



Annual thematic performance report 2009: Rural Development



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Summary

Australia spent A\$294m on rural development (RD) in 2009-10, and this is expected to expand rapidly in the coming years. The RD effort is increasingly focused in three priority areas - agricultural research, market development, and social protection - and on eight development outcomes (see Box 1). In 2009-10 approximately 68 per cent of RD spend aligned with these three priorities, and AusAID RD programs began to report progress against the eight outcomes. The geographical emphasis remained SE Asia and the Pacific, but Africa became increasingly important along with fragile states in South Asia.

AusAID contributed to progress in each of the eight outcome areas and has had important successes: playing a lead role in overcoming global policy barriers to financial inclusion through the G20; encouraging commercial business models to benefit the poor; and expanding successful social protection programs are good examples. The focus on three priority themes and eight outcomes provides a robust basis for scaling up.

The key challenges going forward are: accelerating our internal staff capacity development; ensuring a consistent approach to RD interventions that results in benefits to large numbers of poor people which can be sustained beyond the period of AusAID support; increasing the clarity about the results being sought and how they will be obtained; ensuring more of our social protection effort is about development, rather than relief; and consolidating the RD portfolio into fewer, larger programs with a consistent focus on our eight outcomes.

Overview of Australia's rural development assistance in 2009-10

Australia currently spends around 7 per cent of the aid budget on rural development (RD). Budget estimates for 2009-10 indicate A\$294m was invested in RD. RD investment is expected to accelerate rapidly over the next five years so that by 2014-15 Australia will have spent at least \$1.8bn on food security and RD.

The RD effort is increasingly focused

Prior to 2008 the AusAID RD portfolio covered a broad range of themes. The 2007-08 food price crisis not only triggered a renewed financial commitment from Australia to addressing food security through RD, but also led AusAID to take a more focused approach to the sector. The desire for focus was driven by recognition that whilst AusAID must remain responsive to emerging challenges, it is not realistic to do everything. To strengthen Australia's reputation as an effective donor AusAID should be selective, do a few things well, and focus on key development outcomes. Following a period of scoping, analysis, and consultations across government, it was agreed to focus on three themes where there is strong evidence that development efforts can achieve significant and sustainable results, where Australia can make a difference and may have a comparative advantage, and on themes that can be applied at scale in partner countries.

The three focal themes (or pillars) for AusAID are:

- i) improving agricultural productivity through more effective agricultural research,
- ii) improving rural incomes, jobs and access to financial services through market development, and;
- iii) increasing the resilience of the poorest through enhanced and expanded social protection.

Since 2009, new and existing RD programs are encouraged to invest in and report against one or more of the following eight outcomes in Box 1 (in addition to any other outcomes they are pursuing).



Box 1: Outcomes for Rural Development Programs

RD programs focus on achieving the following outcomes which align with the three pillars:

- An increase in the rate of productivity growth for food crops, livestock and fisheries, using environmentally sustainable approaches
- More efficient and effective international agricultural research;
- An increased number of poor men and women accessing financial services;
- Increased job opportunities with attractive wage rates for poor rural men and women;
- Better returns on goods sold for poor rural men and women;
- An increased number of poor men and women accessing resources to buy sufficient and diverse food;
- Improved targeting of beneficiaries within social protection programs;
- Reduction in the use of strategies to cope with food insecurity that entrench poverty.

Most RD spend aligns closely to the three priority themes

These three themes and eight outcomes have increasingly guided RD programming and expenditure. By 2009-10 approximately 68 per cent of total RD expenditure was aligned with the three priority themes¹

Expenditure on agricultural productivity through research accounts for 20 per cent of total RD expenditure. Nearly 40 per cent of this is managed by the Australian Centre for International Agricultural Research (ACIAR). Major AusAID-managed programs include an institutional reform program in PNG, and new partnerships with the West and Central African Agricultural Research Council (CORAF) and Biosciences East and Central Africa (BECA), brokered by CSIRO.

Expenditure to increase rural incomes, jobs and access to financial services was the largest category, accounting for 28 per cent of RD spend. Significant programs include the African Enterprise Challenge Fund Zimbabwe Window, support to the Vietnam Government's Program 135 for ethnic minorities in mountainous regions, Cambodia's Agricultural Value Chain Program, and the Smallholder Agribusiness Development Initiative, along with PNPM's access to finance initiative in Indonesia, and a series of programs in Solomon Islands.

