

1.

GOVERNMENT RESPONSE TO THE JSCFADT REPORT

"SHARPENING THE FOCUS: REPORT OF A SEMINAR ON THE SIMONS COMMITTEE REPORT"

On 2 May 1997, the Minister for Foreign Affairs, the Hon Alexander Downer MP, released the Report of the Committee to Review the Australian Overseas Aid Program (the Simons Report). At this time the Minister announced a period of public comment on the report, to ensure that community reactions were taken into account in the Government's response. As part of this process, the Minister requested that the JSCFADT hold a seminar on the Simons Report. This seminar was subsequently held on 11 July 1997, and in October 1997 the Committee released a report "Sharpening the Focus: Report on a Seminar on the Simons Committee Report".

The Government tabled its formal response to the 79 recommendations of the Simons Report on 18 November 1997. At the same time, the Minister released a statement of new directions for the aid program entitled "Better Aid for a Better Future".

The Government's response to the 15 recommendations contained in the JSCFADT report is provided below, and should be read in association with the Minister's statement.

*Recommendation 1: That the Australian Government determine an ODA/GNP target, and establish a timetable for meeting the revised target by 2002.*

NOT ACCEPTED. The Government will continue to recognise the UN target of 0.7 per cent of GNP as an indicative target. The Government will continue to consider aid levels in the annual budget context.

*Recommendation 2: That the Australian Government use the criteria of relative need, effectiveness, efficiency and other donor involvement, as well as geographic factors, in determining the development assistance program.*

ACCEPTED. The Government will continue to take into account a range of factors, including these, in determining the focus of the Australian overseas aid program.

*Recommendation 3: That the Australian Government introduce a new soft loans scheme once it has evaluated the cost effectiveness of such a scheme against other delivery mechanisms.*

UNDER CONSIDERATION. The Government has no in-principle objection to aid being provided in the form of soft loans, but not at the expense of other higher priority aid activities. It will therefore consider the introduction of soft loans in the budget context.

2.

***Recommendation 4: That AusAID institute new record keeping procedures to allow it to identify more accurately the extent of tying in the Australian aid program. AusAID should report on its efforts to do so and the extent of tying in its next annual report.***

ACCEPTED. AusAID has already moved to improve its capacity to identify accurately the level of tying in the Australian aid program. AusAID will report on the level of tying in the next annual report.

***Recommendation 5: That AusAID and the NGO community review the range of current consultative mechanisms, disbanding those that are no longer effective, and examining ways in which NGOs' experiences might enhance policy considerations within the aid program. AusAID should report in its next annual report on progress in this area.***

ACCEPTED. As part of the preparation of a statement of policy principles for the Agency's cooperation with NGOs, AusAID will work with NGOs to review arrangements for consulting with the NGO community, and will report on these arrangements in the next annual report.

***Recommendation 6: That AusAID include in its next annual report advice on progress with an independent study of the relative cost-effectiveness of NGOs as a channel for development cooperation.***

NOT ACCEPTED. The Government notes that a number of detailed studies have been undertaken recently in regard to NGOs. The Government believes that NGOs play a valuable and cost-effective role in the Australian aid program. The Government does not feel that a study of the relative cost-effectiveness of NGOs is a priority at this stage.

***Recommendation 7: That the further extension of cost-sharing principles be considered by AusAID on a case by case basis.***

NOT ACCEPTED. As indicated in the Government's response to the recommendations of the Simons Committee, the Government agrees that NGOs already make a significant contribution to the costs of projects supported through country program windows, and therefore will not extend cost-sharing to these activities. To ensure that Government funds are channelled through NGOs that have substantial community support and are of sufficient size and professionalism to deliver aid programs overseas, a rigorous accreditation process has recently been introduced. As part of the accreditation requirements, NGOs seeking funding from AusAID are required to have a recognised development expenditure of at least \$30,000 annually. The appropriateness of this level will be kept under review, in consultation with the NGO community.

3.

*Recommendation 8: That AusAID and the NGO community examine ways in which together they might improve the general community's understanding of development issues.*

UNDER CONSIDERATION. This issue will be considered following the outcomes of the response to recommendation 9 below.

*Recommendation 9: That AusAID, in conjunction with ACFOA, examine ways in which coordinated research into public support for development assistance might be implemented, as recommended by the Simons Report in Recommendation 19.3.*

ACCEPTED.

*Recommendation 10: That AusAID report as part of its next annual report on progress in improving its management information system.*

ACCEPTED.

*Recommendation 11: That AusAID investigate the cost involved in any proposed decentralisation, and report on this matter in its next annual report.*

ACCEPTED. This and other management issues are the subject of a management and organisational review currently under way. Decisions on additional resources will need to consider competing priorities for limited resources and budget outcomes. The outcomes of the management and organisational review will be reported in the next annual report.

*Recommendation 12: That the Australian Government review the budget process in regard to the allocation for development assistance, and consider introducing a three-year rolling program approach or a trust fund arrangement.*

NOT ACCEPTED. The level of aid program expenditure will continue to be determined on an annual basis in the budget process.

*Recommendation 13: That the Australian Government establish an Advisory Board to assist AusAID management in the direction of the development assistance program.*

ACCEPTED IN PRINCIPLE. The Government agrees that a small expert advisory committee be established to provide advice to the Minister for Foreign Affairs on aid and development issues.

4.

*Recommendation 14: That the Australian Government continue to work in international forums for greater policy coherence and coordination among donor countries.*

ACCEPTED.

*Recommendation 15: That AusAID undertake an evaluation of the relative merits of aid delivery using bilateral or multilateral channels, and report on its progress in its next annual report.*

NOT ACCEPTED. All forms of aid will continue to be subject to a regular program of evaluation. The respective levels of bilateral and multilateral aid will continue to be determined by the Minister in the annual budget context, taking into account a range of factors.