

# **Study of Australia's approach to aid in Africa**

Commissioned study as part of the Independent Review of Aid Effectiveness

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**Final report**

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The views contained in the paper are those of the authors and are not indicative of the views of the Australian Government or the Review Panel.

## Acronyms

AACES	Australia Africa Community Engagement Scheme
ACIAR	Australian Centre for International Agricultural Research
AfDB	African Development Bank
AMREF	African Medical Research Foundation
AU	African Union
AusAID	Australian Agency for International Development
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAC	Development Co-operation Directorate
DFID	Department for International Development
EITI	Extractive Industries Transparency Initiative
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
MCH	maternal and child health
MDGs	Millennium Development Goals
NGO	non-government organisation
ODA	official development assistance
OECD	Organisation for Economic Cooperation and Development
SWAp	sector wide approach
SIMLESA	Sustainable Intensification of Maize-Legume cropping systems for food security in Eastern and Southern Africa
TA	technical assistance
UN	United Nations
UNICEF	United Nations Children's Fund
WATSAN	water and sanitation

## Introduction to the study

The Australian Government has committed increased levels of funding to aid to Africa. This has become one of the most heavily scrutinised components of the aid program. Newspapers,<sup>1</sup> blogs,<sup>2</sup> thinktanks<sup>3</sup> and politicians<sup>4</sup> have all examined aid to Africa and considerable critique and debate has ensued. In this context, it is important to study Australia's aid to Africa as part of the government's larger Independent Review of Aid Effectiveness. With this in mind, the independent review panel has commissioned studies to assist with the overall analysis of the effectiveness and efficiency of the Australian aid program. This is one such study, tasked to examine the scaling up of the Australian aid program in Africa since 2008.

The Africa study's objectives are, in brief, to assess the appropriate geographic reach of the aid program into Africa, whether its sector focus is appropriate and the effectiveness of different forms of aid delivery. The full terms of reference are in Appendix 1. The study is intended to be an assessment of direction rather than an evaluation of Australian aid to Africa.

The starting point for this study is that the Australian Government has committed to increasing aid to Africa to 2015–16 as part of its overall increase in the aid budget (up to \$8 to \$9 billion).<sup>5</sup> Therefore, this study will not seek to justify in any detail Australia's engagement in Africa itself and if that is appropriate; such information is available elsewhere<sup>6</sup>, including in the Australian Agency for International Development's (AusAID) Africa strategy document, 'Looking West: Australia's strategic approach to aid in Africa 2011–15'.<sup>7</sup> We take increased Australian engagement in Africa as a given. The questions are where, what and how to engage.

Among the countries of Africa are 33 of the world's 49 least developed countries, most of which are not likely to achieve the internationally-agreed Millennium Development Goals (MDGs) which serve as the central pillar of global aid efforts and to which the Australian Government has explicitly committed its aid program.<sup>8</sup> According to recent estimates, almost 400 million people in sub-Saharan Africa—almost half the population—live below the internationally accepted poverty line of US\$1.25 per day.

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<sup>1</sup> Johns G, 'Prudent aid agenda is a foreign concept to Rudd', *The Australian*. 30 September 2010. <<http://www.theaustralian.com.au/news/opinion/prudent-aid-agenda-is-a-foreign-concept-to-rudd/comments-e6frg6zo-1225931987773>>. Accessed 22 December 2010.

<sup>2</sup> Baird M, 'Some Thoughts on Australian Aid'. Development Policy blog, 4 December 2010. <<http://devpolicy.org/some-thoughts-on-australian-aid/>>. Accessed 22 December 2010.

<sup>3</sup> Debate: Australian aid to Africa. Lowy Institute for International Policy blog. <<http://www.lowyinterpreter.org/?d=D%20-%20Australian%20aid%20to%20Africa>>. Accessed 22 December 2010.

<sup>4</sup> Abbott T, 'Tony Abbott's address to the Lowy Institute on defence policy', *The Australian*, 24 April 2010. <<http://www.theaustralian.com.au/politics/tony-abbotts-address-to-the-lowy-institute-on-defence-policy/story-e6frgczf-1225857609811>>. Accessed 22 December 2010.

<sup>5</sup> All currency is expressed in Australian dollars unless otherwise noted.

<sup>6</sup> Negin J & Denning G, 'Shared Challenges and Solutions: Australia's Unique Contribution to the Future of African Development', Lowy Institute for International Policy, policy brief, Sydney, December 2008.

<sup>7</sup> 'AusAID. 'Looking West: Australia's strategic approach to aid in Africa 2011–15', AusAID Canberra, December 2010. <<http://www.ausaid.gov.au/publications/pdf/101224%20-%20Australias%20approach%20to%20aid%20in%20Africa%20-%20Dec%202010.pdf>> Accessed 3 January 2011.

<sup>8</sup> Commonwealth of Australia. Budget. Australia's international development assistance: a good international citizen. Canberra, 2010.

There is clearly a humanitarian argument for development assistance in this impoverished region.

In addition to the need for development assistance, a strong commercial rationale exists for engaging with Africa. A report noted that the Australian resource sector and related services' investment in sub-Saharan Africa topped \$20 billion in 2008<sup>9</sup>, and this figure is likely to have increased since. Trade between Australia and the countries of Africa, while small, is increasing rapidly providing additional rationale for deeper engagement that includes helping African countries develop. This point is more relevant today than 10 or even five years ago.

According to the informants of this study, the current aid focus on Asia and the Pacific represents a traditional 'East Coast' perspective of Australia and its geopolitical role in the world. As Western Australia grows economically, a deeper engagement with countries sharing the Indian Ocean has a growing logic. The title of AusAID's Africa strategy, *Looking West*, signals a re-framing of Australia as an Indian Ocean country rather than solely a Pacific Ocean nation. In this vein, early suggestions are that the Commonwealth Heads of Government meeting to be held in Perth, Western Australia, in 2011 will likely have an Indian Ocean perspective.

A further reason for re-engaging with Africa is Australia's desire to be a 'middle power'<sup>10</sup> as well as efforts to deepen engagement in the multilateral world. Given that Africa contains 53 (likely soon to be 54) countries, any engagement in the multilateral economic, development or foreign policy community requires active relationships with African nations. This may include, but is not limited to, efforts to secure a United Nations (UN) Security Council seat.

Cultural links between African countries and Australia are strong and growing through robust diaspora communities. The Australian public is also increasingly interested and engaged in Africa, with almost 35 per cent of funds donated by the Australian community to Australian non-government organisations (NGOs) directed to programs in Africa. In 2007–08, this amounted to \$280 million directed to NGO programs in 39 countries in Africa by 30 government agencies.<sup>11</sup>

The Australian Government's deeper engagement in Africa is consistent with a wider international trend which has seen Brazil, China, India, Japan, Korea, Saudi Arabia and other countries not traditionally deeply engaged in Africa become more so. Australia's engagement needs to be framed in this wider context of economic and political partnership and opportunity, in addition to the moral humanitarian imperative to reduce global poverty.

## **Structure of the study report**

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<sup>9</sup> Donnelly R & Ford B, *Into Africa*. Lowy Institute paper no. 24. Lowy Institute for International Policy, 2008.

<sup>10</sup> Rudd K address to the American Australian Association, New York, March 30, 2008: 'And it means developing a creative middle power diplomacy to work with our close partners in our region and around the world on challenges like climate change, economic development and countering terrorism.' and Rudd K address to the UN General Assembly, New York, September 26, 2008.

<sup>11</sup> Australian Council for International Development, submission to Parliamentary Inquiry into Australia's Relationship with the Countries of Africa, submission no.37.

The remainder of this introduction outlines the methodology and definitions used in the study of Australia's approach to aid in Africa. Part 1 outlines the study's global, Australian and African context. Part 2 presents the study's findings and analyses the key issues (sectors, geography, modalities and staffing) in line with the terms of reference. Part 3 contains the specific and concise recommendations emerging from the study, for consideration by the panel of the independent review.

## Methodology

This study was conducted using a thorough document review starting with AusAID documentation on the Africa aid program, including past evaluations and strategies. This included the 1993 'Review of the Effectiveness of NGOs in Africa'<sup>12</sup>, and the 1999–2002 strategy titled 'Australia and Africa: Addressing the challenges—in partnership 1999–2002'.<sup>13</sup> The study examined the large number of submissions to the Joint Standing Committee on Foreign Affairs, Defence and Trade's Parliamentary Inquiry into Australia's Relationship with the Countries of Africa.<sup>14</sup>

The authors of this study report also reviewed documents on aid effectiveness, various reports prepared for the MDG Summit of September 2010, United Nations Development Programme reports and other relevant documents. AusAID provided a substantial number of reports and implementation plans to assist with the study.

The authors also conducted interviews with more than 85 key informants, partners and stakeholders in Australia, in Africa and with development experts globally. Appendix 2 lists these informants. Quotes included in this report are not attributed to a specific interviewee but, rather, are expressed to protect anonymity. The authors thank all informants for their willingness to speak with us and their candour when doing so.

## Definitions

Based on discussion with members of the independent review and the secretariat team established in AusAID to assist with the review, the working definition of aid effectiveness being used for the review is the one used in AusAID's objective statement: to assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interest.<sup>15</sup> This definition explicitly includes two components—poverty reduction *and* Australia's national interest. AusAID's website page on aid effectiveness only focuses on one component, stating that 'the purpose of aid is to contribute to tangible improvements in the lives of the world's poorest people'<sup>16</sup> and the Africa strategy itself only notes poverty reduction and sustainable development as the program's aim. Nevertheless, this study examines aid effectiveness broadly from both the perspective of poverty alleviation and that of national visibility, relationship building and foreign policy.

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<sup>12</sup> AusAID 1993, 'Review of the effectiveness of NGOs in Africa', AusAID, Canberra.

<sup>13</sup> AusAID 1999, 'Australia and Africa: Addressing the challenges—in partnership 1999–2002', AusAID, Canberra.

<sup>14</sup> Parliamentary Inquiry into Australia's Relationship with the Countries of Africa.

<<http://www.aph.gov.au/house/committee/jfadt/africa%2009/index.htm>>. Accessed 3 January 2011.

<sup>15</sup> AusAID Annual Report 2010, AusAID Canberra.

<sup>16</sup> AusAID Office of Development Effectiveness. <<http://www.ausaid.gov.au/ode/default.cfm>>. Accessed 16 February 2011.

As a reference point, we use the aid effectiveness agenda as defined by the 2005 Paris Declaration on Aid Effectiveness which highlights five core principles: ownership; alignment; harmonisation; results; and mutual accountability. A number of informants noted the limitations of the aid effectiveness agenda with its focus on planning, aid modalities and financing models fearing that this emphasis distracts those involved in aid from focusing on delivery and reaching those who need services most. We acknowledge this and maintain a primary emphasis on the impact of the aid program on services and poverty reduction, while seeking to comply with the Paris Declaration. We also highlight that *aid* effectiveness is distinct from wider *development* effectiveness, noting that aid is only one agent in driving sustainable development. Trade, trade policy and private sector investment are all critical components of development and the Australian Government should seek ways to encourage positive action in these areas outside of the aid arena.

In this report, the term 'Africa' includes sub-Saharan and North Africa in line with AusAID's classification. Where the focus is more explicitly on sub-Saharan Africa this is made clear. At present, the vast majority of AusAID's activities in Africa are in sub-Saharan Africa.

## Part one: Context

### 1.1. African development context

Africa is an incredibly diverse and increasingly dynamic continent. While some of the rates of poverty and difficulties in achieving agreed development goals are cited earlier, it is important to note that Africa is no longer defined by war, famine and economic disintegration. Indeed, notwithstanding lingering hotspots, such as Cote d'Ivoire the Democratic Republic of the Congo and Somalia, Africa is more peaceful and prosperous than it was a decade ago. In many countries, political conflict has subsided, governments are more stable and stronger, and gross domestic product growth has averaged greater than five per cent per year, increasing average incomes considerably. The number of children in school has increased and child mortality has decreased considerably, despite persistently high population growth rates.

In his recent book, *Emerging Africa*,<sup>17</sup> Stephen Radelet cites 17 sub-Saharan African countries that have achieved steady economic growth, deepening democracy, strengthening leadership and reducing poverty over the last 15 years, and another six countries demonstrating positive signs over a shorter time. All these countries' progress was not driven primarily by extractive industry growth implying the existence of more robust economic foundations. According to Radelet's analysis, just under half of sub-Saharan African countries have demonstrate real positive momentum and hope.