Investments in social protection account for 20 per cent of RD spend in 2009-10. Whilst this actually represents a fall from 2008-09 when it was 32 per cent, expenditure in 2008-09 reflects unusually high contributions to WFP country programs (A\$40m) and a number of substantial 'one-off' social protection investments at a country level through the World Bank's Global Food Crisis Response Program. The most significant programs include support to a community poverty reduction program (PNPM) in Indonesia, BRAC's social protection program in Bangladesh – Challenging the Frontiers of Poverty Reduction, support to the social protection elements of the Vietnam Government's Program 135 for ethnic minorities in mountainous regions, and the Protracted Relief Program in Zimbabwe.

Of the 32 per cent of RD expenditure that falls outside the three priority themes, 25 per cent (and declining) is on issues such as rural water supply, forestry and livestock, or disease control programs, often managed by other government departments.

Geographical coverage is expanding, and work in fragile states is increasingly prevalent

SE Asia and the Pacific are still the major focus, accounting for 33 and 17 per cent of total RD expenditure in 2009-10, but Australia's geographical focus is expanding. In 2009-10 Australia

¹ This figure is based on a detailed analysis of RD programs spending at least \$100,000 per annum, which equates to 250 programs and about 95 per cent of total RD spend. 2009-10 expenditure data is based on what was available in November 2010.



launched a A\$100m food security program in Africa; in 2008-09 Africa accounted for 16 per cent of RD expenditure due to Australian funded World Bank Global Food Crisis Response Programming in several African countries. South Asian countries have accounted for between 6 and 10 per cent of our RD investment since 2008-09. Rural development is becoming an important focus of Australia's engagement in new partner countries with Pakistan, Afghanistan and Middle Eastern countries accounting for 8 per cent of RD expenditure. In the last two years over 32 per cent of our RD activity took place in fragile states.

International engagement is growing, and Australia has been influential in some areas

Investment in global programs continues to grow, up to 24 per cent of RD spend from 20 per cent in 2008-09. With these investments Australia has been influential in a number of fora.

Australia was the first contributor to the World Bank's Global Food Crisis Response Program (GFRP) that allocated over \$33m to 7 countries and the Pacific Region to December 2009. Our participation on the Steering Committee alongside Korea, Spain and Canada helped inject considerations about building future resilience and ensuring future food security was sustainable into decisions about emergency response programming.

Australia (through ACIAR) chaired the working group on governance reform in the Consultative Group for International Agricultural Research (CGIAR). By being one of a few donors committing to double our financial support to a reformed CGIAR, Australia helped add momentum to a difficult process. A pooled donor funding arrangement has been established in which Australia has a voice, and new strategic priorities have been set ensuring a better focus on the key global challenges for this vital international research system.

Australia co-chaired a G20 Sub-Group on financial inclusion that developed global guidance on how to incorporate technological innovation into financial systems. The same group also began work to modify the global standards for financial systems in ways that will increase poor people's ability to participate in financial systems.

Australia was a signatory to the US\$22 billion L'Aquila Food Security Initiative (AFSI) at the G8 Summit in July 2009. AusAID participated in discussions around protocols and practices to improve donor coordination, transparency and accountability for the donor commitments. Australia helped initiate discussions to consider mirroring the country-led and coordinated approach in Africa (CAADP) in the Asia Pacific Region. Australia also successfully advocated for reform to the UN Committee for World Food Security resulting in a multi-stakeholder approach to food security, greater policy coherence, and a stronger evidence base for action through the establishment of a High Level Panel of Experts.

AusAID is getting better at engaging in policy dialogue

AusAID's increased focus and expertise is enabling us to engage more effectively in important policy issues. In Cambodia AusAID is providing valued advice on national seed, fertilizer and extension policies particularly around the role the private sector can and is playing. In Zimbabwe, advocacy from our programs helped move the donor discourse beyond short-term humanitarian crisis management, and show the way towards more sustainable food security in line with progressive elements of the Government of National Unity. In the Philippines AusAID helped develop improved targeting methodologies and change the national policy to apply these across all national social protection programs. AusAID provided strategic policy support to the Cambodian Council of Agriculture and Rural Development that is helping move Cambodia away from ad hoc responses to food crises towards the development of a coherent, comprehensive and coordinated national social protection strategy.

