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# Innovative Delivery Mechanisms for Increased Aid Budgets

## Lessons from a New Australian Aid Partnership

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**Abstract**

The Australian government will double its Official Development Assistance by 2015 (over 2010 levels). Innovative delivery mechanisms will be required to ensure aid is spent efficiently. In addition to traditional delivery mechanisms—bilateral, multilateral—the Australian government has piloted a small partnership activity with churches in the Pacific. The Church Partnerships Programme is premised on the realization that in certain Pacific countries, the churches have existing, functioning and well-regarded national networks and close links with local communities that are suitable conduits for donor funding. In this sense they are ideal partners for the delivery of effective aid. This paper will consider this model and the benefit it brings. There are of course consequences for both the churches and their communities for this influx of aid money and changing activities and these will be briefly considered. Finally, extending this partnership model to non-Christian religious faiths in other countries, such as Islamic nationwide organizations in Indonesia, is also discussed.

Keywords: development, religion, aid effectiveness, absorptive capacity, Papua New Guinea
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## 1 Introduction

Increases in official development assistance (ODA) over the past decade have intensified the concern for aid effectiveness. In regions where there already exists a high level of aid per capita, this focus has also included associated issues, such as absorptive capacity. Absorptive capacity refers to the ability of recipient donors to best utilize additional aid. Within fragile states, absorptive capacity may be constrained for a number of reasons, including inefficient public policies, poorly functioning public institutions, low levels of economic growth, limited export opportunities, low levels of skills and education, and (often) civil strife. Given that the need for aid will probably outpace the increase in aid, donors and recipients will need to keep focused on aid's efficiency and effectiveness.

While the humanitarian needs of fragile states are significant, donors must weigh the ability of recipient governments to transform aid into improved levels of well-being within these countries. This is particularly the case when aid is limited and fragile states are competing against other demands for aid. The ability to transform aid into improvements in human well-being lies predominantly with recipient governments and their absorptive capacity. While this is proper and appropriate, there remains scope for donors to seek innovative delivery mechanisms for increased aid budgets outside traditional delivery mechanisms to ease the absorptive capacity constraints faced within fragile states.

The aid programme of the Australian government is planned to increase to 0.5 per cent of GNI by 2015. This represents an almost doubling of aid in real terms over a five year period. The majority of Australia's aid programme is delivered to the Asia-Pacific region, including a number of states that can be characterized as fragile. To ensure aid effectiveness it is incumbent on Australia to address issues of absorptive capacity when working with these nations. In addition to addressing traditional constraints (discussed above), the Australian government can also assume additional responsibility by seeking innovative delivery mechanisms to ensure this aid is spent efficiently.

To supplement traditional delivery mechanisms—bilateral and multilateral—the Australian government has more recently piloted small partnerships with churches in the Pacific region. The Church Partnership Programme in Papua New Guinea—is premised on the realization that in certain Pacific countries, the churches have existing, functioning and well regarded national networks and close links with local communities. Many churches have long histories of implementing a range of development activities focusing on a range of issues, including gender, sustainable livelihoods, employment training, education, health and microfinance. In this sense they are well placed partners for the delivery of effective aid. There are of course consequences for the churches and their communities as a result of this influx of aid money and changing priorities in terms of activities. There are also issues concerning the ability of churches to engage in development activities that they may oppose on theological grounds as well as concerns regarding their legitimacy in all communities in which they seek to work.

This paper reviews this innovative delivery mechanism in the context of improving aid efficiency. Whether this partnership could be extended to non-Christian religious faiths in other countries (such as Islamic nation-wide organizations in Indonesia, the largest recipient of Australian aid), and whether it can be replicated outside of the Pacific, is also investigated in this paper.

## 2 Increasing aid flows and aid absorptive capacity

The need for innovative aid delivery is being driven by changes in the global aid framework of the last decade. At the Monterrey Financing for Development Conference in 2002, a number of governments reasserted the commitment for donor countries to achieve an ODA to GNI target of 0.7 per cent. In 2005, all members of the European Union (except for newer members joining after 2002) agreed to meet the target by 2015. This means that 16 of the 22 OECD-DAC countries have committed to reach 0.7 per cent by 2015 or earlier. France, Germany, Italy and the UK are in this group. Australia, however, has made no such commitment. It did, however, announce in 2005 a commitment to lift Australian ODA to AUD4 billion by 2010. Following a change of government in 2007, the new government committed[1] itself to increasing Australia's aid to 0.5 per cent of GNI by 2015.[2] It also made more explicit Australia's commitment to the achievement of the Millennium Development Goals (MDGs).

