

Banking our Aid – Australia’s non-core funding to the Asian Development Bank and the World Bank

DFAT management response to the recommendations of the review



Australian Government

Department of Foreign Affairs and Trade

Recommendation 1

To increase the effectiveness of partnerships with the Asian Development Bank (ADB) and World Bank, the Australian Government Department of Foreign Affairs and Trade (DFAT) should consolidate its portfolio of non-core contributions.

1.1: reducing the number of contributions to projects that cannot be matched with appropriately sustained and substantive engagement

1.2: carrying out regular portfolio reviews with the banks, to promote mutual understanding of partnership priorities and the disciplined management of project portfolios so they reflect these priorities.

Recommendation 1 – management response

Agree.

DFAT is committed to streamlining its aid investments while maintaining a flexible approach to ensure we are still able to deliver critical, innovative and scalable projects and priority or catalytic small scale interventions in our region.

DFAT will take a proportional and risk based approach to resource allocations when initiating small scale activities.

DFAT will review co-financed activities through regular aid program review processes.

Recommendation 2

To provide a stronger basis for management of partnerships with the banks, DFAT should ensure that

2.1 requests for approval of new contributions clearly state their resourcing implications for DFAT, based on consideration of the execution arrangements; requirements for the level and quality of reporting; and expectations for DFAT involvement during implementation

2.2 agreements containing multi-year commitments should base payment schedules and payments on realistic estimates of the cash-flow requirements of multilateral development banks (MDBs), unless there is a compelling reason not to.

Recommendation 2 – management response

Agree.

DFAT acknowledges the importance of allocating staff resources in a manner that reflects the scale and risk of DFAT's investments.

DFAT will carefully consider and discuss with the banks the level of involvement it intends to have during implementation and its program reporting needs, noting that a range of standardised reporting is already available from the multilateral development banks (MDBs).

DFAT will manage the approval, implementation and funding of co-financed activities consistent with aid management guidelines.

Recommendation 3

To improve the management of partnerships with the MDBs, DFAT should provide more support and guidance to aid program staff, including by strengthening the ability of a central point of contact to:

3.1 provide advice and facilitate connections between staff working on proposals for new contributions, in particular relating to internal resource requirements

3.2 coordinate with DFAT's learning and development and aid management areas to develop training for officers responsible for designing and managing non-core contributions

3.3 monitor DFAT's portfolio of non-core contributions, including difficulties during implementation

3.4 support elevation of matters of importance to DFAT, including cross-cutting issues (especially gender), through appropriate management avenues including high level consultations, board meetings, and liaison with country and regional offices.

Recommendation 3 – management response

Agree in part.

Effective engagement with the MDBs requires a strong understanding of the institutions, their roles and operating methods. There is no single area with responsibility for all of DFAT's engagement with the MDBs, there are a range of areas with responsibility and expertise required for effective engagement with the MDBs. Consequently responsible areas within DFAT will work collaboratively to ensure staff are provided with appropriate guidance and support.

Responsible areas within DFAT will provide additional information to staff to support the understanding of how DFAT can best engage with the MDBs. However it will be the responsibility of all staff to ensure they have an appropriate understanding of the MDB with whom they intend to partner.

DFAT will continue to raise Australia's aid priorities through high level meetings with MDBs. In particular DFAT will continue to raise performance and results on gender and engagement in the Pacific as issues of priority.

Recommendation 4

DFAT should improve its monitoring of non-core contributions to the MDBs by:

4.1 giving greater weight to how well the M&E requirements of MDB projects meet recipient governments' needs where projects are implemented by recipients

4.2 paying much greater attention to the adequacy of proposed M&E arrangements for bank executed projects, and to the quality of DFAT engagement during implementation

4.3 using completion ratings as the primary basis for assessing the performance of projects and partnerships.

Recommendation 4 – management response

Agree.

DFAT acknowledges the important role recipient government executed programs play in supporting the development of skills and capacity.

Relevant areas within DFAT will ensure staff are provided with guidance and support to help better their understanding, and inform their expectations of, recipient government executed programs consistent with DFAT's aid monitoring and evaluation standards.

Relevant DFAT areas will work with the MDBs to ensure there is agreement upfront on proposed monitoring and evaluation arrangements and will maintain appropriate engagement during implementation.



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<http://dfat.gov.au/aid/how-we-measure-performance/ode/odepublications/Pages/evaluation-australias-non-core-contributions-ADB-WB.aspx>