AusAID's internal capability continues to grow

Recognising the RD skills and experience gaps at Post and in Canberra, AusAID has been investing in the capacity to deliver high quality programmes. 30 staff have been trained in social protection, 27 in financial sector development, and 18 more were introduced to market development approaches to promote sustainable and pro-poor rural growth. AusAID has



enlisted nine expert panellists – at the cutting edge of development practice in market development and social protection – to bolster the thematic group’s capacity. Most importantly, AusAID is gradually building the capacity of staff managing RD programs through mentoring, support and informal seminars and exchanges around challenges and successes.

AusAID is increasingly well-positioned to scale up RD investments

The three focal themes provide a robust basis for future scale up in RD and the eight outcomes give a clear focus going forward. Considerable program development work at AusAID in 2009 helped lay the foundations for scaling up. At a country level, our initial investments in agricultural research, and nascent market development and social protection programs can all be taken to scale over the coming years. Our focused engagement in global initiatives, particularly the CGIAR and World Bank food crisis and response programs (GFRP, GAFSP) also positions us well for scaling up.

Major Achievements

Results are being achieved against all eight outcomes

Since 2009 new and existing RD programs have been encouraged to invest in and report against one or more of the following eight outcomes. Table 1 demonstrates that progress is being made across all outcomes. This data is drawn from programs that have contributed to progress and which are developing credible results measurement processes. However, outcome reporting is not yet systematic across the whole portfolio; Table 1 is therefore only a partial view of achievement. Over the coming years AusAID expects to further embed reporting against the eight outcomes across the portfolio, and strengthen results measurement processes. Table 1 will be updated annually and increasingly capture AusAID’s full contribution to these eight outcomes.

Table 1. Snapshot of progress against outcomes

OUTCOMES	EXAMPLES OF PROGRESS
1. An increase in the rate of productivity growth for food crops, livestock and fisheries, using environmentally sustainable approaches	<ul style="list-style-type: none"> • Australian support in East Timor has provided 12,000 farming families with access to improved varieties of maize, rice, sweet potato, cassava and peanuts that are yielding 23 to 80% higher than existing varieties • Australian support to Afghanistan has helped identify and promote improved varieties of wheat and maize; yields have increased by more than 50% and are expected to increase total production by more than \$100 million
2. More efficient and effective international agricultural research through the Consultative Group on International Agricultural Research (CGIAR) system ²	<ul style="list-style-type: none"> • Benefits from past investments in CGIAR research activities have exceeded research costs by a large margin. Estimated CGIAR benefits ranged from nearly \$14 billion to over \$120 billion in net present value. Even by the most conservative criterion, overall benefits attributable to CGIAR research were roughly double the costs of total investment in the CGIAR system.³ • Recent estimates of returns to investment in the newly reformed CGIAR indicate that if CGIAR annual funding increased from \$500m in 2009 to about \$1600m in 2025, total agricultural factor productivity in all regions would increase by 0.5 per cent. This translates into an estimated reduction in the numbers of poor globally by 318m. If even higher efficiency gains in agricultural R&D were achieved, an additional 83m poor people could be lifted out of poverty.

² The effects of agricultural R&D have long gestation periods making it nearly impossible to assess impacts from annual incremental investments. A 2010 review of evidence on the impacts of CGIAR research published since 2000 provides an assessment of how successfully the CGIAR system has pursued its core mission.

³ Renkow, M. and D. Byerlee, 2010. “The Impacts of CGIAR Research: A Review of Recent Evidence.” Food Policy, 35 (5), 391-402.



