

AusAID's Management of the Expanding Australia Aid Program

Audit Report No.15 2009–10

Opening comments by Matt Cahill, Group Executive Director

JCPAA Review 17 March 2010

1. Thank you Chair. The objective of this audit was to assess whether AusAID's management of the expanding aid program supports delivery of effective aid.
2. The audit considered a number of aspects of AusAID's management of the aid program, including: management arrangements and staff capacity; how aid investments are selected; how aid is delivered through technical assistance and partner government systems; coordination of whole of government engagement; monitoring, evaluation, and external reporting.
3. We concluded that, overall, AusAID has managed the expansion of the aid program in a way that supports delivery of effective aid and identified some areas where AusAID has made solid progress in improving the way Australian aid is managed. These included progress in:
 - o increasing the management responsibilities of country offices and locally engaged staff;
 - o recruiting additional staff and building in house technical expertise;
 - o strengthening monitoring and evaluation of aid; and
 - o changing the way Australian aid is delivered, by commencing to increase use of partner government systems, and working more collaboratively with other donors.

4. Notwithstanding these positives, the audit identified a number of areas where progress has been slower. These included the challenges of:
 - o improving human resources management and workforce planning;
 - o decreasing reliance on technical assistance;
 - o ensuring that increased aid volumes do not contribute to the global proliferation of aid initiatives and activities; and
 - o ensuring all major country programs are guided by an agreed development assistance strategy.
5. The ANAO made six recommendations aimed at improving AusAID's management of the aid program. These were aimed at:
 - o addressing the longstanding problem of high staff turnover, and further increasing management responsibilities of locally engaged staff—thereby building internal capacity to deliver aid;
 - o ensuring strategies are completed for all major country programs—thereby making Australia's increasing levels of aid more focused and predictable;
 - o facilitating increased use of partner country systems—thereby helping to strengthen them and providing a scalable means of delivering aid;
 - o strengthening evaluation, data capture, and external reporting, in order to improve performance management and accountability for aid expenditure; and
 - o clarifying AusAID's approach to classifying administered and departmental expenses—thereby making running costs more transparent to external stakeholders.

6. Finally, to assist the Committee in its inquiry, I have with me today two members of the audit team, Dr Tom Clarke, Executive Director, who oversaw this audit, and Mr Stuart Turnbull, the Audit Manager.