Furthermore, despite considerable debate about aid to Africa, Radelet's evidence shows that a number of the largest aid recipients have made the strongest progress on economic and social indicators, including Botswana, Ghana, Rwanda and Tanzania, suggesting that aid to Africa can have a positive impact on social indicators and growth. Radelet writes:

It is time to move away from the strong caricatures on both sides of this debate. Aid is neither the panacea nor the demon it is sometimes made out to be. [Aid] can play an important supporting role in helping to achieve important development outcomes.

Recent reports have echoed the point about Africa's economic emergence. McKinsey<sup>18</sup>, for example, noted that Africa's middle class has grown substantially and that investors are starting to see the continent as an emerging force. The International Monetary Fund predicts strong economic growth in a number of African countries over the next five years, eclipsing much of Asia. This change in perspective is an important component of how Africa is viewed from the outside and how it views itself. The dominant discourse with regards to Africa in 2000 centred on poverty and gave rise to the MDGs. In 2011 there is a sharper focus on development and growth. While poverty reduction will remain firmly on the agenda, African governments, commentators and development agents—in documents and in discussions with interviewees for this report—are increasingly seeing Africa as a continent of opportunity and growth. One interviewee characterised the 2000 perspective as a 'glass half empty' view and the current perspective as a 'glass half full'.

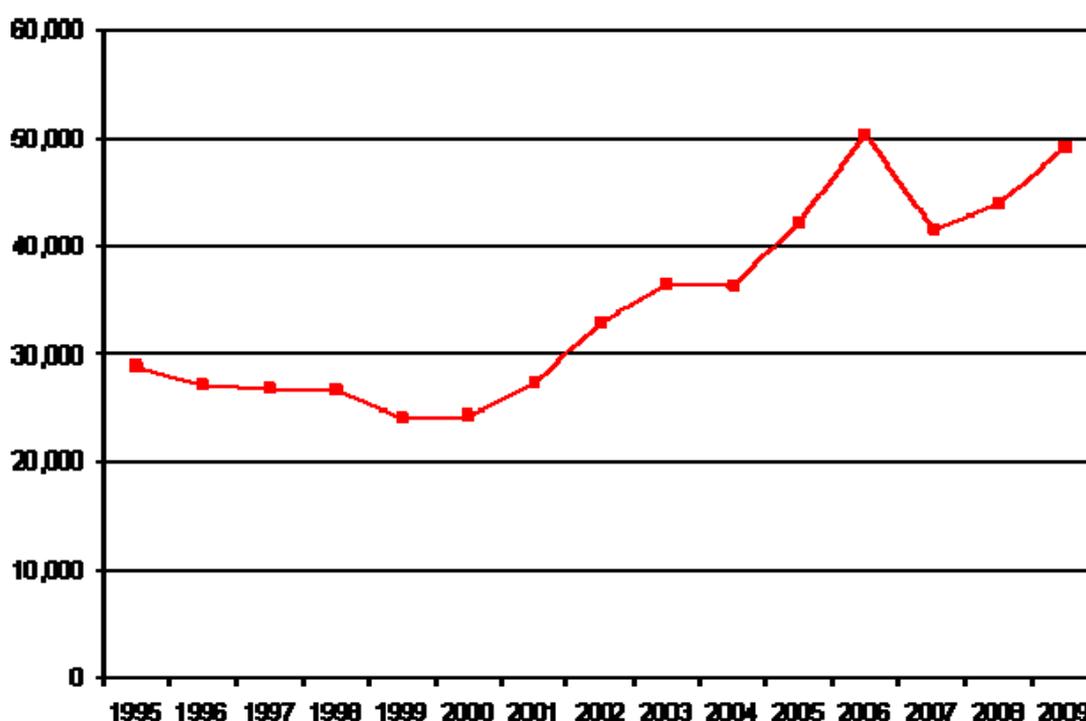
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<sup>17</sup> Radelet S, *Emerging Africa*. Center for Global Development, Washington DC, 2010.

<sup>18</sup> McKinsey Global Institute, *Lions on the move: The progress and potential of African economies*, June 2010.

Since 2000 a substantial increase in aid has been directed to Africa (Figure 1) with official development assistance (ODA) reaching more than US\$47 billion in 2009.<sup>19</sup> Still, the size of this increase is considerably less than that promised by donor countries over the past few years.<sup>20</sup> Additionally, interviewees noted concerns that some traditional development actors in Africa might be reducing their development assistance as a result of the global economic crisis. At the same time, there have been large increases in the amount of aid and the number and size of economic partnerships between emerging donors and African countries. This includes Brazil, China, India and Saudi Arabia. In a number of countries, this has changed the complexion of aid and created greater competition and increased risks of fragmentation. The increase in aid has also contributed to the proliferation of development actors and activities, leading to criticism of ‘vertical approaches’. These approaches, to a significant degree, precipitated the emphasis on harmonisation and alignment enshrined in the Paris Declaration and Accra Agenda for Action.

**Figure 1: All donors Official Development Assistance to Africa disbursed in constant 2008 USD millions<sup>21</sup>, 1995–2009**



The past 10 years has seen a marked increase in development assistance for the social sectors in Africa, including in health and education (Figure 2). By 2008 contributions to health, population and reproductive health amounted to 17.2 per cent of total ODA to Africa. Water and sanitation comprised only 5.3 per cent of total aid. Figure 2 shows that contributions to the production sector—predominantly agriculture—declined as a percentage from 1990 to 2007, while humanitarian flows increased.

<sup>19</sup> OECD DAC database, queried January 2011.

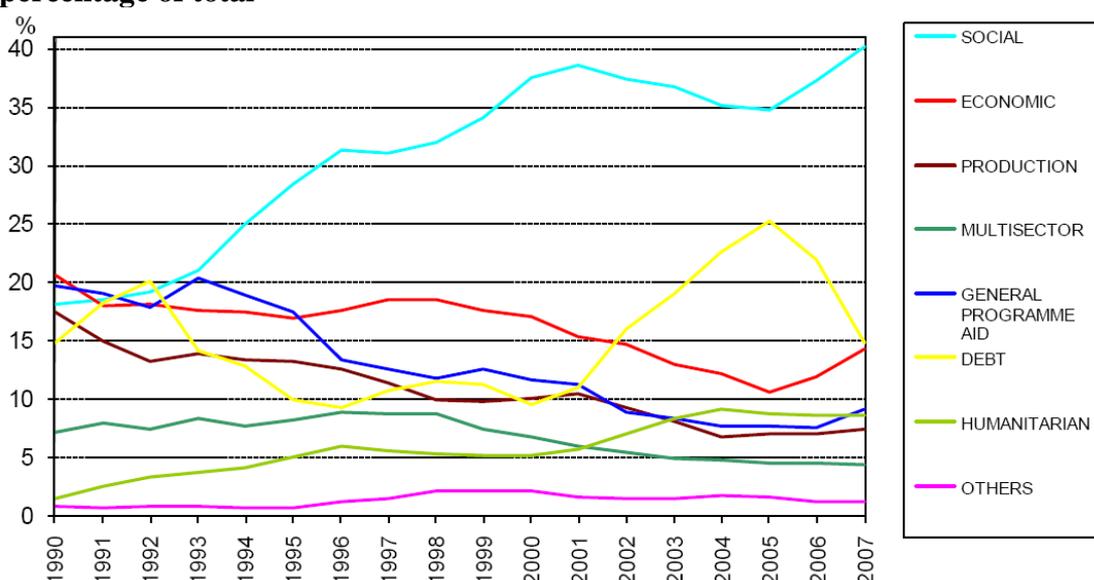
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<sup>20</sup> *Key Findings from the DATA Report 2011*. One. <<http://www.one.org/data/en/blog-en/2011/05/key-findings-from-the-data-report-2011/>>. Accessed 18 February 2011.

<sup>21</sup> OECD DAC database, queried January 2011.

<[http://www.oecd.org/document/31/0,3746,en\\_2649\\_34447\\_41798751\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/31/0,3746,en_2649_34447_41798751_1_1_1_1,00.html)>

**Figure 2: Official Development Assistance to Africa by sector, 1990–2007, as a percentage of total<sup>22</sup>**



A further contextual point is the immense complexity of conducting a study on aid to Africa. Africa is a continent of more than 50 countries, with approximately 1 billion people in total, with a land area bigger than that of China, India and the United States combined (Appendix 3). It is inherently insufficient to talk of Africa as a single entity with regards to development needs, trends, aid modalities and the likelihood of progress.

## 1.2. Australian re-engagement with Africa

Twenty-five years ago, around six per cent of Australia’s aid was directed to Africa. By the early 2000s, however, that percentage had decreased to approximately two per cent and the focus was on nine countries in East and Southern Africa. The vast majority of funding was for humanitarian activities, good governance, basic service delivery, NGO funding and scholarships. Limited funding went to the Australian Centre for International Agricultural Research (ACIAR). The Africa program was mainly managed by AusAID’s Pretoria office with two to three Australian staff and around ten locally-engaged staff located in Pretoria, Maputo and Nairobi.

Australia’s Labor government that won the October 2007 election sought to broaden and deepen the engagement with Africa using the term ‘re-engagement’ to describe the effort. Re-engagement was not confined to AusAID—it also represented a significant push from the Department of Foreign Affairs and Trade and other parts of the government. Interviewees said that re-engagement did not conform to the traditional incremental approach of the aid program but was more ambitious and driven by a ‘big push to get things going’, while acknowledging the risks involved. Risks included the crowded, fragmented aid environment, political challenges and the difficulty in engaging with new countries.

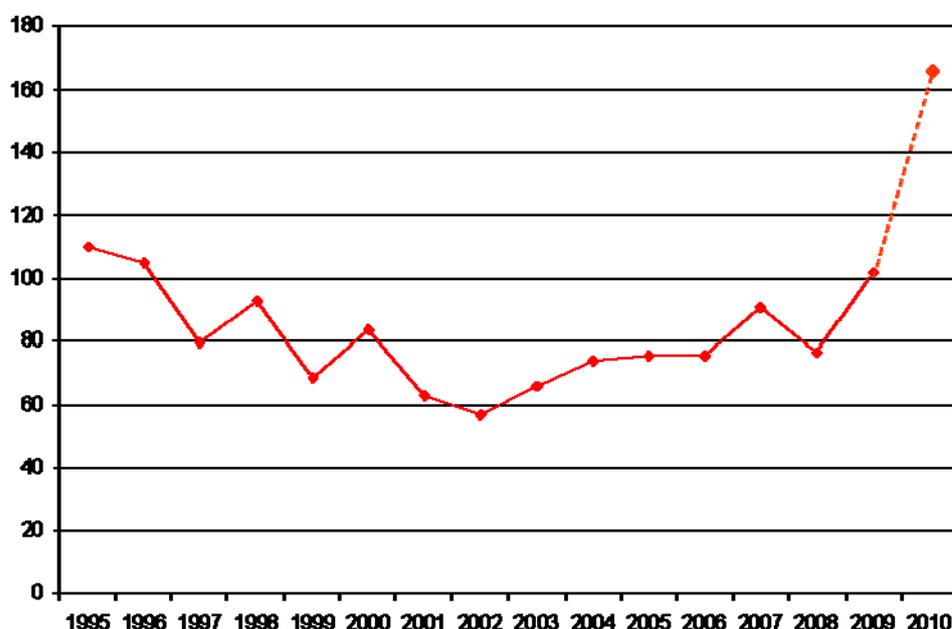
Australia’s ODA commitment to Africa increased from \$116.4 million in the 2008–09 budget to \$163.9 in 2009–10 and then to \$200.9 million in

<sup>22</sup> OECD. Development Aid at a Glance. Statistics by Region. Africa. 2010 edition.

2010–11. The 2009–10 figure represented 4.3 per cent of total Australian aid and the 2010–11 figure 4.6 per cent. This is the lowest percentage in the Organisation for Economic Cooperation and Development (OECD), bar New Zealand, and is less in absolute terms than almost every other OECD country, including small ones such as Austria, Finland, Luxembourg and Portugal. In the 2009 calendar year, Japan and Korea, both distant from the continent, provided 15.8 per cent and 11.6 per cent to Africa respectively. Overall, Australian aid to Africa represented a miniscule 0.2 per cent of all aid to the continent in 2009, according to the OECD Development Co-operation Directorate (DAC) database.