OUTCOMES	EXAMPLES OF PROGRESS
3. An increased number of poor men and women accessing financial services (including credit, savings and insurance schemes)	<ul style="list-style-type: none"> • Australian support in the Pacific enabled the launch of 'mobile money' in Fiji that enrolled 128,000 users by the end of July 2010, 24,600 of which reported being previously 'unbanked'. • In East Timor, Australian support has increased the number of clients with access to microfinance services by 7,000. • Australian support to the Microfinance and Employment Project in PNG helped Nationwide Microbank (PNG) increase its number of savers from 71,000 in June 2009 to 101,000 in June 2010.
4. Increased job opportunities with attractive wage rates for poor rural men and women	<ul style="list-style-type: none"> • Australian support to a Solomon Islands fish export company through the Enterprise Challenge Fund has helped create sustainable jobs for around 60 poor households, which is expected to expand to 200 in 2011. • Support to a company producing bio-fuel from copra supplied from all over Solomon Islands, and then processing it into high quality biodiesel is creating sustainable employment for 450 families. • An East Timor cash for work scheme provided 35,000 women and men with temporary employment and training.
5. Better returns on goods sold for poor rural men and women	<ul style="list-style-type: none"> • In Solomon Islands Australian support enabled 1350 smallholders to be trained in cocoa management that has doubled yields and increased incomes. Similarly, 300 farm households were able to increase peanut yields by 400% and increase incomes by up to S\$1,840 per hectare. • Through partnerships with lead firms Australian support helped more than 7500 Indonesian farmers have increased peanut productivity – through new varieties, better management, and staggered plantings – to reduce costs and increase incomes by 20%. • Australian partnerships with vanilla and coffee firms in Solomon Islands resulted in sales of locally produced vanilla to expand from zero to 80 litres.
6. An increased number of poor men and women accessing resources to buy sufficient and diverse food	<ul style="list-style-type: none"> • Australian support to the Philippines 4Ps conditional cash transfer program has improved targeting and encouraged the expansion of the program from 6,000 households in 2008 to 1 million households in 2010. By 2011 the Philippines government plans to reach 2.3 million households • A two year pilot of the PNPM Generasi program in Indonesia decreased child malnutrition by 2.8 percentage points. In Nusa Tenggara Timur (NTT) Province underweight rates were reduced by 8.7 percentage points and severe underweight rates were reduced by 5.6 percentage points. • Through Australian support to WFP in Cambodia, 145,833 unemployed people received food through food for work projects
7. Improved targeting of beneficiaries within social protection programs	<ul style="list-style-type: none"> • Australia provided advice to the Philippines National Household Targeting System for Poverty Reduction; leakages to the non-poor were reduced from 40-60% to 15% and the system is now being used to target health subsidies to the poorest • Australian support in Cambodia has resulted in an improved national targeting methodology to identify poor households; this claims very high accuracy rates of less than 5% inclusion and exclusion errors. • In Indonesia, Australia has helped develop improved targeting methods – including proxy-means-testing and community approaches to targeting – that will improve the accuracy of the national targeting system impacting up to 100 million poor and vulnerable households
8. Reduction in the use of strategies to cope with food insecurity that entrench poverty.	<ul style="list-style-type: none"> • Data from the AusAID-supported CFPR program in Bangladesh is not yet available, but evidence from prior years found the daily food calorie intake of participants increased from 1742kcal/person in 2002 to 2097kcal/person in 2004 (after graduation) and to 2248kcal in 2006 (2 years after graduation) for 100,000 beneficiaries. • Australian support through WFP in Cambodia ensured 559,600 students received school feeding and regularly attended classes, and 92,400 girl students received both school meals and take home rations.

Some further examples elaborate what success looked like in 2009-10

Overcoming global policy barriers to financial inclusion – A key barrier to expanding access to financial services is that policy makers globally have no guidance on how to incorporate innovative, technology driven models into their financial systems. Another barrier is that 'global



standards' for financial systems are designed for developed economies and often exclude poor people. In September 2009 the G20 established a Financial Inclusion Experts Group and the Access through Innovation Sub-Group was Co-Chaired by Australia and Brazil. AusAID advisers supported the Australian Treasury Co-Chair and were instrumental in overcoming these two major policy barriers. Firstly, G20 Leaders adopted Principles for Innovative Financial Inclusion (Toronto Summit, June 2010) which guide innovation in the financial system that enables poor people's access to financial services. Examples include ensuring coordination between central banks and the telecommunication industry, and revising regulations to allow banks to use agents to reach remote areas. G20 countries committed to implement these principles in Seoul, and the policy teams at CGAP and AFI are already implementing these with non-G20 countries. Secondly, financial inclusion is now explicitly on the agenda of the five Global Financial System Standard Setting Bodies. Work has begun to simplify and coordinate their standards to remove barriers to financial inclusion, such as reducing the identity requirements to open accounts.

Graduating the extreme poor and keeping them out of poverty – AusAID supports a highly successful social protection model in Bangladesh that targets the ultra-poor. The Challenging the Frontiers of Poverty Reduction (CFPR) program offers loans or productive assets (such as livestock, agricultural implements or micro-enterprise equipment), a subsistence allowance of US\$0.40 per day, and two years free access to health care as well as assistance for water, sanitation and housing. In its first phase nearly 100 percent of the 100,000 beneficiary households graduated out of extreme poverty and have sustained those benefits two years later. An independent study found that the daily food calorie intake of CFPR participants increased from 1,742kcal/person before participating in CFPR to 2,097kcal/person in 2004 when they graduated, and continued to increase to 2,248kcal in 2006 two years after graduation. The second phase targets over 4 million extreme poor and a mid-term review in 2009 found that the program is on-track to deliver this outcome. The CFPR model is now being piloted by CGAP in nine countries in Africa, Asia and the Caribbean.

