

Director General Statement for Additional Estimates

Senators, when we last met in October I outlined the steps AusAID was taking to implement the Government's new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*.

In so doing, I explained how AusAID was acting on the recommendations of the *Independent Review of Aid Effectiveness*.

I will now update you on the progress we have made since our last appearance before the Committee.

Of the 38 recommendations agreed or agreed in principal, 27 have been implemented in full and implementation of the remainder is well underway.

In the aid policy, *Effective Aid*, the Government agreed to issue a “**Transparency Charter** committing AusAID to provide more information on what we fund and the results we achieve.”

This has been delivered.

On 23 November the Minister launched the Transparency Charter.

On the same day, over 150 documents were published on the new transparency pages of AusAID's website.

These included:

- new thematic strategies covering health, education, gender, food security, governance, infrastructure, and water and sanitation;
- the internal administrative audits from four bilateral country programs – Papua New Guinea, Fiji, Kiribati and Vietnam; and
- revamped web information pages for Australia's aid programs to the Philippines and Vanuatu.

In line with the Charter, by the end of 2012, all AusAID country programs will have new transparency pages and we will roll out local language versions progressively.

Effective Aid also committed the Government to undertake “**an assessment of the effectiveness of our key multilateral partners.**”

We have done this.

An assessment of 42 agencies was undertaken in the second half of 2011.

The Australian Multilateral Assessment report is nearing finalisation and is expected to be released publicly in the near future.

It will inform our decisions on core-funding for effective multilateral organisations.

In *Effective Aid*, the Government committed to enhancing “its forward strategic planning by preparing a **four-year, whole-of-ODA budget strategy.**”

This is well advanced and details will be released in the 2012-13 Aid Budget Statement.

The four-year strategy will outline the geographic and sectoral distribution of the aid program to 2015-16.

This will lead to better results and more effective aid.

Recommendation 39 of the Independent Review, states that, “the scale-up of the aid program to 0.5 per cent of GNI should be subject to the progressive achievement of predetermined **hurdles**.”

The Independent Review Panel outlined a “suggested plan of action” (*ref: page 313*) for the aid program which includes hurdles to be met every year from 2010-11 through to 2015-16.

The hurdles are linked closely to the implementation of the Review recommendations agreed, or agreed in principle, by the Government.

For example, one hurdle is the introduction of the Transparency Charter within the 2011-12 financial year – another is the adoption of a four year budget strategy – both have been completed.

The Government agreed in principle to recommendation 39, and has announced that the aid program's performance will be assessed through an annual review of aid effectiveness.

This review will be considered by Cabinet for the first time in October 12.

As far as I am aware, AusAID is the only Government agency that will have the totality of its program considered in this way on an annual basis.

I can also confirm that all of the hurdles proposed by the Independent Review Panel set down for 2010-11 have been achieved and all of those set down for 2011-12 are either completed or will be completed by the end of this financial year.

Consistent with the hurdles and Recommendation 34 of the Review, we have developed a three tier results framework.

The results framework sits alongside the four-year, whole-of-ODA budget strategy.

The results framework we have developed, in consultation with our whole-of-government colleagues, is more comprehensive than the proposed hurdles contained in the IRAE report.

Further detail on the framework will be made public as part of the Minister's 2012-13 Budget Statement.

Over the next few months, we will be rolling our several new initiatives in line with the IRAE recommendations.

For example, the first **Annual Consultative Forum with Business** will be held in June.

Preparations for this Forum are being supported by the Business Engagement Steering Committee, which includes representatives from business peak bodies, including the Business Council of Australia, the Australian Industry Group and the Australian Chamber of Commerce and Industry.

The Committee met for the first time on 6 February.

A new **Civil Society Engagement Framework** is under development including consultations with NGO's and will be completed in the next few months.

And a new **Independent Evaluation Committee** will be established in the next few months and meet in the second quarter of this year.

Alongside these initiatives, AusAID is continuing to strengthen its management of the aid program.

We have continued to **increase our investment in risk management, fraud prevention and detection, and internal audit.**

We have strengthened AusAID's Audit Committee through:

- the appointment of two additional external members, bringing the number of external members to four, which exceeds best practice guidelines, and
- appointing an independent Chair, Oliver Winder, a former Deputy Commonwealth Ombudsman and Deputy Auditor-General.

We are establishing a dedicated Risk and Fraud Branch which will commence operation in early March.

We have also appointed dedicated risk and fraud officers in countries with the highest incidences of fraud, including Papua New Guinea and Indonesia.

We are also continuing to drive **value for money**.

We are on track to meet our commitment to reduce the **number of technical advisers** by 25 per cent over the next two years.

Of the 257 positions the Government agreed to phase out, over 70 per cent – 191 have already been phased out.

The phasing out of adviser positions and the new Adviser Remuneration Framework will result in savings of an estimated \$90 million over the next two years.

These savings are being reinvested into activities that benefit the poor.

I will further update the Committee on the implementation of the Government's new aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, following release of the Budget in early May.