Figure 3 presents data from the OECD in constant 2008 United States dollars. The scale-up of Australia’s program in 2010, denoted by the dashed line because recent data is not included in OECD data, represents a significant increase in allocation to Africa.

**Figure 3: Australia Official Development Assistance to Africa disbursed in constant 2008 USD millions<sup>23</sup>, 1995–2010**



There has been no firm commitment on how much Australian aid funding will be allocated to Africa over the coming years, but estimates range from approximately \$500 million to \$800 million by the 2014–15 budget. If Australian aid to Africa increases to \$700 million and, assuming total donor aid to Africa stays the same, Australian aid will represent just 1.5 per cent of total ODA. And the \$700 million figure will still be less than 10 per cent of the estimated \$8 billion total for the Australian aid program. There have been claims, however, that the scope for aid to Africa might be considerably higher, with the current Foreign Minister recently asserting that by 2015–16, 0.15 per cent of gross national income will be directed to the world’s 49 least developed countries (of which African countries comprise 33).<sup>24</sup> The 0.15 per cent of

<sup>23</sup> OECD DAC database, queried January 2011; 2010 figure is estimated by taking half of the 2009–10 AusAID budget estimate and half of the 2010–11 and using average US\$ exchange rates.

<sup>24</sup> Rudd K, Australian Statement. Speech to high-level plenary meeting of the UN General Assembly, MDGs Summit. New York, 22 September 2010. <[http://www.ausaid.gov.au/hottopics/topic.cfm?ID=8080\\_5460\\_6734\\_6975\\_8101](http://www.ausaid.gov.au/hottopics/topic.cfm?ID=8080_5460_6734_6975_8101)> Accessed 18 February 2011.

gross national income would represent approximately \$2.5 billion. Despite this figure, no interviewees thought the aid program would go higher than \$800 million by 2015.

### **1.3. Current Australian African aid program**

Australia's revised African aid plan to support the re-engagement—Looking West—was developed and approved in late 2008 with components still being finalised in early 2011. The government has committed to a continent-wide aid program which includes North Africa. The government has also decided to focus on sectors and, in the words of one interviewee, also committed to not just be 'another small donor', but rather to make a real impact in certain areas—in partnership with African governments and institutions.

Focus sectors were selected based on niche areas in which Australia has comparative advantage—sectors that also represent areas of priority for African governments, but that have been relatively neglected by development partners. Additional considerations were sectors where progress was most off track to meeting the MDGs and where African frameworks for achieving results were already in place. In the words of one interviewee, with this decision-making framework in place, water and sanitation and food security 'leapt off the page'. Given the climatic and soil similarities between Australia and large parts of Africa, the scientific and program synergies are obvious and especially significant in agriculture. Additionally, while maternal and child health was not seen as a unique area of Australian expertise, the decision was taken to build on existing building blocks including the deep existing engagement with the Hamlin Fistula Hospital in Ethiopia. These programs also generally matched AusAID's global commitments.

Each of these three sector programs focuses on a sub-region. In water and sanitation, AusAID is focusing on southern Africa; in maternal and child health, on East Africa and the Horn of Africa; and in agriculture and food security, more broadly through partnerships with African sub-regional institutions in West Africa and in East and Southern Africa.

In discussions between Australia officials and African governments, Australia's role as a world leader in mining arose often. It was thought that Australia could support African governments in mining governance, regulation, taxation and legislation through a program that would not be large in financial terms but that could have a significant impact on development. Additionally, higher education scholarships are a major component of the aid program to Africa and are currently forecast to be the largest part of the program in terms of dollars allocated.

Australian aid also flows to Africa through global multilateral channels such as the Global Fund for AIDS, Tuberculosis and Malaria and the Global Agriculture and Food Security Program. A large number of recipients of these funds are African countries, yet Australian funding is categorised as multilateral. AusAID endeavours to include these flows in some calculations of African aid.

With regard to aid delivery, a recent AusAID document submitted to a Parliamentary Inquiry into Australia's relationships with African countries states that aid to Africa will be 'most effective where its efforts are aligned with African governments and

institutions, multilateral partners and other donors.<sup>25</sup> This aid strategy emphasises alignment with African-led initiatives, such as those developed by the African Union (AU) and African Development Bank (AfDB), and those managed by multilateral organisations such as the World Bank. The strategy also focuses on bilateral partnerships with agencies such as the United Kingdom Department for International Development (DFID) and the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ, formerly GTZ).

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<sup>25</sup> AusAID submission to Parliamentary Inquiry into Australia's relationship with the countries of Africa, submission no. 47.

## **Part two: Findings and discussion**

### **2.1. Program overall**

There is considerable excitement, energy and optimism about Africa in the Australian aid program. A number of interviewees observed that Australia has a positive reputation in Africa without any colonial baggage. Commentators from inside and outside of the Australian Government see re-engagement as the start of a process that will take years to build, but that has potential to make a significant difference to development outcomes. It is hoped that re-engagement will form a commitment of more than 10 years to strengthen Australia's relationship with the countries of Africa. For effective aid to be delivered, long-term planning, funding and implementation support—over 15 to 20 years—are needed. Such commitment is consistent with some of AusAID's most successful partnerships in Asia and the Pacific. There is also need for overarching emphasis on delivery, impact and results over process.

### **2.2. Tension between identity and/or visibility and effectiveness**

The overriding tension dominating the design of the African aid program is that between identity and/or visibility and aid effectiveness. On the one hand is the government's foreign policy imperative to drive a continent-wide approach (including in North Africa) that seeks to build relationships, visibility and Australia's role as an internationally strong 'middle power'. On the other hand is the aid effectiveness agenda, to sharpen focus and promote depth and delivery of aid with a light footprint.

In addressing these conflicting agendas, AusAID has tried to reach a middle ground: a continent-wide approach in some sectors; geographic focus in some sectors; depth in some activities and breadth in others, strategically working through partners but engaging with many different partners; delivering aid through partners but considerably increasing the size of AusAID's Africa team in order to manage the increased breadth.

The overarching concern of most interviewees is that the program might be spread so thinly that impact will be hard to achieve. Informants stated that the number of small and disparate projects—most of which were individually sound—was not an effective aid approach and might not portray Australia as a deeply-engaged, reliable development partner. Interviewees emphasised the need to focus, with one expressing concern over a 'splatter gun' approach. This concern was mainly expressed by informants in terms of geographic spread, but also with the methods of delivery.

Many other donors active in Africa—including the Canadian International Development Agency and DFID—are going through a process of identifying fewer countries in which to focus in order to have a larger impact. A 2008 OECD document on effective aid management counselled that donor countries should focus assistance on fewer countries, sectors and activities.<sup>26</sup> AusAID's Office of Development Effectiveness agrees, stating that 'pursuing a broad range of discrete development initiatives can lead to duplication of effort, insufficient investment and unsustainable outcomes.'<sup>27</sup>

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<sup>26</sup> OECD. 'Effective Aid Management: twelve lessons from DAC peer reviews', 2008.

<sup>27</sup> AusAID Office of Development Effectiveness. Annual review of development effectiveness 2009 Review. Canberra, 2009. < <http://www.ode.usaid.gov.au/publications/pdf/arde2009.pdf> > Accessed 11 February 2011.

The tension between visibility and effectiveness can be managed, but the Australian Government needs to be explicit and strategic about its objectives and strategies.

### **2.3. Zimbabwe program**

The Zimbabwe program, representing more than one-quarter of AusAID funding to Africa, is widely seen by Zimbabwe-based development partners and the Zimbabwean Government as successful and having impact, despite being conducted in a fluid political environment with significant uncertainty. The program's success is partly due to strong, high-level Australian political support and significant funding (approximately A\$50 million in 2010–11; Australia's biggest bilateral program in Africa by far and placing Australia as the fourth largest donor in Zimbabwe after the European Union, United Kingdom and United States), and partly due to the scope provided to the program to be ambitious, innovative, flexible and catalytic.

The small AusAID team operating in Zimbabwe has developed strong relationships and collaborations with partners in-country. These partners have stated that 'Australia [has] filled some critical niches', is 'not bogged down in dogma', and has demonstrated 'belief in collective action'. One partner stated that 'losing Australia from Zimbabwe would be a big loss—not just due to funds but due to contributions to policy discussion.'

The Zimbabwe program concentrates on water and sanitation, where Australia is the sector lead, and in food security, where Australia plays a significant role in policy discussions. These two areas were regarded by interviewees in Zimbabwe as areas of significant vulnerability that need support. In these sectors, in particular, Australia has strong influence among development partners and with Zimbabwe government ministries. Largely due to this concentration and substantial, targeted funding, informants agreed Australia is 'punching above its weight'. One interviewee complimented AusAID's focus on areas of technical need and suggested Australia has 'picked things that aren't so sexy ... but have huge impact'. While some donors continue to only support humanitarian activities, Australia has moved firmly into supporting Zimbabwe's transition with a focus on development and growth with a firm eye on the future.

Water and sanitation and food security initiatives are delivered through partnerships with organisations such as: the African Development Bank, United Nations Children's Fund (UNICEF), GIZ and World Vision in water; and DFID, NGOs and the Australian Enterprise Challenge Fund in food security. In addition, AusAID has made targeted investments in education and health programs through other development partners that have served to catalyse donor action. For example, Australia was one of the first funders of the multi-donor UNICEF education fund. The investment was praised by the Head of UNICEF as opening the door that created a 14-donor program.

The Zimbabwe program is particularly market-oriented, focusing on what the Ministry of Finance cited as a key government policy: 'socioeconomic inclusion'—to ensure a wide range of people benefit from growth. A number of Australian initiatives—including support to the Zimbabwean Revenue Authority, the World Bank's study on financial services for agriculture and the African Enterprise Challenge Fund—are all designed to build a strong foundation for pro-poor market growth in Zimbabwe.

In many ways, the features of the Zimbabwe program have created a model of effective engagement: depth; flexibility; partnership; tight sector focus; working through multi-donor mechanisms, NGOs and established partners; and maintaining a prominent seat at the table for policy discussion and visibility. Importantly, AusAID's in-country team has enabled deep analysis and partnership which, coupled with a fair degree of devolution of program management to the in-country team, has created what is widely-regarded as an effective and high impact program.

Despite the positives, the Zimbabwe program continues to contain significant risk because of the ongoing fragility of the country's recovery. The economy has started to recover from the country's decade-long crisis, with real gross domestic product estimated to have grown by 10 per cent in 2010 and 5.7 per cent in 2009. Inflation has stabilised with the adoption of the United States dollar in 2009. Commentators have been surprised by the pace of recovery, with markets and economic activity rebounding relatively rapidly. That being said, the elections to be held in 2011 or 2012 have the potential to return Zimbabwe to a state of uncertainty and possibly wide spread political violence. This makes deep engagement by committed and savvy development partners, including Australia, all the more important. This engagement is needed to continue supporting the transition to a more stable political, social and economic environment.

Zimbabwe represents a significant opportunity for Australia and the wider aid community. While there are undoubtedly risks involved with the engagement, the majority of commentators believe Zimbabwe has the foundation needed for a quick turnaround. There is a hard-working, educated populace, great farming land and significant natural resources. There is also a set of business-minded entrepreneurs ready to engage as soon as a more stable environment appears. All informants saw Zimbabwe as an appropriate place to be due to the likelihood of achieving considerable results. Importantly, interviewees cited a very positive cost-benefit analysis in which development partners realistically believed that, through targeted support, 'we can be out of here in 10 years'.

#### **2.4. Appropriate geographic scope**

There was vigorous debate among informants on the issue of geographic scope with some stating: 'it doesn't make sense to be continent-wide'; 'funding is limited, capacity is limited and it's incredibly complex ... needs to be focused otherwise AusAID will fail'; and 'to have impact on poverty reduction, need to focus on limited set of countries'. The main argument is over focus, with a number of informants recommending that AusAID concentrate on a smaller set of countries where it can invest the time and resources needed to be a significant and effective aid partner—as it has done in Zimbabwe.