Reforming research institutions to focus on development results – In 2006 PNG's research system was described as fragmented, gender-blind, and largely irrelevant to the needs and opportunities of poor smallholders. Australian support enabled key agencies in that system to identify the reasons why their impact at a household level was so limited, and to begin reforms to increase impact. Key institutional changes include these agencies forging new partnerships to reach smallholders, a business culture maintaining a clear line of sight from research to impact, an increased focus on policy research and analysis, and consistent consideration of gender and HIV/AIDS issues across the research agenda. One example involves partnerships between coffee and cocoa research agencies and a local NGO that helps smallholders consolidate and market their produce. Higher prices received are complemented by technical advice from lead farmers and the research agencies resulting in productivity increases and a more than doubling of cash income, paid to both women and men. GoPNG has established a national committee to replicate the competitive research grant model piloted under this program into a national scheme that will be crucial to sustain this increasingly high performing research system.

Encouraging commercial business models that benefit the poor – AusAID determined that many businesses in the Asia Pacific region could see commercial opportunity in different markets important to the poor, but barriers such as limited information, high risks and availability of commercial financing precluded them from realising these opportunities. AusAID piloted an enterprise challenge fund to overcome some of these and has had some successes: An additional 560,000 rural poor households are expected to access sustained mobile money services in Cambodia, and this AusAID support is estimated to generate an economic internal rate of return of 92%. Natures Way Cooperative in Fiji has doubled its quarantine treatment capacity and developed an industry outreach program to increase fruit and vegetable quality with AusAID support; an interim assessment suggests this project will generate an economic internal rate of return of 25%.

Innovating by making cash transfers to poor communities rather than households - AusAID, Government of Indonesia and World Bank supported pilots of an innovative community-based



conditional cash transfer program run through the decade-old national PNPM community development network. Since 2008 the pilot has been implemented in 178 sub-districts reaching 3.1 million people, representing 8.4% of Indonesia's poor. A randomised impact evaluation in 2010 found that the pilot had a statistically significant positive impact on the 12 indicators it was designed to address, with the greatest impact in areas with low baseline health and education indicators. The strongest improvements were among the health indicators and the main long-term impact was a decrease in malnutrition, particularly in areas with a higher malnutrition rate prior to project implementation. Education indicators also showed improvements, mainly in increased school participation among the primary school-age group.

Rapid responses to the food crisis: Our support to the World Bank's Global Food Crisis Response Program (GFRP) helped protect poor people from the worst of the food crisis and enable smallholders to grow more food. For example 372,318 people received food and cash transfers from GFRP supported projects in Senegal and Cambodia. A total of 11,717 people were employed as part of cash/food for work programs in Sierra Leone and Cambodia. These transfers provided supplemental income to offset the higher cost of food for poor households. Nutrition interventions mitigated the food price spike consequences on childhood development: 65,861 children benefitted from school feeding programs in Cambodia; community nutrition programs in Senegal provided monthly growth monitoring for children under two, nutrition education for mothers, provision of nutritional supplements, and de-worming. The GFRP also financed projects supporting next season supply response to raise farmer incomes, increase local food availability, and to subsequently lower food prices. Interventions included rapid support to clients facing constraints to seed and fertilizer availability, distribution, affordability, and utilization. 4,867 tons of fertilizers and 4,803 tons of seeds have been distributed to 374,457 farmers in Zimbabwe and Cambodia. These operations are having an impact on yields. Maize yields increased by 70 percent due to the distribution of hybrid seed through the Zimbabwe Emergency Agricultural Input Project (ZEAIP). Harvest data indicates that ZEAIP contributed to about 60 percent of the total maize production in the project area. Smallholder yields in Cambodia increased by about 45 percent following seed and fertilizer emergency assistance. This helped raise farm income and food availability, thus dampening the negative effects of the global food prices spike on vulnerable households.