The Australian ODA programme has therefore grown considerably in recent years. The latest OECD-DAC figures indicate that in 2009, the Australian aid programme was just 0.25 per cent of GNI—a figure not significantly different to that of a decade earlier. However, Australia government figures show that for 2011, the aid ratio has increased to 0.33, with plans to increase it to 0.42 by 2014 before reaching the goal of 0.5 by 2015 (AusAID 2010). This very rapid increase in the ratio of aid to GNI is in line with increases in total aid flows globally (see Table 1). In 2000, total net ODA disbursement was approximately USD74 billion, of which over USD50 billion was provided for by DAC members. By 2009, total aid flows had increased in real terms by over 75 per cent or nearly USD60 billion. Interesting, DAC members only increased their funding during this time by 64 per cent or USD33 billion. This suggests that new donors are becoming increasing important in terms of aid flows, contributing now more than one third of ODA, compared to around 28 per cent a decade earlier.

[1] In 2007, the Australian Labour Party (ALP) defeated the Liberal Party of Australia. The ALP is considered a more 'socially' progress party but both parties campaigned on their 'conservative' economic credentials.[2] Indeed, this commitment to double aid had bi-partisan support at the last Federal election. However, the opposition did nominate funding to schools in Indonesia as 'potential savings' when detailing their alternative funding plan in response to the government's Flood Levy proposal. Given that education is a key MDG, it appears that the opposition's commitment to the MDGs is now less clear.

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Table 1: Historical ODA of selected OECD countries

| Countries | Net ODA (2008 US$m) | | | ODA/GNI (%) |
|---|---|---|---|---|
| | 2000 | 2005 | 2009 | 2009 |
| Australia | 1489 | 1816 | 2438 | 0.25 |
| Canada | 1938 | 3510 | 3398 | 0.24 |
| France | 5248 | 9034 | 7197 | 0.26 |
| Germany | 4615 | 8987 | 7283 | 0.21 |
| Japan | 9279 | 10776 | 5416 | 0.11 |
| UK | 4002 | 8850 | 8770 | 0.34 |
| US | 9061 | 27752 | 24854 | 0.18 |
| Total DAC | 52,387 | 95,342 | 85,984 | |
| Total ODA | 73,772 | 125,783 | 131,272 | |

Source: OECD-DAC Statistics.

The untying of aid has accompanied the international increase in ODA. Untied aid is defined as ODA for which the associated goods and services may be fully and freely procured in substantially all countries. Countries such as Australia agreed to continue untying their aid programmes in the Paris Declaration on Aid Effectiveness in 2005 because untied aid is likely to be more cost effective and relevant to developing country needs. Already most countries have made important progress in untying their aid programmes, with the majority of aid from all OECD-DAC countries now untied. For example, the UK has untied its entire aid programme and France, Germany and Japan have untied over 90 per cent of their programmes.[3] Australia has now committed to fully untying its aid programme. Untying aid has the effect of increasing the amount of aid that can be spent in the recipient country. Therefore an unintended consequence of untying aid is the need to seek new avenues and partnerships through which this aid can flow that ensures aid effectiveness. This is one motivation for the search for innovative delivery mechanisms of the kind discussed in this paper.

Aid effectiveness is a function of various factors, both internal and external. Donors can facilitate or hinder aid effectiveness through the manner in which they allocate funds, the programmes in which they support, and the selection of aid recipients. Recipient countries can facilitate or hinder aid effectiveness through their governance structures, openness to trade, commitment to rule of law, investment in infrastructure, and own fiscal spending decision. An overarching issue that is increasingly important in certain (primarily small) states is aid absorptive capacity.

Absorptive capacity refers to the amount of aid that can be efficiently received by a recipient country in terms of enhancing human well-being. Feeny and McGillivray (2009) show that for a number of countries, particularly fragile states, aid is beyond the efficient absorptive capacity of many recipient states and as such begins to result in diminishing returns. A consequence of this is the inefficient allocation of aid. Donors and recipient governments have the responsibility to ensure that scarce aid flows are

[3] Canada has increased its percentage of untied aid but remains the least performing of these countries in this regard (though no data exists for the US for this classification).

allocated appropriately. For states approaching absorptive capacity, donors and recipient governments must therefore work simultaneously to increase both absorptive capacity as well as limit constraints faced within these countries. Feeny and McGillivray (2009: 631) suggest that 'donors might, however, be able to work around or relax absorptive capacity constraints by considering allocating aid via alternative channels within recipient countries'), (also see Collier 2002; McGillivray 2003). For Papua New Guinea, a fragile state, the Christian churches offer an alternative channel for aid delivery that may be effective and enhance absorptive capacity.