Many interviewees felt strongly that Australia's current strategy of limited engagement in a large number of countries, comprising a small number of scholarships as part of a regional pool and some limited ad hoc partnership funding, would neither earn Australian foreign policy goodwill nor be an effective aid approach delivering results. Additionally, it would be a labour-intensive way of delivering aid. African governments have become savvy with regard to development partner engagement and interviewees noted that governments are not simply 'grateful for any dribble of funds', but are seeking robust, predictable, long-term partnerships. One interviewee noted that these types of partnerships cannot be built 'with just a few scholarships' and that 'there is a

gap between expectations created and reality' that could harm Australia's reputation'. Australia should not underestimate what is needed to be *and be regarded as* a true partner. One interviewee stated that, in an introductory meeting with a new government in Africa, the official was sceptical of AusAID's proposed engagement and wanted to see a long-term commitment to a partnership stating 'we're going to be watching you over a few years'.

At the same time as Australia is aiming to extend its reach to 53 countries in Africa, other aid agencies are focusing much more narrowly. DFID's new global aid strategy, for example, focuses on 26 countries, with deeper engagement in a limited number of African countries including Democratic Republic of Congo, Ethiopia, Nigeria and Zimbabwe. Of the 20 countries the Canadian International Development Agency focuses on globally, six are in sub-Saharan African. The Swedish International Development Cooperation Agency has programs in 19 African countries. Irish Aid, with a 2010 budget of €71.4 million, has identified nine priority countries worldwide, seven of which are in Africa.

The Australian Government can manage the tension between wide engagement and aid-effective engagement by creating a more explicit geographic strategy that categorises countries of engagement more clearly. It is fine for Australia to say the program is looking to build relationships and starting to engage across Africa, but it should be acknowledged that, outside of a subset of countries, engagement will be—over the next three to five years at least—about building relationships, providing scholarships, limited targeted support and discussing opportunities for building deeper partnerships. Interviewees suggested that a more explicit geographic strategy would represent a signpost of Australia's engagement enabling the 'start of a conversation', which could lead to more robust partnerships in some countries but not in others. This would represent a more honest and transparent approach that would match action with expectations.

There is also a robust debate regarding regional focus in Africa. While some interviewees recommend concentrating on traditional partnership countries in East and Southern Africa, others put forth a compelling argument that the diaspora links, commercial links, trade opportunities, mining engagement and commitment to multilateralism go well beyond this traditional partnership with a handful of English-speaking East and Southern African countries. To prosecute its interests, Australia has to engage with a wider set of countries and discuss how best to include development assistance.

In West Africa, there is a real need for the sectors Australia has deemed priorities—including food security, mining and health—and Australian expertise matches needs well.<sup>28</sup> There is also strong positive momentum in much of West Africa, with strong governance, solid macro-economic policies and poverty reduction progress in countries such as Ghana, Liberia, Mali and Sierra Leone. Currently, however, the West Africa program is to a degree reactive and is trying to do too much. It covers 15 countries, but with limited resources. Apart from a large regional agricultural research program led by

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<sup>28</sup> World Vision submission to Parliamentary inquiry on Australia's relationship with the countries of Africa notes that: World Vision 76: 'West and Central Africa is a natural location for Australia to focus its agricultural aid program. This region has dryland agricultural conditions very similar to parts of Australia, such as northern Western Australia, Northern Territory and inland Queensland.' and 'Eight of the bottom ten countries with the worst human development indicators are in West and Central Africa.'

the Commonwealth Scientific and Industrial Research Organisation (CSIRO), there are many small and labour-intensive projects making up the approximately \$20 million program, which is not an aid effective approach. The explicit goals for engagement in West Africa are not clear.

It is appropriate for Australia to engage across Africa and there is strong rationale for doing so, but Australia should be explicit about the slow and cautious bridge-building approach needed by most countries in which Australia has not previously engaged and develop a clear strategy to support this.

We propose that the Australian Government adopt a new, two-tiered, explicit strategy—‘outreach countries’ and ‘focus countries’.

With the first tier of the strategy, Australia would reduce its current engagement in 53 countries to between 20 and 25 ‘outreach countries’, opening up the partnerships facility in each and offering scholarships in each. We propose that Australia invest an average of \$3 million per year in these countries (a range of between \$1 and \$5 million in each, depending on size and need). This proposed strategy should be reviewed in three to five years to assess the potential for deeper engagement in some countries. Under this strategy, we propose that Australia offer a larger number of scholarships to each outreach country which would have a more significant impact, especially if focused on a particular sector, such as agriculture and food security, water and sanitation, maternal and child health, and extractive industries. This would enable Australia to build a deep sectoral and ministerial engagement over time as well as build a foundation for the next phase. The approach would also enable Australia to create meaningful, long-term relationships that could be re-evaluated in three to five years—a valuable approach for the wider foreign policy imperative.

The criteria for selecting outreach countries would be their stability, development trajectory and need. It would not be appropriate for Australia to spend aid dollars in a number of countries at present due to reputational risk, likely low levels of aid effectiveness and the absence of appropriate development agencies with which to partner.

With the second tier of the strategy, Australia would identify approximately six to 10 partner ‘focus countries’ for deeper engagement—countries in which Australia could play a significant role in achieving development outcomes. This engagement would be modelled on the Zimbabwe program in some ways, with around \$50 to \$60 million a year allocated on one or two sectors to ensure deep support. In most countries, this amount of focused funding would position Australia as a prominent development partner, capable of driving impact. It would also provide scope for Australia to engage in sector policy discussions, reform and ministerial engagement.

For example, in Malawi, Australia currently provides approximately \$10 million or 1.3 per cent of the US\$798 million in total aid to the country from 29 donors. A contribution of \$50 million focused on water and sanitation (and perhaps one other sector) would make Australia the eighth largest donor to Malawi and the most significant development agency active in the sector, allowing for substantive policy engagement and contributions to reform.

The choice of focus countries would be guided by robust analysis and would be matched against criteria, including overall need for development assistance, the country's need for Australian priority sectors, a clear and credible commitment to strengthen governance, opportunity for policy engagement, country stability and ability to manage development aid, and solid sector planning mechanisms. Informants suggested that countries which might meet these criteria include Ethiopia, Malawi, Mali, Mozambique, Sierra Leone and Zimbabwe.

Another possible focus country is South Sudan, which will become Africa's newest country later in July 2011 and certainly needs development assistance. South Sudan has a strong domestic constituency in Australia, substantial goodwill and the opportunity, as in Zimbabwe, for Australia to play a catalysing role. Australian focus sectors of maternal health, water and sanitation, food security and scholarships/short courses are all very significant needs in South Sudan. The timing for robust Australian engagement in this new country is right, with a three-year Interim Poverty Reduction Strategy Paper being developed through deep consultation between government and development partners. The strategy will provide direction for the new country from a humanitarian setting to a development platform.

The South Sudan possibility might suggest that Australia's 'focus countries' be countries in transition where, in the words of one interviewee, there is a 'rare opportunity to influence reform' and gain greater visibility and policy impact than is possible in more crowded donor environments.

Financially, the explicit two-tiered strategy—outreach countries and focus countries—would fit into the proposed Africa aid budget at full strength by 2015–16. With each of 25 countries receiving on average \$3 million and eight countries receiving \$60 million, that amounts to \$555 million per year leaving additional funds—approximately \$150 million—for regional programs, humanitarian and other activities.

## **2.5. Appropriate sector focus**

Overall, Australia's current choice of priority sectors—food security, water and sanitation, and maternal and child health—seems appropriate and fits in well with the MDGs. All three sectors are significant needs in Africa and have been somewhat neglected by most development agencies. We recommend that these sectors remain a priority for the foreseeable future and that no new ones be added.

Other activities outside these priority sectors, including humanitarian action and engagement in extractive industries, are justified. Also, the partnerships facility will likely have activities that stretch beyond these priority sectors. However, we consider it important for the integrity and ultimate effectiveness of the Africa aid program to ensure the vast majority of funding is focused on the three priority sectors. More information on these sectors and other activities are outlined below.

## **2.6. Food security**

Agriculture and food security remain at the forefront of priorities of African leaders. The global food crisis in 2007–08 left most African nations vulnerable because of their reliance on commercial imports and food aid. Food riots occurred in many capitals, creating social and political instability. Drawing on Australia's historical strengths in

agriculture, there is an important opportunity to bring about meaningful and visible impact that would be welcomed by governments across Africa, as expressed in the AU's Comprehensive Africa Agriculture Development Programme. Agriculture and food security should remain one of Australia's three sector priorities for its aid program in Africa, and should be prominent in all aspects of the program.

Key principles should drive the development of Australia's food security work, starting with a broad concept of food security—not just production, but access and utilisation. The 1996 World Food Summit definition of food security should be endorsed.<sup>29</sup>

In defining the scope of this priority sector, we urge Australia to recognise agriculture as a sustainable supplier of food *and* an engine of economic growth in rural areas. A more productive agriculture sector can reduce the price and price volatility of food for the poorest consumers. We believe that attaining food security at all levels—household, community, sub-national, national, regional and international—requires investment beyond agricultural production, including post-harvest management and processing, improvement in market infrastructure and improved policies for local and regional trade.

AusAID's current food security plan involves many partners in different regions in three disparate sub-sector areas (noting though that the sub-sectors align with those outlined in the African Union's Comprehensive Africa Agriculture Development Programme). Interviewees were concerned that the focus on regional organisations and research under one of the three sub-sectors means that the 'food security [component] struggles to touch the ground' and have real impact. Once fully implemented, AusAID's food security plan will include areas beyond agricultural research, such as development of markets and community resilience. Some of AusAID's current food security work already does this, for example, the Zimbabwe window of the Africa Enterprise Challenge Fund.

If there is a continent-wide strategy, engaging with regional initiatives, such as Alliance for Commodity Trade in Eastern and Southern Africa, Biosciences eastern and central Africa and the West and Central African Council for Agricultural Research and Development, are appropriate for covering multiple countries. But from an aid-effectiveness perspective, achieving impact and deeper engagement to ensure on-the-ground results in specific countries is needed.

Agriculture and food security should also be a major theme of the scholarship program for the 20 to 25 outreach countries. There is value in creating partnerships with a number of Australian universities and possibly twinning these universities with competent universities in specific countries, based on country-specific requests for proposals. This could lead to strong, long-term relationship building as well as efficiencies and synergies.

African governments have agreed that Pillar One of the Comprehensive Africa Agriculture Development Programme is research and that Australia should support the Consultative Group on International Agricultural Research Centres which have a strong track record of achievement in Africa. Multi-country ACIAR projects that link

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<sup>29</sup> Food and Agriculture Organization, 1996, Declaration on world food security. World Food Summit, FAO, Rome.

Australian research institutions, the consultative group centres and national agricultural research institutions are appropriate. The current Sustainable Intensification of Maize-Legume cropping systems for food security in Eastern and Southern Africa initiative works in this direction.

Most significantly, we recommend Australia should support highly strategic, relatively large, long-term agriculture and food security projects in the six to 10 partner focus countries. Such projects could be funded at a level of \$12 to \$15 million a year for at least 10 years. The highly successful AusAID-supported rice project in Cambodia could serve as a model. Projects would be developed based on in-depth discussions with policy makers and other development partners in-country. Australia has a wealth of knowledge and practical experience, mainly from South-East Asia, in supporting projects of this kind.

These relatively large-scale projects would be transformative, have high impact and would build national and local capacity to address food security challenges through market-driven growth. They also offer opportunities to focus on climate change and community resilience by ensuring that programs reach communities and build local capacity to manage environments. Explicit emphasis through project resources would be placed on achieving gender equality and women's empowerment, recognising that most agriculture and food security activities in Africa are undertaken by women. Whereas AusAID has separate funding channels for climate change activities, other development partners saw climate change as part of their food security and water work, stating: 'If you are working in food security and water and sanitation, you are engaged in climate change work.' AusAID should also integrate climate change mitigation and adaptation as a core component of its agriculture and food security initiatives.

In addition, Australia's support to the Global Agriculture and Food Security Program should continue and expand. Although not explicitly targeted to Africa, most target countries for this fund are African. By contributing a substantial amount annually, AusAID would be a global champion of food security efforts. Increased commitment would position Australia as a key global actor in food security and would provide scope for global policy influence. It should also be noted that the Group of Twenty is now incorporating food security in its agenda. Thus, Australia's credibility with the group will be enhanced by explicit leadership in this important sector.