Portfolio Review

Quality scores show improvements in Sustainability and M&E, but Gender still a challenge

AusAID's internal performance monitoring processes show an increasing proportion of RD programs are completing Quality At Implementation (QAI) reports (a total of 38 QAIs were available for 2009-10, up from 29 in the two previous years) which permits some broad trends to be observed across the portfolio (Table 2). Whilst consistency of scoring and interpretation will always be a challenge, the QAI summaries provide a useful basis from which closer scrutiny of specific issues can be made, for example through more detailed portfolio and program reviews.

Sustainability was identified as a key challenge for RD programs in the 2007-08 Annual Review of Development Effectiveness. Sustainability QAI scores have consistently improved since then, from 69 per cent satisfactory in 2007-08 to 83 in 2008-09 and now 87 per cent. The ability of RD programs to effectively measure progress towards objectives has also improved strongly, from 62 per cent in 2007-08, to 59 per cent last year and now 84 per cent. The extent to which RD programs consistently advance gender equality remains a challenge; this was not assessed in prior years, but 21 per cent of initiatives received an unsatisfactory rating and there were no very high quality scores in 2009-10. The scores for efficiency and effectiveness also suggest that greater clarity about the results we are seeking to obtain is needed, and the most efficient way of obtaining those in ways that will be sustained.



Table 2. Quality at Implementation Reports – Rating of Objectives 2009-10

	Relevance		Effectiveness		Efficiency		Monitoring and Evaluation		Sustainability		Gender Equality	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Very high quality	11	29	2	5	1	3	1	3	1	3	0	0
Good quality	18	47	16	42	12	31	9	23	17	45	14	37
Adequate (needs work to improve)	8	21	16	42	15	40	22	58	15	39	16	42
<i>Sub-total Satisfactory</i>	37	97	38	89	28	74	32	84	33	87	30	79
Less than adequate	0	0	3	8	10	26	5	13	5	13	7	18
Poor quality	1	3	1	3	0	0	1	3	0	0	1	3
Very poor quality	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sub-total unsatisfactory</i>	1	3	4	11	10	26	6	16	5	13	8	21

But initial findings from an external review suggest sustainability and scale persist as key challenges

Initial findings from an ongoing ODE review of RD, that examined 19 initiatives in five countries, are more critical than the self-ratings given above. This analysis found too many RD programs delivering temporary benefits to relatively few households. More attention needed to be given to how these benefits might be scaled out to large numbers of beneficiaries, and how benefits could be sustained when program funding ceased. In a few cases where RD programs had focused explicitly on sustainability from the outset, and where existing players in government or the private sector – beyond the RD project or program – had incentives to maintain and expand activities after the project, significant and sustainable benefits were being achieved or expected.

One positive example was research work in the oil palm sector of PNG. This research resulted in a revised payment mechanism that incentivised more productive performance and was more gender equitable. By encouraging the labour market to work more effectively, it provides a sound basis for sustained output growth, higher and more equitably distributed incomes, potentially impacting on 250,000 people. The review also pointed to the potential of the new rice value chain program in Cambodia to impact large numbers of poor rice and vegetable farmers. This program is designed to perform detailed analysis of rice and vegetable systems, craft interventions on the basis of that analysis, choose appropriate partnerships, monitor implementation and respond to changing circumstances. It builds on lessons from prior AusAID interventions, seeking partnerships with a range of actors, including but not limited to government, and is concerned with leaving behind a more functional rice and vegetable system, rather than building a research or extension organisation in isolation.

Closer scrutiny of the justifications for high QAI scores given on sustainability suggests this is a growing area of focus. There is deeper consideration of what will happen when the program or its funding ends, and there is more consideration of the capacity and incentives that relevant actors – government agencies and the private sector – will have to sustain benefits to poor people. However, some QAIs still score sustainability high, despite acknowledging that the sustained flow of benefits to the poor is at risk without continued external financing, or more seriously, without a major shift in partner government commitment to continue the program.

The social protection portfolio review suggests sustainability and scale are challenges here too

AusAID’s current internal review of AusAID’s social protection portfolio identifies 240 current projects that could loosely be described as social protection and 141 projects that include some



form of transfer – for example cash, food or inputs – to the poor and vulnerable. Programming is dominated by projects that increase food security. Most transfers are delivered as emergency responses or RD projects that link to livelihoods. However, the review demonstrates that social protection activities cut across a range of themes with more than 70 projects with social protection components under the health, community development, infrastructure and education sectors. There are regional patterns – with projects linking social protection and livelihoods prevalent in South Asia, social protection and health / education in Indonesia and the Pacific, and social protection and undernourishment in Africa.