Papua New Guinea—along with its neighbouring Melanesian countries—receives an above average level of aid in per capita terms. For the past three decades, aid per capita within Melanesia has averaged over USD400 (OECD-DAC 2010). But there is much criticism of aid to Melanesia. As Feeny (2007: 34) notes, 'despite receiving large amounts of foreign aid and being rich in natural resources, Melanesian countries have failed to prosper. They have been characterized by political instability, internal ethnic conflict, inefficient public sectors, large informal sectors and a vulnerability to external shocks such as natural disasters'. While foreign aid has increased economic growth in these countries, the impact on agriculture, one of their most important sectors appears to have been non-existent. Melanesian countries typically have large rural populations who rely on agriculture for their livelihood. This is especially the case for the poor. The sector itself is susceptible to natural disasters and price fluctuations of key exports. As a result, the majority of the population are not directly affected by growth unless it occurs within the agricultural sector. Yet as Feeny (2007) finds, foreign aid has not had any impact on this very important sector. Some have argued that aid has done harm. Hughes (2003) as well as Windybank and Manning (2003) argue that in the case of Papua New Guinea (and the Pacific more widely), foreign aid has diminished well-being across the country through various distortions to the markets. Such distortions include, creating economic 'rents' as aid flows are not earned income, the fungibility of aid resulting in financial support of inefficient programmes or on consumption, a bias in favour of the public sector against the private sector causing corruption.

As Australia is committed to increasing aid to PNG, it is also committed to expending this ODA in an optimal and efficient manner. Innovative delivery mechanisms that ease absorptive capacity constraints must be explored and implemented. Whilst the value of religious organizations is often ignored within the international development debate (Clarke 2011), the Christian churches in PNG do provide an innovative delivery mechanism through which some of the increased aid flows can be directed. But before exploring the PNG case, we must first discuss the link between religion and development, in order to provide the context for the PNG discussion, and to highlight the use of religious organizations to deliver aid more generally, but especially in fragile states.

## 3 New possibilities: religion and development

Religious belief is a common human characteristic. Eighty per cent of the world's population professes religious faith (O'Brien and Palmer 2007). Religious belief is pervasive, profound, persuasive and persistent and is observable in all societies. Yet despite this, religious belief has long been ignored within mainstream development paradigms and by development practitioners (both locally and at the international level). The values and attitudes associated with religious beliefs within countries can affect both public policy settings as well as social behaviours. Responding to the materially

poor has a long history within many religions groups and individuals motivated by concepts of religious charity to provide material care and comfort. Religious groups have long provided education and health facilities in both their home countries but also in mission countries—often long before nation-states provided such institutions (see Williams 1972; Duggan 1983; Hassall 1989; Gardner 2006, 2008, Wetherell 2005; Harnetty 2001; Manji and O'Coill 2002). This is certainly the case in the Pacific generally (Clarke 2010) and Papua New Guinea specifically (Donnelly 2007).

While religious groups are primarily concerned with providing spiritual leadership, an interest in the physical welfare of their communities has also been a core aspect of their existence. As a result, organized religions have long played an important role in enhancing the welfare of local communities. A strong case can be made for suggesting that religious organizations and faith-inspired individuals were undertaking 'development' long before 'development' came into existence (Clarke and Donnelly 2009). 'As the World Conference of Religions for Peace concluded in 2001, *Religious communities are without question the largest and best organized civil institutions in the world today, claiming the allegiance of billions of believers and bridging the divides of race, class and nationality. They are uniquely equipped to meet the challenges of our time: resolving conflict, caring for the sick and needy, promoting peaceful co-existence among all peoples*' (James 2009: 7). An explanation for this exclusion of religion from the development studies literature may be that religious groups are embedded within communities and being more 'organic' to the community are therefore less prominent than external organizations. It may also be the case that organized religions have chosen to position themselves outside of the development sector. Whilst these explanations are undoubtedly true, these reasons are exacerbated by the fact that religion continues to be largely 'taboo' within the development studies literature (Lunn 2009).