## **2.7. Water and sanitation**

Overall, the water and sanitation (WATSAN) program seems to be well designed, with a light footprint and good partners focused on achieving measurable results. Of the current sector plans available for this study, WATSAN was most developed. WATSAN is neglected generally (despite being part of the MDGs) and, given the rapid urbanisation of Africa, the neglect of services focused on markets, small towns, schools and health centres has been particularly marked. AusAID's focus on these areas was welcomed by a number of interviewees, with one describing it as 'path-breaking' and as filling a critical gap that other donors are neglecting.

At present, Australia's WATSAN focus countries are Malawi and Mozambique, with a Zambian partnership emerging. Malawi and Mozambique, in particular, seem to be appropriate locations given their need, stability and the existence of government-led

WATSAN sector plans. They could likely become two of the six to 10 focus countries. WATSAN would be the sector chosen for deep bilateral engagement in these countries.

AusAID's WATSAN program works exclusively through large development partners, including the World Bank, the AfDB and GIZ, which largely mitigates the need for large Australian presence in-country. Despite this partnership approach, government officials interviewed identified the initiative as Australian. The implementation plan notes how, for country programs, supervision visits are scheduled every few months. These visits will become the primary means through which AusAID will engage. This represents a light footprint for AusAID on a daily basis, but still offers scope to engage in important sector planning and review meetings. In this area, AusAID will not need a large team to build in-depth, in-country expertise, but will deliver effective aid through development partners. This represents a good example of alignment and harmonisation among partners.

## **2.8. Maternal and child health**

Maternal health has been neglected amidst the rapid increase in funding for global health activities. Maternal health indicators remain largely stagnant and greater attention is needed by the international community. Australia's commitment is targeted and responds to a gap. Australia's proposed three sub-sectors are midwifery training, basic obstetric care and family planning, which are continent-wide needs, but not necessarily the focus of maternal health efforts in each country. That being said, Australia's focus on midwifery training is compelling; it has been ignored by human resource efforts across the continent and is clearly linked to maternal and child health (MCH) outcomes. Interviewees see this as an area of need and Australian expertise, with one informant stating: 'We have some of the best midwives in the world.' and Australia 'has never fully exploited that rural midwife experience'.

AusAID's MCH program is still being developed and final implementing partners and mechanisms are to be finalised in 2011. The Ethiopia MCH strategy is well thought out and will be delivered through a multi-donor pooled MDG performance fund for the health sector. There is recent AusAID in Ethiopia which will allow some policy engagement in this area.

The proposed Tanzanian MCH engagement is less clear. The Tanzania program seems to be based on support to the West Australian Global Health Alliance, which is already engaged in Tanzania. This alliance program provides equipment and sends West Australian nurses to Tanzania to train. While this partnership may be a sound one, it does not represent effective aid delivered at a large scale and is unlikely to have emerged from a robust analysis of need and space for Australia to contribute to the health sector in Tanzania. The initiative is funded for \$0.5 million (2010–11 and 2011–12) but funding beyond that period is not guaranteed. It does not represent long-term planning or an effective way for Australia to deliver aid.

If Tanzania were to be chosen as a focus country, there is opportunity to engage deeply in the health sector through the sector wide approach (SWAp). The SWAp's 2010–11 milestones include strengthening capacity for MCH services by providing newborn-care

curricula and training national trainers.<sup>30</sup> But as long as Australian funding remains outside of this harmonised, government-led planning process, opportunities for scaled and sustained impact are limited.

South Sudan has also been suggested as a potential country for MCH programming. There is no question that South Sudan, with appalling levels of maternal and child mortality, would benefit from MCH support. As noted earlier, there is likely to be significant opportunity for Australia in South Sudan and engaging in discussions with government and partners in-country is needed at this stage of planning.

The MCH sector plan outlines three bilateral engagement areas (and suggests a possible fourth) plus support to the Hamlin Foundation, and multi-country African Union (AU) and African Medical Research Foundation partnerships. This represents at least six separate MCH engagements and relationships to manage while the program averages \$28 million per year (and much less initially). This is less than \$5 million per relationship. The implementation plan acknowledges the risk of 'being thinly spread across sub-sectors and countries'.

## **2.9. Extractive industries support**

A number of interviewees emphatically noted that what Australia is known for in Africa is engagement in extractive industries. As if to highlight this, at the 2011 Mining Indaba in South Africa, of the 5000 delegates from across Africa and the world, more than 800 were Australian, leading one interviewee to state that 'Australia dominated that conference'. As noted earlier, Australian companies have invested more than \$20 billion in mining projects across the continent, eclipsing the amount available for development assistance. Large investments have been made in countries that are not traditional aid partners including Angola, Burkina Faso, Guinea, Mali and Zambia.

These investments potentially represent a positive contribution to economic growth in Africa and to Australia's presence on the continent; but it also contains significant reputational risk for Australia. While being known as an investor in Africa is positive, extractive industries have been criticised for environment, human rights and revenue transparency issues. The Australian Government and the Australian private sector both have an opportunity here, but also a responsibility to ensure that private-sector activities in Africa support positive growth and adherence to global standards of good corporate citizenship.

AusAID has proposed a well-thought through initiative to support African governments' ability to manage their mining sectors, specifically through improving resource governance by developing regulatory frameworks and financial management systems; by promoting best practice in environment management, social development and community engagement policies; and by building technical capacity, for example in geosciences. These initiatives are appropriate and important as many African countries have limited capacity to regulate and govern their mining industries.

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<sup>30</sup> Tanzania health sector SWAp milestones 2010–011, Submitted by the task force for approval at SWAp meeting 8 November 2010, <[http://hdptz.esealtd.com/fileadmin/documents/DPGH\\_Meeeting\\_Documents\\_2010/Final\\_Milestones\\_2010-11.pdf](http://hdptz.esealtd.com/fileadmin/documents/DPGH_Meeeting_Documents_2010/Final_Milestones_2010-11.pdf)>. Accessed 23 January 2011.

This initiative also fits in with global efforts in this area being led by the UN Special Representative on Business and Human Rights, which has developed a Protect, Respect and Remedy Framework now endorsed for development. The framework emphasises the state's duty to protect against human rights abuses through appropriate policies, regulation and adjudication; it highlights the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur; and it recommends that mechanisms be developed to provide greater access by victims to effective remedy, both judicial and non-judicial.<sup>31</sup>

A number of organisations are working in this area with which it would be appropriate for Australia to partner, including the Extractive Industries Transparency Initiative (EITI) (which Australia already funds), the International Financial Corporation (including the World Bank) and Oxfam, which has a mining ombudsman whose current focus is Asia-Pacific. Leveraging NGO, academic and civil society expertise to strengthen this area is a strong way forward, especially given that AusAID does not have its own expertise in this area. Of course, extractive industries is relevant globally, and not just unique to Africa.

Further support for implementing EITI's code of conduct would be appropriate as 20 African countries are already at various stages of engagement. EITI's code calls for transparency of payments and revenues, independent and publicly-available audits, and engagement with civil society. Extractive industry governance is an area where a regional approach might be suitable, perhaps through the AU. In terms of delivery method, this initiative might fall most appropriately under the partnerships facility.

While a focus on strengthening countries' extractive industries governance is appropriate, it is not enough. In line with the UN Special Representative's framework, states certainly are obliged to protect through policies, but corporations also have a responsibility (if not currently a legal obligation) to be good corporate citizens, especially in developing countries and especially in fragile contexts. AusAID's Africa plan could be strengthened by developing mechanisms to deepen engagement in this area. While helping companies is not AusAID's forté, the Agency can facilitate linkages and roundtable discussions, bringing together key stakeholders from industry, civil society and human rights organisations to discuss best practice. There is already some backlash against inappropriate practices by some foreign companies in Africa (Chinese construction in Zambia being a prominent recent example) and Australia should be proactive in working with its own companies to avoid such issues, since these would harm business and Australia's reputation.

## **2.10. Peacebuilding Commission**

Representatives interviewed from other aid agencies identified peacebuilding as a possible niche role for Australia in Africa. To date, the Australian Government has provided limited funding to UN peacebuilding efforts at the global level as well as in Burundi and Sierra Leone. While this area of work is important, and could continue in some guise under the partnerships facility, it would not be appropriate for Australia to adopt a whole new area of work and/or sector focus on topics such as elections and

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<sup>31</sup> United Nations, The UN Protect, Respect and Remedy Framework for Business and Human Rights, September 2010. <<http://www.reports-and-materials.org/Ruggie-protect-respect-remedy-framework.pdf>>. Accessed 16 February 2011.

protection of civilians. The Africa program is already stretched delivering effective aid in three priority sectors plus mining, scholarships and the partnerships facility. The proposed peacebuilding engagement is small-scale and would be labour-intensive for the aid program. These are the exact type of choices that would have to be made to focus Australia's Africa program on achieving effective results.

If peacebuilding is understood more broadly, then there are opportunities to characterise other development activities under it. For example, AusAID has characterised \$1.5 million in funding to Sierra Leone's National Sustainable Agriculture Development Plan—which aims to commercialise the agriculture sector—as a peacebuilding contribution. Under these types of broad definitions, any development activity in a fragile state, including South Sudan and Zimbabwe, could be characterised as peacebuilding.

### **2.11. Humanitarian assistance**

In 2010–11, Australian humanitarian assistance to Africa was more than \$41 million, including \$27 million to the World Food Programme. This assistance was directed to 13 countries and included large amounts to Somalia (\$15 million), Sudan (\$14 million) and Niger (\$10 million). In 2009–10, Australia contributed \$59 million to humanitarian activities in Africa making this area one of the largest categories of funding to the program. Humanitarian funding is managed and allocated from a global pool, so exact Australian contributions to African humanitarian emergencies is unknown year to year and it is used to respond as needs arise. Additionally, demonstrating good aid practice, Australia provides funding to the World Food Programme's global pool and these funds are then allocated based on need. Similarly, Australia contributes to the Central Emergency Revolving Fund which, in turn, provides humanitarian funding to Somalia and a number of other global emergencies.

Humanitarian assistance will remain a significant component of Australia's Africa program as some of the largest UN humanitarian appeals are for African countries. Using 2010 figures, At \$1.7 billion, Sudan's appeal is the largest globally and is almost twice the size of the next largest request—that of Haiti. Out of 14 countries included in the UN humanitarian appeal, 11 are in Africa representing more than 70 per cent of the combined total requested.

Some interviewees promoted expanding engagement with Somalia, beyond humanitarian assistance into some transitional activities. We do not believe the time is right for such a shift; Australia should continue to provide humanitarian support to Somalia without seeing it as a potential focus country for deep bilateral assistance.

### **2.12. Interconnectedness of sector focus areas**

Australia focuses on three sectors—water and sanitation, maternal and child health, and food security—but programs do not seem to integrate between these sectors. Nutrition might be the missing link, connecting agricultural production (diversification, intra-household distribution and rights) to improved nutrition which improves MCH and which needs improved water access, rights, availability to achieve better nutrition and health (with the added linkage of water for irrigation).

In international development generally, links across sectors are underanalysed and underfunded. Australia, through its sharp focus on three sectors, has an opportunity to integrate cross-sectoral links into its programming. WorldVision has noted that:

Australian expertise tends to be highly specialised into siloed disciplines geared to ‘delivering’ one solution. The ACIAR initiative to boost maize yields in East Africa through a plant breeding program is one example. A good initiative will fail to make an impact unless other pressing constraints such as land tenure, land degradation and access to markets are also addressed. The complex nature of food, livelihood and poverty require inter-disciplinary approaches.<sup>32</sup>

Despite this opportunity, the links between sectors are not addressed in AusAID’s Africa implementation plans. Indeed the three sectors currently focus on different sub-regions, which means links cannot be made. One interviewee, in calling for greater integration, stated it is impossible to ‘compartmentalise a person into a sector ... a person has a full life’ and another lamented that ‘AusAID doesn’t do multi-discipline work well across the board.’ This should not imply that AusAID needs to support all three sectors in all focus or outreach countries. In some cases, other development partners may be investing sufficiently to provide cross-sectoral synergy.