In terms of program quality in social protection, the review was not designed to draw firm conclusions about outcomes. Our social protection investments are recent and as yet there is no clear picture of the impact our social protection is having on graduating poor people out of poverty. Many of our interventions to date are short term and on a limited scale. Except for short-term transfers in response to emergencies, our programming rarely ‘touches the ground’ directly. The focus to date has been about supporting institution building and policy development rather than directly supporting governments to deliver social protection to the poor and vulnerable. Half of our funding to social transfer projects is delivered through multilaterals, making us dependent on their technical and managerial capacity in social protection which is lacking in AusAID. Even at a country level, hardly any of our support is to governments to deliver social protection. Further reflection on how AusAID engages in social protection is necessary, particularly in view of best-practice guidelines that emphasise support for government-owned and government-driven programmes.

An overview of APPRs is broadly positive, but also points to some challenges

The summary scores from 2009-10 APPRs present a broadly positive picture (see Table 3, page 12). All ratings are green or amber with the exception of the ‘improving smallholder agri-business practices’ aspect of the Indonesia RD portfolio where a lack of management coherence, a theory of sustainable change, and attention to gender meant mixed results and have resulted in a program re-design. Most ratings have remained unchanged or improved. Only one rating – in Laos, where government attention to pro-poor trade opportunities has diminished and AusAID’s internal resourcing mean achievement of objectives is threatened – has declined.

The APPRs report considerable effort is going into increasing agricultural productivity and increasing household incomes. A frequent theme is the delivery of assistance to households whilst program funding is available that enables temporary successes, but inevitably makes impact at scale and sustainability beyond the intervention period a challenge. A small but growing emphasis on enhanced access to financial services is evident too, though with a notable emphasis on sustainability that involves extending the reach of commercially viable organisations. Another challenge for RD programs to emerge from APPR reporting is the importance of having a clear program logic to frame how expected RD results will be achieved, and the need to continually test the assumptions in that logic to ensure those results will indeed obtain.

Conclusions and recommended actions

Australia is making a positive difference but key challenges remain

Whilst staff capacity is growing, particularly around social protection issues and the importance of sustainable and pro-poor rural growth, this needs to accelerate and develop into a wider understanding of what is and is not good practice. Effective RD scale up will be dependent upon a commensurate development of staff capacity and associated incentives through workforce planning. In addition to deepening technical and development skills in our staff, AusAID needs more people who are able to influence policy debates and engage effectively with multilateral partners.

Achieving positive changes in RD that are sustained and affect large numbers of the poor remains a challenge. Greater emphasis on scale and sustainability considerations at program outset is necessary. In economic livelihoods that will often mean thinking about a greater role



for the private sector in sustaining pro-poor outcomes. In social protection a clearer vision of how benefits and transfers can be sustained through government systems and budgets is required. In designing and delivering better programs in the future, greater clarity about the expected results, and the most efficient way of obtaining and credibly measuring these is needed. The integration of gender and climate change considerations into programs could be more systematic. In particular, greater clarity on when a gender-targeted approach may be appropriate, and where a gender-sensitive approach is needed; too often programs get caught between the two and are unable to robustly justify which makes sense.

At present much of AusAID's social protection programming is focused on short-term humanitarian relief. Lessons from our food price response demonstrate the importance of establishing long-term national social protection programmes that can be scaled-up at times of crisis. There is a need to harness the momentum from Australia's food price response and translate this into clearer principles and ways of working so as to provide real added-value in social protection rather than simply augmenting multilateral funds.

AusAID needs to consolidate its RD effort into fewer larger programs, or portfolios of activities, all of which consistently deliver on the key eight outcomes. In 2009-10 AusAID managed only 11 initiatives that disbursed over A\$5m that year. Too many of our smaller activities relate only weakly to the eight RD outcomes. To effectively manage a rapidly expanding RD investment, AusAID needs to consolidate into fewer larger programs, or portfolios of activities with a consistent focus on the eight outcomes. Deeper understanding is required of how the proliferation of small activities occurs, and how to manage this accordingly.



Table 3. APPR progress ratings for RD objectives.

