1987.

The results of the recent survey show that most Australians understand the concept of foreign aid and nearly 90% of those interviewed could identify how overseas aid is used in developing countries.

Approval for Australia providing ODA was very high overall (72%). The three main reasons for supporting ODA were the benefit aid provides for Australia, the benefit aid provides for developing countries and the belief that Australia is a wealthy country which should share its resources. The minority who did not support ODA gave as their main reasons the feeling that the money would be better spent addressing social and economic problems in Australia and in some case the belief that money spent on ODA is either misused or wasted.

There was a high level of approval for aid provided in the form of development import finance facility (DIFF). DIFF loans are low interest but they are tied to the purchase or use of Australian goods or services.

The types of aid to receive the highest level of support were aid used to promote health, aid to promote relief from natural disasters, aid to satisfy basic needs and aid to safeguard the environment.

The survey suggested that priority should be given to aid to the poorest countries and that the next most important consideration was linking aid to human rights rather than using aid to make friends and allies overseas.

An interesting section of the survey related to public perceptions of poverty in developing countries. Perceived reasons for continuing poverty in developing countries were poor governance and poor management or resources, coupled with over population and lack of family planning. The proposed solutions were to provide more education and training and to establish more and better family planning programs.

B. Possibility of Modifications or Changes of ODA Policy or System [1]

There is little doubt that there will be changes in sectoral and geographic emphasis in the aid program as well as a number of innovations in the policy procedural framework. Of particular importance is the emphasis given to human rights and good governance. Some of the policies are beginning to emerge namely:

- Further investment in basic and vocational education.
- Improvement of basic health services, women's education and availability of family planning education and techniques.
- Support for small scale enterprises and informal employment extending the national infrastructure of developing countries.
- Further cooperation with other donors to ensure that scarce resources are allocated to best effect.
- A concerted effort to promote the benefits of ODA in both humanitarian and economic terms.

With the end of the cold war, the major players in ODA such as Japan and United States are reassessing their priorities and it is equally important for countries such as Australia to review the objectives of aid and its role in foreign policy.

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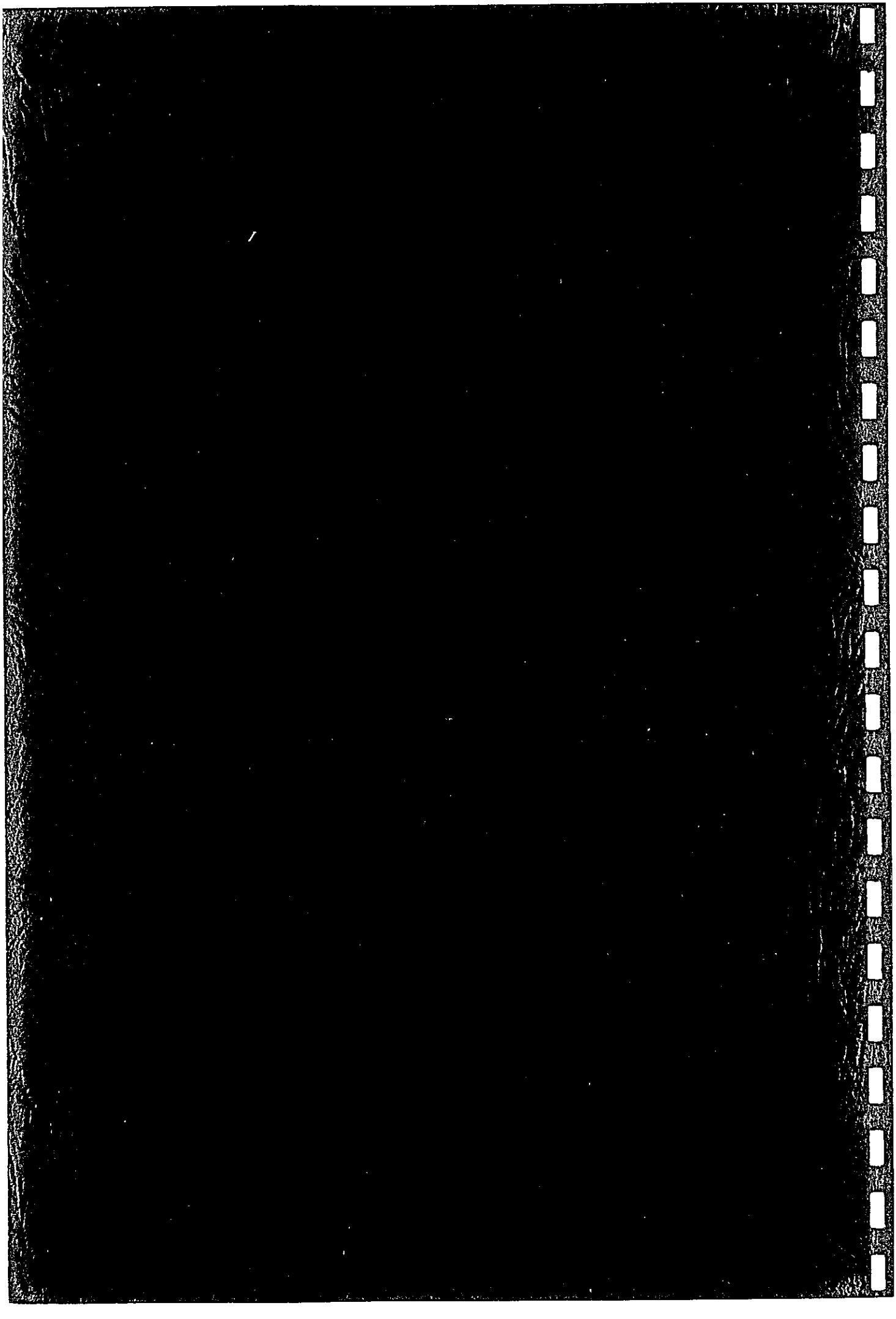
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