



## Country Strategy Development

This information note outlines the role of Australia's Overseas Development Assistance (ODA) country strategies and the process for their development.

### The Role of Country Strategies

Country strategies articulate the Australian Government's aid engagement strategy in each country in which it provides development assistance. The country strategy identifies where Australia can make the most difference in contributing to the country's development outcomes. It defines *what* priority sectors Australia's aid will be targeted to, *why* those priority sectors have been chosen, and *how* aid objectives will be achieved.

Country strategies are key documents supporting Australia's aid effectiveness. They provide a framework to guide policy dialogue, aid activities, partnerships and other actions that directly contribute to achieving development objectives. They are also the basis for assessing the effectiveness of Australian aid, by setting out what Australian aid is intended to achieve (objectives), and how progress towards those objectives will be measured and managed.

Country strategies are a key tool in supporting the Government's commitment to increase aid to 0.5% of GNI by 2015 by considering the most effective use of increased resources in each country. They provide a basis for determining country allocations for thematic-based budget measures.

Country strategies are shaped by the key principles of aid effectiveness. They are aligned to the priorities and needs of the partner country, harmonised with the activities of other donors in the country, and encourage mutual accountability between governments. They promote a focus of managing for results.

In the Pacific, Pacific Partnerships for Development initially focus on new commitments. In line with the Prime Minister of Australia's Port Moresby Declaration (March 2008), the Pacific Partnerships represent a new way of engaging with our partners based on mutual respect and mutual responsibility. They will incrementally expand to include the entire country strategy and aid relationships.

Country strategies represent the interests of the whole of the Australian Government in the country. In this respect, the role of country strategies is to mobilise the expertise of the Australian Public Sector and coordinate Australian ODA activities conducted by different Australian Government departments.

### Country Strategy Development Cycle

In August 2008, AusAID adopted a new approach to developing country strategies.

Figure 1 summarises the cycle for development of country strategies and Pacific Partnerships for Development.

The strategy development process is broadly the same for all programs, but the degree of effort invested in this process depends on the significance of the country program in terms of Australian ODA. The process can also differ according to timing considerations and the nature of the relationship with the partner country government.

### Step 1 – Strategy Effectiveness Review

Strategy development begins with a review of the effectiveness of the existing strategy that is expiring. Effectiveness Reviews are significant evaluations, led by experts who are independent of the country program being reviewed. They look at the success of the country program in achieving the strategy objectives, and identify lessons for future activities.

### Step 2 – Country Situation Analysis

The Country Situation Analysis (CSA) is prepared by the relevant program within AusAID to establish a whole-of- Australian Government position for aid engagement in each country, and identify key strategic choices that will shape the direction of the new strategy. The CSA includes options for scaling up aid assistance in the country and implementation issues.

These choices are based on lessons from the Effectiveness Review, analysis of development needs and the country operating context, and assessment of where Australia's assistance will be most effective. The CSA is considered by the Minister for early decision-making. It is used to establish the Australia Government's position for negotiation of the strategy with the partner country government.

Development of the CSA involves a consultation process to gather the insights of a wide range of stakeholders, including the partner country government, other donors, civil society organisations and academics. It also draws on analysis from a wide range of sources. AusAID's thematic groups play an important role during this process in enhancing understanding of issues in particular sectors and providing technical expertise.

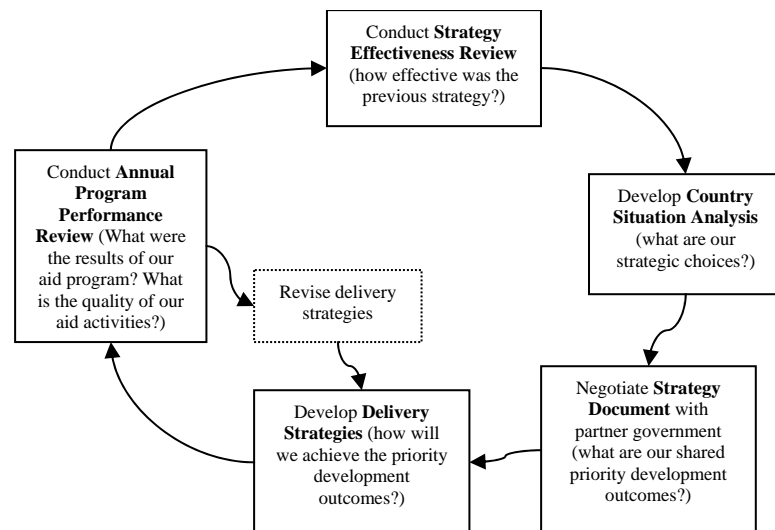
While the CSA is an internal Government document, used primarily to support strategic decision-making, the key results of the analysis are shared with stakeholders during consultations and negotiation of the strategy, and documented in the delivery strategies in the form of a rationale for choices made.

### Step 3 – Strategy Document

Following consideration of the Country Situation Analysis, the relevant AusAID program develops the draft strategy document through consultation with stakeholders and negotiation with the partner country government. The strategy document provides a basis for agreement with the partner country government on how Australia will contribute to the country's development objectives (priority development outcomes). It outlines the key principles guiding aid engagement between the two governments.

The draft strategy document is submitted to AusAID's Program Committee for endorsement. Major strategies, such as PNG, Indonesia, Solomon Islands, are considered by the Development Effectiveness Steering Committee (DESC). Final strategies are approved by the Minister for Foreign Affairs. Pacific Partnerships for Development are signed at ministerial or head of state level.

Figure 1: Country strategy development cycle



#### **Step 4 – Delivery Strategies**

Delivery strategies are developed for each priority development outcome, and are annexed to the main strategy document. The delivery strategy articulate the rationale for the approach adopted to achieve the priority development outcome, defines how Australia's aid will contribute to the outcome, and sets out the program logic of policy dialogue, aid activities, partnerships and other actions employed to achieve it. It also provides a clear explanation of the roles of the Australian aid program, partner government and other actors, and sets out how progress will be measured and managed.

The delivery strategy is a dynamic document, and is revised regularly to remain up-to-date and relevant for ongoing program management.

#### **Step 5 – Annual Program Performance Review**

All country programs revisit their strategies annually to assess continuing relevance and effectiveness. The Annual Program Performance Report is prepared by the head of AusAID at the relevant country post, and findings are used to revise delivery strategies where necessary. The results of these reviews also inform the Annual Review of Development Effectiveness, prepared by the Office of Development Effectiveness.