APPR	Rural Development Objectives	Rating 08/09	Rating 09/10	Change
Africa	To support African countries in their efforts to make progress towards the MDGs (focusing on areas where Australia has experience and/or expertise).	n/a	(Amber)	n/a
	To build relationships between Australia and Africa that will strengthen Africa's human resource capacity.	n/a	(Green)	n/a
	To relieve human suffering through the provision of humanitarian assistances to protracted crises in Africa	n/a	(Green)	n/a
Laos	Delivery and modelling of effective programs that result in equitable and sustainable improvements to livelihoods in targeted poor geographic areas.	(Amber)	(Green)	Improved
	Improved prioritisation, delivery efficiency and coordination of mine action activities.	(Amber)	(Green)	Improved
	Policy and institutional impediments to trade and investment addressed in sectors that contribute to inclusive growth.	(Green)	(Amber)	Declined
Indonesia	08/09 Promoting rural productivity.	(Amber)	n/a	n/a
Outcomes applying to provinces of NTT, NTB, Papua and West Papua.	09/10 Better functioning of agricultural markets as part of value chains	n/a	(Green)	n/a
	09/10 Improved enabling environment for agri-business that benefits smallholders, at the provincial and national level	n/a	(Amber)	n/a
	09/10 Improved capacity of agricultural agencies to conduct agricultural research and transfer the results for the benefit of small holders	n/a	(Amber)	n/a
	09/10 Improved smallholder agri-business practices	n/a	(Red)	n/a
	09/10 Reinforce the government's management systems for national scale-up of PNPM, so that the larger poverty program will succeed	n/a	(Green)	n/a
	09/10 Promote the scale-up of two large pilot programs within PNPM that will reinforce and complement the block grant transfers that lie at the heart of the program for more effective poverty reduction	n/a	(Green)	n/a
	09/10 Increase Gol appetite for evidence-based policy making in social assistance and poverty reduction programs	n/a	(Green)	n/a
Papua New Guinea	A conducive enabling environment for private sector activity and investment.	(Red)	(Green)	Improved
	09/10 Sustainable and secure improvements in food supply and incomes for smallholders.	n/a	(Amber)	n/a
	08/09 Increased agricultural productivity.	(Amber)	n/a	n/a



APPR	Rural Development Objectives	Rating 08/09	Rating 09/10	Change
Vietnam	The poverty rate of ethnic minorities households is reduced to 30 per cent by 2010 (MDG 1) GOV adopts better planning and implementation approaches to assist in alleviating poverty among ethnic minorities.	(Amber)	(Amber)	Unchanged
Solomon Islands (09/10 info is IN-CONFIDENCE)	08/09 Help the Solomon Islands Government better serve the Solomon Islands people.	(Amber)	n/a	n/a
	08/09 Help build strong and peaceful communities.	(Amber)	n/a	n/a
	09/10 To support more productive and sustainable utilisation of agricultural land, forests and marine resources, and the improved operation of markets for the benefits of rural households towards the MDG targets of 2015.	n/a	(Amber)	n/a
	09/10 Improve market access and service delivery through improved access to reliable transport, energy and telecommunications services towards the MDG targets of 2015.	n/a	(Green)	n/a
Timor-Leste	08/09 Improve and protect food security and income-generation opportunities.	(Green)	n/a	n/a
	Agricultural productivity.	(Green)	(Green)	Unchanged
	09/10 Food security in East Timor through greater access to improved food crop varieties which result in increased food production.	n/a	(Green)	n/a
	09/10 Improved livestock health and production in East Timor through improved prevention and response capacity to emerging infectious diseases.	n/a	(Green)	n/a
Vanuatu	Economic growth – raised productive capacity of ni-Vanuatu, particularly women and young people.	(Green)	n/a	n/a
	Support the Government of Vanuatu's land reform agenda.	(Amber)	(Amber)	Unchanged
Cambodia	Increased value of agricultural production and small holder income in targeted provinces.	(Amber)	(Amber)	Unchanged
	Increased food and livelihood security for the rural poor.	n/a	(Amber)	n/a
Philippines	Improved economic opportunity for rural people through increases in productivity, access to markets, better infrastructure and growth of small to medium enterprises in targeted provinces.	(Amber)	(Amber)	Unchanged
South Asia	To promote good governance and contribute to improvements in basic service delivery (with a focus on health, education and natural resource management at the state and community level).	(Green)	(Green)	Unchanged
Asia Regional	Strengthen capacities of key regional institutions to enhance economic integration and trade liberalisation.	(Amber)	(Amber)	Unchanged



APPR	Rural Development Objectives	Rating 08/09	Rating 09/10	Change
Pacific Regional	Support stronger broad-based growth.	(Amber)	(Amber)	Unchanged