NGOs might be well-placed to harness the synergies across these three sectors given that much of the work of these organisations focuses on community-level delivery. At community level, ministerial and academic silos are largely irrelevant and households see development as a multi-faceted reality. The various agencies involved in Australian funding do not work together particularly well. For example, ACIAR and CSIRO’s research could be linked to NGOs working in communities to trial implementation of new research designed to determine feasibility and acceptability as well as impacts across sectors.

### **2.13. Australia Awards Scholarship Program**

Both in the current Australian aid design and in the way forward proposed in this report, scholarships are a primary engagement point for many countries. The opportunity to study in Australia creates long-term personal and institutional relationships with key individuals likely to play leadership roles in their home country’s future. Over the medium-term, scholarships can help build Australia’s understanding of development challenges in various countries and identify opportunities.

Scholarships are the largest component of the Africa aid program, amounting to \$400 million over five years and reaching an estimated \$99 million in 2014–15. The 168 masters level awards in 2011 will grow to around 400 in three years and short courses will increase from 45 to 600 over the same timeframe. In addition to this large increase in numbers, the geographic spread of the scholarships program will increase from 25 countries in 2010 (and fewer before) to 40 in 2011 and potentially all countries in the continent by 2013.

This envisioned scale-up is a massive, labour-intensive task requiring large numbers of human resources. While the program is being managed by a managing contractor, AusAID plans to allocate almost eight full-time equivalent staff to it, over and above the

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<sup>32</sup> World Vision submission to Parliamentary inquiry on Australia’s relationship with the countries of Africa, submission no. 76.

large team (up to 59 team members) that will be engaged by the managing contractor. When questioned on the need for such a large team, interviewees noted that the scholarship team is likely to receive and categorise more than 3000 applications, interview more than 1000 applicants and arrange travel, visas and logistics for 1000 successful applicants. In addition, AusAID staff have to engage with government departments in more than 40 countries.

The expansion of the scholarships program is not without risk. It is challenging to build relationships with nominating authorities in countries where there has been no engagement. It is hard to identify good candidates in small countries – especially those emerging from conflict. In addition, ensuring transparency of process is tricky in some countries and engaging in Lusophone and Francophone countries brings challenges in identifying, and interacting with, candidates. Interviewees cautioned that overcoming these challenges in the short time-frame planned for program expansion will require substantial investment of resources and time.

Despite the many benefits of the scholarship programs, it is clear that providing opportunities to study in Australia is not the most immediate way to reduce poverty. Scholarships generally do not target the poor and they directly affect a very small number of individuals. That being said, the lasting bonds and goodwill created, means scholarships are an important and integral component of the aid program. The program's magnitude, however, does not seem to be appropriate given other development needs and other areas where Australian aid could be more effective.

The scholarship program should support Australia's broader aid program by providing scholarships in sectors and countries where Australia is engaged.. For example, if Australia is funding the health sector in Ethiopia, the majority of scholarships being offered to Ethiopia should be in that sector—to build deep, ongoing partnerships and to build Australian credibility and provide scope for high-level engagement between the two countries.

A weakness of the scholarship program is the lack of ongoing mentoring, support and the development of alumni networks of practice. While this has started to be addressed over the last few years, more can be done. In addition, as has been acknowledged, more evaluation of the impact of Australian scholarships is needed to build the evidence base for this expensive program. Effort should be made to deliver short awards in Africa, perhaps by partnering Australian academic and training institutions with African institutions. Small countries with limited capacity (especially those emerging from conflict), in particular, struggle to release and send top candidates overseas for one to two years. There is therefore the need for in-country delivery options and flexibility. This is possible under the scholarships program design and should be pursued. Another possibility is to explore the feasibility of establishing an Australian – African Universities Cooperation Scheme modelled on the program that successfully linked Australian and Asia academic institutions in the 1970s and 1980s. This could be a sub-program of the partnerships facility.

Lastly, Zimbabwe is currently excluded from the scholarship program. Yet, given Australia's deep engagement in Zimbabwe, the close relationship between some ministries and the team in-country, the risks of including Zimbabwe in the scholarship program can surely be managed. The team would though need to develop robust ways to identify appropriate recipients and ensure compliance with the sanctions in place.

## **2.14. Partnerships facility**

The newly-designed Australia – Africa Partnerships Facility allows for an exchange of skills and knowledge to build links with African governments. It is designed to be driven by requests from African countries for assistance and hopes to be a tool to identify possible areas for future aid engagement. Like the scholarships program, it is designed to potentially reach all 53 countries in Africa and will be managed by a managing contractor. According to the facility’s plan, it will place short-term Australian specialists to work alongside government staff, organise workshops and develop professional development programs for government staff.

While demand-driven and broad-reaching, the partnerships facility faces some risks. Letters have been sent from Australian High Commissions to some African foreign ministries outlining the facility and asking for their thoughts on how Australia could provide assistance. This can, and will, lead to a diverse set of requests and while AusAID has stated that the facility will focus on a limited number of ‘areas of Australian expertise or where Australia can add value,’ the broad scope of the program could lead to a fragmented, piecemeal approach. The facility also risks becoming a reservoir of ad hoc, unrelated requests which would not represent an effective aid approach and would lead to staff spending significant amounts of time developing responses outside the facility’s core focus and expertise.

The facility’s implementation plan focuses on natural resource management and public policy, which is appropriate and would reduce the risk of fragmentation. As noted earlier, the extractive industries engagement might most appropriately fall under the facility, perhaps in collaboration with EITI (rather than AusAID looking to build capacity from scratch). More generally, however, there is an opportunity to engage in the area of public sector management. In Kenya, for example, AusAID has been working with the World Bank on supporting the Kenyan Government’s financial decentralisation efforts. Australia has expertise in this area, based on its work in Indonesia and other parts of the Asia-Pacific. Such efforts are high profile and have high impact because they involve engagement with ministries of finance and planning. AusAID could therefore position the facility to concentrate on governance and economic management, including natural resource management. A potentially important niche would be around regional efforts, including regional economic integration (such as for the emerging East African Community).

The facility also faces significant risk relying in increased levels of technical assistance (TA). One possible lever to be used to meet the facility’s needs is the placement of short-term Australian experts. To date, the Africa program has had very low levels of TA and it would not be appropriate for the facility to dramatically increase this. While some TA might be appropriate, this risk needs to be managed by AusAID and its managing contractor.

## **2.15. Aid modalities**

Given Australia is a relatively small actor in Africa, working with and through partners is key to successful, effective aid delivery. The current Africa plan confirms Australia is working through a wide range of NGO, bilateral and multilateral partners with strong in-country presence and expertise. In 2009, according to the OECD, 46 per cent of

Australian aid to Africa was channelled through multilateral organisations. In Zimbabwe, 52 per cent of Australia's programming was channelled through multilateral organisations and an additional 19 per cent through other donors. DFID, GIZ, the AU, the AfDB and the World Bank are all key partners in multiple countries. Working through partners reduces transaction costs, improves alignment and harmonisation and allows Australia to have greater reach and policy impact.

Interviewees noted, however, that despite these positive aspects, partner engagement takes up considerable amounts of time, with one interviewee stating that: 'Handing over money to a partner is actually not that easy.' AusAID needs to be demanding and thorough upfront to ensure partnerships are well set up. Adding new partners means devising ways of working and reviewing mechanisms to ensure both sides are happy with the arrangement.

AusAID's Africa program already has positive delegated cooperation partnerships with DFID, GIZ and the World Bank. Under these arrangements, the vast bulk of daily management is conducted by the partner but AusAID is involved in planning, monitoring and evaluation and policy discussions. Both partners focus on aid effectiveness and GIZ, in particular, is about to account separately for each dollar spent by each contributor to the pooled mechanism, ensuring visibility and accountability. There is a general trend towards joint meetings, joint planning processes and joint annual reviews between donors in Africa and AusAID should encourage this. The approach means harmonising evaluation formats with other development partners. DFID's global policy is to partner both as leader and as delegator and, as a consequence, interviewees stated that funding had increased while administration costs had decreased. Additionally, DFID is spending more money per project aiming to have more engagements of greater than US\$50 million (rather than many fragmented engagements)—acknowledging that their challenge now is to define the results achieved in these larger, partnered aid programs. The Australian aid program should similarly seek to ensure its investments are substantial—in the range of at least \$5 million, if not \$10 million per year—rather than many small pieces of funding that place significant burden on program staff. As one interviewee noted: 'It is as hard to spend a little money as lots of money.'

In Africa, AusAID aligns its funding with African government plans—in line with the Paris Declaration and Accra Agenda for Action—and is moving towards greater use of government financial systems. In Malawi, for example, Australian funds are channelled through the AfDB and are captured by Malawi's budget and planning processes. They are not, however, provided directly to the Malawi Treasury. Such efforts represent good aid practice even if it does not represent direct budget support or SWAp-support models. Australia is committed to multi-donor approaches, such as those being used in Ethiopia's health sector. In fragile states, Australia is working through multi-donor funding models aligned with government priorities but this is considered to be 'shadow budget support' and represents a transitional phase to eventual budget support.

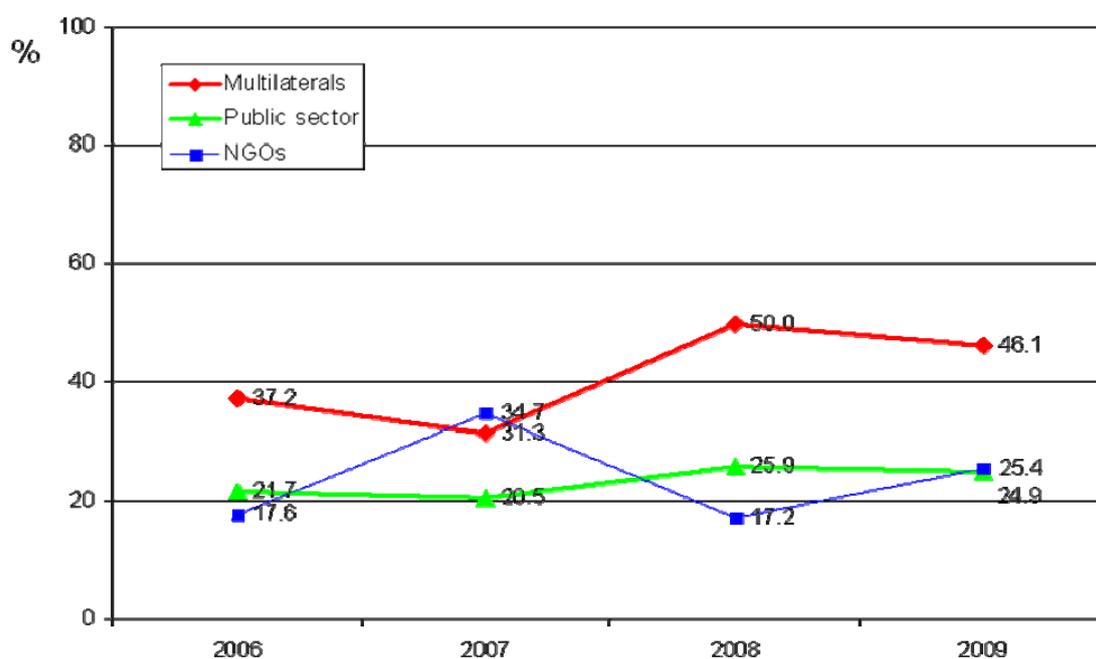
Another consideration of good aid practice is the need for long-term planning and predictability. There is a need to plan in 10-year blocks to achieve aid effectiveness both with impact and relationship building. Two to three-year and even five-year projects are too short. For example, midwifery training cannot be done in three-year or even five-year blocks but requires a long-term commitment. Of course flexibility is needed in any long-term program for performance and accountability for results, but the partnership

and sectoral focus must be predictable and sustained. We strongly recommend that AusAID’s Africa program plan in 10-year blocks with funding in five-year blocks. We believe this will ensure greater aid predictability and more sustained impact, and set an example for donors and governments alike.

## 2.16. Non-governmental organisations

NGOs are an important part of Australia’s aid program globally, and in Africa in particular. As noted earlier, approximately 35 per cent of funding to Australian NGOs for overseas work is directed to Africa. In this way, Australian NGOs have been working longer and in greater depth in Africa than has the Australian Government. In 2009, 25 per cent of Australian ODA to Africa went to NGOs (Figure 4) demonstrating their central role in the program.

**Figure 4: Australia official development assistance to Africa by aid channel<sup>33</sup>**



NGOs bring particular strengths to the aid program. Because of these strengths, NGOs could play a key role in contributing to sectoral programs, especially in the six to 10 focus countries—ensuring innovation, local delivery and realising synergies between sectoral engagements. The current main NGO program in Africa—the Australia Africa Community Engagement Scheme (AACES)—continues to better align NGO engagement with the overall Africa program in priority sectors. Furthermore, AACES is developing ways to increase regular consultation between NGOs and AusAID, in Canberra and overseas, to ensure ongoing policy discussion and learning. This component of AACES received a positive response from NGO representatives interviewed.

Closer integration between NGOs and other parts of AusAID’s development program is needed so NGOs are not seen as a separate, stand-alone piece of the aid arena. At

<sup>33</sup> OECD creditor reporting system, accessed 11 January 2011.  
<http://stats.oecd.org/Index.aspx?DataSetCode=CRSNEW>.

present, AusAID-funded NGOs are not necessarily working in countries in which the overall aid program is focusing thus losing potential synergies and learning. The Zimbabwe NGO funding stream, for example, directly supports and delivers on key aspects of the WATSAN and food security program. NGOs work closely with local and district government to ensure service delivery and capacity building is aligned with Australia's country-wide funding.

NGOs also play a key role in building community participation and the ability of communities to realise and vocalise their rights. As Australia works at national level to strengthen governance and service delivery, a key corollary is to also engage communities so they can hold governments to account. Building the capacity of communities to work with local government and deliver projects helps realise rights and strengthens a country's political and economic foundation. In this way, NGOs play a significant role in peacebuilding initiatives in fragile or transitional states. If the Australian Government is looking to support peacebuilding, funding NGO community-level activities would be appropriate.

A significant number of separate Australian funding mechanisms are available for NGOs active in Africa. In addition to AACES, there are funding mechanisms for Sudan and Zimbabwe, as well as water and sanitation and human rights small grants—including some managed at country level, regional level and global level. However, this number of mechanisms can be expensive and difficult to manage. Like African governments, NGOs struggle with increased fragmentation of funders and funding streams with some citing as many as 100 separate sources. The new Australia Africa Civil Society Initiative aims to align and harmonise these streams. Efforts to align reporting requirements would also be positive.

Another concern is the short-term nature of some NGO funding. AACES, a five-year commitment, is appropriate, but some other schemes are one year to 18 months. To have real development effectiveness, five-year projects are needed so NGOs can work closely with communities to build long-term capacity and ownership.

Some interviewees expressed concern over the profile generated by NGO activities, with some citing that Australia's identity often gets lost. While most NGOs stated they are clear, when serving communities, that funding is Australian, they also emphasised that explicit badging can harm community ownership and compromise good development practice. Efforts are made to ensure communities own projects and see them as their own—not something 'from overseas.' Fundamentally, the profile the Australian Government wants from its aid program comes from real engagement and relationship building over time and not from promotional branding.

## **2.17. Working with multilateral organisations**

Over the past two years, according to the OECD, almost half of Australian aid to Africa was channelled through multilateral organisations (Figure 4). Working with these organisations improves alignment and harmonisation and allows Australia to harness expertise from larger multilateral organisations. Australia has made a concerted effort to engage with regional development actors, including the AU and AfDB.

Working with multilateral organisations, especially certain ones, presents real challenges. While collaboration is a priority, there can be too much emphasis on

meetings and consultations, and not enough on getting resources to local or district levels. One interviewee cautioned about getting ‘caught in the clouds with the AU and the AfDB’.

Relationships with multilateral organisations can tend to focus on ways of delivering aid and negotiation, at the expense of implementation. AusAID should ensure its support for multilateral organisations is directed to programs with clear delivery imperatives and structures in place to achieve results. As a multilateral organisation, the AU, in particular, is not known as a nimble, hugely effective or flexible organisation. An interviewee stated that when working with African multilateral organisations, ‘one can get eaten alive’, especially given that Australia is not a big stakeholder. Another stated that ‘If you’re not a big player with the African Union, they’ll ignore you.’

Australia engages in a number of ways with the AfDB, which have developed over the last couple years. Current AusAID engagement includes the water and sanitation program in Malawi, support for the African Water Facility hosted by the World Bank, and funding for the AfDB Zim Fund focused on water and energy infrastructure. Some interviewees promoted Australia joining the AfDB by 2015 as a clear sign that Australia is serious and committed to Africa and to a partnership approach. A few recent reports have suggested that with its new leadership, the AfDB is becoming a more effective development actor<sup>34</sup> and interviewees noted that the bank is heavily involved in significant initiatives. Membership would require a significant upfront investment in a one-off capital contribution and continue with a substantial annual contribution. The number of non-European members of the AfDB—including Argentina, Brazil, Canada, China, India, Japan, Korea, Kuwait and Saudi Arabia—suggests many countries see the value of working with the bank. Of non-AfDB members for which data is available from the OECD, only Ireland and Luxembourg give more to Africa than Australia and yet remain non-members.

For Australian investments in water and sanitation and food security in focus countries, AusAID would likely be able to partner with the AfDB to co-finance and perhaps scale-up. AfDB expertise and investments in irrigation and roads would complement and enhance the value of AusAID’s agriculture and food security initiatives and, in WATSAN projects, the AfDB could provide much-needed scale. This would provide, in the words of one interviewee, ‘bigger bang for [AusAID’s] buck’. We recommend that AusAID expand its functional partnerships with the AfDB for two to three years on a few significant investments (as is currently done in Malawi) with a view to possible full membership by 2015.

AU engagement is more problematic. Many interviewees characterised the AU as a ‘talk-shop without much impact’. While it is appropriate for Australia to engage at this level, because the AU is the most prominent Africa-wide policy forum, the union should not be seen as a major conduit of the aid program – it is not an implementing agency. Australia has begun building relationships and should seek a seat at the table for policy discussions, but should aim to invest no more than is absolutely necessary in AU bureaucracies and functioning. Aid effective funding does not run through AU mechanisms given their low capacity for delivery and lack of transparency.

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<sup>34</sup> Moss T, ‘A new and improved African Development Bank?’, An update on recommendations from the Center for Global Development working group, Center for Global Development, Washington DC, May 2010.

## **2.18. Technical assistance**

High levels of TA in Papua New Guinea and other AusAID programs was one driver of the aid review and is a flashpoint for criticism of the quality of Australian aid. The Africa program has not been TA heavy and there is no reason to develop a program that is. At present, four TA advisers are funded out of a program of \$200 million. According to OECD data, in 2009, only seven per cent of Australia's ODA to Africa was in the form of technical cooperation, compared to more than 40 per cent for Canada and Germany.

As noted earlier, with the partnerships facility being launched, the number of technical advisers is likely to increase somewhat. But even with the partnerships facility, there should not be many 12-month TA positions. TA should only be placed in direct response to requests and should be hired in close consultation with, and full agreement of, the partner institution or ministry. Australia's Africa Program will also need to ensure (in almost all cases) that TA is there for capacity building and that the terms of reference for the TA is building capacity with a counterpart rather than direct service delivery.

## **2.19. AusAID staffing and capacity**

The number of AusAID staff working on the Africa program has grown and continues to grow, increasing from 15 in December 2008 (and lower before then) to a proposed 77 by mid-2011. This is a large increase in a short time (though interviewees noted it is proving difficult to scale-up to these figures in the time specified). The increase includes from five in Canberra to 28 and from three Australian-based and seven overseas-based staff to 16 and 33 respectively in-country at Post. New AusAID Posts have opened in Accra, Addis Ababa and Harare. The aid program is increasing dramatically from \$160 million to approximately \$700 million (an increase of 4.4 times) and staffing is increasing by about a factor of three.

That being said, for a \$500 to \$700 million-program, a total of 77 staff in Canberra and at Post compares favourably with the number of staff in similarly sized Papua New Guinea and Indonesia programs. In this context, planned Australian staff numbers look to be more appropriate, especially given the size of the continent, number of countries, total population, complexity and the considerable burden of representation in many countries and in building new engagements (as opposed to managing existing ones). In particular, the scholarship program and partnerships facility are resource-intensive initiatives that involve relationship building across a large number of countries.

At present, AusAID is coping well with a limited number of staff. The Zimbabwe program in particular is seen by interviewees as a strong team despite only having two Australian-based staff and two overseas-based team member delivering more than \$50 million a year. In comparison, DFID in Zimbabwe has nine expatriate staff delivering \$100 million, the Dutch aid agency has five staff responsible for \$15 million and the United States Agency for International Development has 10 Americans and 70 locals delivering \$90 million.

A key question on staffing is assessing if AusAID needs many staff members if the Agency is committed to working through bilateral and multilateral partners. As noted earlier, working through partners is meant to reduce transaction costs and limit the need

for large numbers of in-country experts. That being said, in African countries in general—and in fragile settings in particular—sufficient numbers of staff are needed due to the importance of coordinating, relationship building and managing political sensitivities. As one Zimbabwe-based interviewee noted, ‘high transaction costs are needed and are a good investment of time’ to achieve aid impact.

For the six to 10 focus countries, at least one AusAID staff member should be allocated to, and responsible for, each country. Deep engagement requires deep understanding of country context and needs as well as ongoing discussion with partners and governments. Despite the need for in-country expertise, the current experience of having one Australian-based staff in the stand-alone Addis Ababa and Accra offices is not ideal. It leaves the officer isolated and without sufficient support. A better option would be office sharing with like-minded funding and implementation partners, to encourage coordination and reduce costs. For example, a number of development partners have shared office space in South Sudan.

Another important staffing question concerns the capacity of staff members themselves, especially given the breadth of skills needed to engage across a wide range of areas in a wide range of countries. Interviewees inside and outside of AusAID stated there was probably not sufficient deep skills in areas such as policy analysis, rights-based approaches to aid, technical areas, and strategy development. They also stated that staff are not familiar enough with government interaction and donor collaboration in-country. Interviewees also noted that scale-up of human resources is challenging, partly due to limited existing African experience and expertise among staff. To address this, AusAID has recruited experienced local staff and are trying to bring newer AusAID staff into the African fold, through short trips, to build experience. Relying on overseas-based staff and other new staff increases the mentoring, supervision and management burden on the limited number of Australian-based staff. With maintaining experience within the Africa program important, a number of interviewees applauded AusAID for a recent instance of keeping a staff member on the Africa desk after their return from posting in Africa.

Interviewees noted that AusAID staff (generally, not specifically on the Africa program) move around too fast and that individuals ‘need five to 10 years in a space to become knowledgeable’. Whereas Germany, New Zealand and the United Kingdom all have four-year overseas postings, AusAID maintains its maximum three-year policy, which is perhaps insufficient for the complexity and depth of understanding needed to engage in Africa.

There was also considerable discussion on decisions being made in Canberra versus decisions being made at Post. Some interviewees cited decisions on implementing partners that were made from a distance without sufficient analysis of specifics, synergies and capabilities. Having larger and stronger teams in-country would allow for more context and country-specific analysis of gaps, opportunities and specific partners to guide decision-making towards most effective approaches. AusAID has been making efforts towards devolving decision-making over the past few years and this should be strengthened in the Africa program.

## **2.20. Budgeting**

As with most other AusAID country or continent programs, Africa only has a small dedicated budget line. The majority of funding comes through global thematic budgets for which the Africa program has to bid. Even the successful and scaled Zimbabwe program does not have its own specific budget. This represents a significant change from a few years ago when country programs had larger budget lines. A considerable amount of expected program budget also comes from contingency reserve and mandated flex, neither of which is guaranteed and both of which are prone to being allocated away from existing activities. As a result, the Africa program budget is unpredictable and relies on bidding and negotiating to secure funds. One interviewee characterised the program as ‘the scavenger of the global budget’. In the midst of increased expectations and scale-up, the Africa program’s base budget remains small, leaving considerable uncertainty and increasing the likelihood of small, fragmented programs being designed and delivered. This is a larger issue than the Africa program alone, but it still has significant impact on AusAID’s work in the continent.

We believe the Africa program (as well as other programs beyond the remit of this study) requires a fully-funded strategy and associated budget rather than a ‘bits and pieces’ approach creating reliance on contingency funding. Funding certainty and predictability is good aid practice, and it meets Paris Declaration principles and allows for suitable planning analysis and partner interaction.

### **Part three: Recommendations**

1. Deepen engagement in Africa, as planned, for various MDG, foreign policy and national interest reasons.
2. Develop a clear Africa strategy and budget with more explicit goals, a sharper focus and greater transparency, to better align expectations with delivery reality. The strategy should articulate two distinct levels of country engagement—‘focus countries’, and ‘outreach countries’—while undertaking complementary initiatives with sequencing and prioritisation.
3. Maintain sector focus on agriculture and food security, water and sanitation, and maternal and child health, with limited targeted investments in extractive industries and economic governance. Deliver these programs through a range of methods, including scholarships, NGOs and bilateral and multilateral partnerships.
4. Identify 20 to 25 ‘outreach countries’ as new engagement countries in which an average of \$3 million a year will be spent mainly on scholarships and the Australia – Africa Partnerships Facility. Review engagement in these countries in three to five years to assess the potential for deeper engagement.
5. Select six to 10 partner ‘focus countries’ for deeper engagement. With these focus countries Australia could play a significant role in achieving development outcomes by providing approximately \$50 to \$60 million in funding focused on one to three priority sectors from those outlined in recommendation 3 above. Countries should be selected based on set of criteria and analysis.
6. As a matter of high priority, develop a bilateral partnership in South Sudan (also a proposed focus country).
7. Upon identifying the focus countries, develop and fund strategic, large-scale multi-year bilateral programs in priority sectors—in collaboration with other development partners and using government systems as much as possible. An example includes maternal health in Ethiopia.
8. Develop an extractive industries initiative as a core component of the partnerships facility, focusing on strengthening governance and regulating the sector by facilitating corporate interaction with civil society and academia.
9. Maintain current levels of funding to humanitarian emergencies.
10. Deepen the partnership with the AfDB in water and sanitation as well as in agriculture and food security bilateral initiatives, with a view to membership by 2015.
11. Align NGO work with focus countries and ensure flexibility so NGOs can work across priority sectors with mainstream development partners to realise developmental synergies.
12. Ensure 10-year planning horizons are developed to increase aid effectiveness and predictability. This is especially important for initiatives such as food security and maternal health which are unlikely to be ‘quick wins’, but which need investment in training, research and capacity.
13. In bilateral focus countries, fund initiatives for a minimum of \$5 million and more appropriately for \$10 million since smaller-scale investments have high transaction costs.
14. Ensure greater emphasis on post-scholarship award follow-up and support for alumni in creating networks. This would be a differentiating aspect of Australian scholarships and would build more robust long-term relationships with Australia among future policy makers.
15. Support the development of partnerships between Australian and African universities so some scholarships can be delivered in Africa. Consider establishing

16. Devolve more decision making to partners and to strengthened country offices.
17. Allocate sufficient staff to work on a large number of countries covering a large geographical area, including assigning specific staff member(s) to the six to 10 focus countries.
18. Avoid one-person AusAID offices by grouping staff members regionally or co-locating with like-minded development partners in key countries.
19. Establish an Independent Advisory Group to support the African aid program. While AusAID is increasingly wary of technical assistance, such a group should be considered to provide specific guidance in some technical areas and to serve as a resource on strategic issues.
20. Ensure a more transparent and predictable budget line for the Africa program and for specific bilateral engagements.
21. Encourage investment and trade by the Australian private sector into Africa and work towards improved understanding of Africa in the Australian public.

## **Appendix 1**

### **Terms of reference: Study of Australia's approach to aid in Africa**

The Australian Government has commissioned an Independent Review of Aid Effectiveness (Terms of Reference attached). The Review will be undertaken by a Panel of five persons, chaired by Mr Sandy Hollway AO.

As part of its review, the Panel will commission studies to assist in the overall analysis of the effectiveness and efficiency of the Australian aid program.

One of the commissioned studies will examine the scaling up of the Australian aid program in Africa since 2008. The study will likely be included as an annex to the review.

Specifically, the study will assess the following:

- a. The scaling up of the Australian aid program in Africa, in particular:
  - the appropriate geographic reach of the program, taking into account the history of Australia's engagement in Africa and the total volume of Australia's assistance relative to development needs and other donors;
  - the appropriate sectoral focus of the program, taking into account Australia's areas of comparative advantage and development impact;
  - the effectiveness and efficiency of different forms of aid, including bilateral projects and programs, partnerships with multilateral organisations, working through partner government systems, and engagement with civil society organisations;
  - the extent to which the aid program has been able to successfully negotiate and add value in a crowded donor environment in Africa, and has been able to avoid adding to problems of fragmentation and proliferation which are common in Africa.
- b. Lessons from both the Australian aid program and the programs of other donors on approaches to maximise effectiveness and efficiency in Africa.
- c. The appropriate staffing resources for the aid program in Africa and in Canberra, including:
  - the skills and capacity of staff required to deliver the aid program; and
  - the extent and nature of collaboration with other Australian government departments in the Africa program.

### **Methodology and output**

It is expected that the study will take 25 working days, consisting of 10 days of fieldwork (including visits to Pretoria, Harare, Nairobi and Accra to consult with

relevant persons at AusAID posts and stakeholders); 10 days to complete a desk review of relevant documentation and conduct consultations with a range of government and non-government stakeholders in Australia; and five days to draft the report.

The following key output will be produced:

- (1) A 20 to 30 page report, addressing the terms of reference for the study, outlining the findings of the fieldwork and consultations, and making recommendations for consideration by the Review.

### **Timing**

The study must be completed and the report submitted by 4 February 2011.<sup>35</sup>

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<sup>35</sup> Report deadline revised to 21 February 2011, in consultation with AusAID review secretariat.

## **Appendix 2**

### **Key informants**

#### AusAID management and staff

- Jamie Isbister, Assistant Director General
- Kerrie Anderson, Director
- Naomi Dumbrell, Director
- Andrew Edge, Director
- Jeremy Andrews
- Tristan Armstrong
- Daniel Boettcher
- Alwyn Chilver
- Claire Chivell
- Jason Court
- Benedict David
- Peter Duncan-Jones
- Sue Graves
- Joanne Greenfield
- Clare Hanley
- Marcus Howard
- Michael Hunt
- Simon King
- Christina Landsberg
- Alastair McKenzie
- Sue Moore
- Dorothy Mufanechiya
- Tracey Newbury
- Clemency Oliphant
- Emily Serong
- Percy Stanley
- Ray Tywakadi
- Sarah Willis
- Rebecca Worner

#### Department of Foreign Affairs and Trade

- Ann Harrap, High Commissioner
- Geoff Tooth, High Commissioner
- Matthew Neuhaus, Ambassador
- Billy Williams, High Commissioner
- Justin Hayhurst

#### Pretoria

- Samantha Yates, Department for International Development
- Ben Davies, Department for International Development

#### Kenya

- Mark Bowden, United Nations Resident Coordinator for Somalia
- Andre Dellevoet, African Enterprise Challenge Fund

- William Wiseman, World Bank
- Kathy Whimp, World Bank
- Dominick deWaal, World Bank
- Wambui Gichuri, World Bank
- Chris Porter, Department for International Development
- Pippa Bradford, World Food Programme
- Larry Meserve, United States Agency for International Development
- Stephen Weaver, Canadian International Development Agency
- George Mbuthari, Australian Centre for International Agricultural Research—Sustainable Intensification of Maize-Legume cropping systems for food security in Eastern and Southern Africa Research Project
- Jonathan Hargreaves, Department for International Development

#### Mozambique

- Michael Baxter, OzMozis
- Joseph Rickman, International Rice Research Institute
- Manual Alvarinho, Water Regulatory Authority
- Emilio Tostao, Faculty of Agronomy and Forest Engineering, *Universidade Eduardo Mondlane*
- Calisto Bias, Institute of Agricultural Research of Mozambique
- Jose Pacheco, Minister of Agriculture and Fisheries
- Esperanca Bias, Minister of Mineral Resources

#### Zimbabwe

- Dave Fish, Head of Department for International Development
- John Gordon, Department for International Development
- Pete Spink, Department for International Development
- Helmut Laing, *Deutsche Gesellschaft für Internationale Zusammenarbeit*
- Barbara Plinkett, Head of Programs, European Union
- Neil Satchwell-Smith, Department for International Development
- Karen Freeman, Head of Mission, United States Agency for International Development
- Marhcell Germann, Head of Development, Netherlands Embassy
- Hugh Scott, Australian Enterprise Challenge Fund
- Corin Mitchell, KPMG
- Michael Baxter, OzMozis
- Hasu Patel, University of Zimbabwe
- Muchanyara Jarawaza, GRM International
- Fadzai Mukonoweshuro, GRM International
- Andrew Mushita, Community Technology Development Trust
- Wilfred Munguri, Catholic Relief Services
- Urayayi Mutsindikwa, Catholic Relief Services
- Carol Sherman, CARE Zimbabwe
- Heather van Sice, CARE Zimbabwe
- Peter Salama, United Nations Children's Fund
- Mercy Hatendi, Catholic Overseas Development Agency
- Ralph Chrirowamhangu, Catholic Relief Services
- Ezekiel Kanengoni, Save the Children
- Elizabeth Chigwidi, Save the Children

- Bartholomew Mupeta, Plan International
- Thamindri de Silva, World Vision
- Edward Brown, World Vision
- Mutasa Dzinotizei, Ministry of Finance

#### Australia

- John Dixon, Australian Centre for International Agricultural Research
- Mark Purcell, Australian Council for Overseas Development
- Joy Kyriacou, Australian Council for Overseas Development
- Julia Newton-Howes, CARE
- Raymond Mudalinge, CARE
- Andrew Hartwich, Oxfam
- Archie Law, ActionAid
- Bob McMullan
- Stephen Howes, Australian National University
- Matt Morris, Australian National University
- Geoff Gallop, University of Sydney
- David Kinley, University of Sydney
- Sarah Winter, Australian Human Rights Commission

### Appendix 3

#### The true size of Africa<sup>36</sup>



<sup>36</sup> Krause K, 'The True Size of Africa', accessed 3 January 2011.  
<<http://static02.mediaite.com/geekosystem/uploads/2010/10/true-size-of-africa.jpg>>.

## **Appendix 4**

### **About the authors**

#### **Joel Negin**

Joel Negin is Senior Lecturer in International Public Health at the University of Sydney and a Research Fellow at the Menzies Centre for Health Policy. He maintains an ongoing appointment at the Earth Institute at Columbia University where he previously worked on the Millennium Villages Project. Negin's work included coordination of the health aspects of the project and being responsible for operations in the five West Africa sites.

Negin lectures on health systems, project management and health and development at the University of Sydney and guest lectures across Australia. His research focuses on multi-sectoral development models and health systems strengthening in sub-Saharan Africa and the Pacific.

Negin has worked in a number of countries including Botswana, Côte d'Ivoire, Kenya, Liberia, South Africa and Zimbabwe on various health and development projects for UN agencies, government departments and academic institutions. He served as technical adviser to the National AIDS Control Council of Kenya and worked with Botswana's National AIDS Coordinating Agency. He holds a Masters in International Affairs from Columbia University and a first degree from Harvard University.

#### **Glenn Denning**

Glenn Denning is Professor of Professional Practice in International and Public Affairs, and Director of the Center for Globalization and Sustainable Development at the Earth Institute of Columbia University.

Denning joined the Earth Institute in 2004 as Senior Research Scholar and Associate Director of the Tropical Agriculture and Environment Program. Denning helped establish The MDG Centre, East and Southern Africa in Nairobi, Kenya, and served as Director. With more than 30 years of experience in international agricultural research and development, Denning provided leadership to the centre's agenda in agriculture and rural development and its support to the African Green Revolution. Denning previously held senior management positions in the International Rice Research Institute and the World Agroforestry Centre. He currently serves on the Senior Steering Committee of the UN High Level Task Force on the Global Food Security Crisis. Denning was a member of the UN Millennium Project Hunger Task Force from 2004–06.

Denning holds agricultural science degrees from the University of Queensland, a PhD from the University of Reading, and an MPA from Harvard University's Kennedy School of Government.