This 'taboo' status is further strengthened by a secular suspicion of religion and religious organizations. While this paper adopts an 'appreciative' view of religion and purposively highlights its strengths and opportunities to enhance our understanding of development and development outcomes, it is important to acknowledge that religion, religious institutions, religious beliefs and religious faith can be viewed in a negative light. For example, the negative impacts of religion on world conflict (Fox and Sandler 2006; Stewart 2010), security issues (Seiple and Hoover 2004), extremism in international politics (Haynes 2007; Juergensmeyer 2008) have all been recently considered. Moreover, there is of course substantial literature on the implausibility of religious deities entirely (see recently Dawkins 2006; Dennitt 2006). These critiques should not be ignored. Indeed, persuasive arguments can be made that religion has exacerbated poverty, including gender inequity, the doctrine of predestination, religious spending on temples, social teaching against reproductive health and condom use, emphasis on non-temporal salvation, protecting vested interested of those in authorities, etc. However, whilst not denying these problematic issues, this paper holds the view that religion can also be considered as an important constitutive force that requires proper consideration (see Barr 2010 for this use of religion in international politics). Religion and religious groups may be well placed to play a powerful role in development at the local level.[4] Religious views and beliefs are powerful political, ideological and social tools that inherently have much to say on development outcomes, but as yet are not incorporated into mainstream development analysis. So, whilst it is

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[4] Though in locations in which religious conflict exists, their ability to fulfill this role may be hindered.

realistically understood that religion and religious organizations is not a panacea for development woes, this paper does argue that in certain circumstances—such as the Pacific—religious organizations can be seen as an innovative delivery mechanism for increased aid budgets.

Current 'best-practice' within development focuses on community participation and community ownership of development interventions (Ife 1995; Kirk 2000).[5] Traditional structures of power and domination are overturned when community activities are strengthened and people themselves are allowed to run and take control of these development interventions. Their sense of self worth is restored when they are able to sustain these interventions through their own efforts. They are more encouraged as they see themselves partaking and contributing as members owning their projects. However, empowering communities does not happen immediately and it takes a great deal of struggle, time and effort. Further, co-operation in the community, as well as participation, inclusiveness and consensus are among the different facets of development that also need to be taken into consideration. Partnering with religious groups can assist in shortening the length of time it would take to achieve these goals as religious groups have already made many of these connections and have therefore reduced the asymmetric information problem that often exists between donor and recipient.

The question of how development can 'take advantage' of religious values held by individuals and communities is therefore important. As Goulet (1980: 485) noted thirty years ago, religious beliefs 'harbour within them a latent dynamism which, when properly respected, can serve as the springboard for modes of development which are more humane than those drawn from outside paradigms. When development builds from indigenous values it extracts lower social costs and imposes less human suffering and cultural destruction than when it copies outside models. This is so because indigenously-rooted values are the matrix whence people derive meaning in their lives, a sense of identity and cultural integrity, and the experience of continuity with their environment and their past even in the midst of change'. It is important though that engagement with religion is authentic and not simply seen as an opportunity to 'clothe' mainstream interventions in religious garb (Clarke et al. 2011).

The exclusion of religious organizations when discussing community development work is, however, now diminishing. More recently there has been recognition both within the development sector and by religious organizations themselves, that there is importance and synergy to be gained by being aware of one another and incorporating religious organizations more purposely into the development process (Clarke 2006). As participatory community focused models of development have become increasing dominant in recent years (see Chambers 1983, 2005; Stiglitz 1999; Craig and Porter 1997; Sihlongonyane 2003), religious organizations have become increasingly

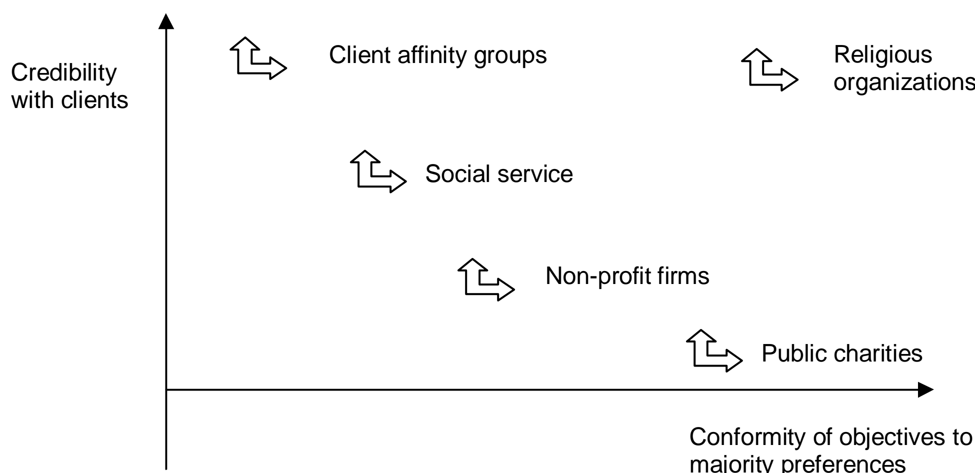
[5] Communities can of course also refer to religious communities (with either lay or ordained members), but is used in this instance to describe communities in the wider sense of those living together in geographical locations around which some formal or informal decision-making autonomy resides. In this regard, communities in developing countries are likely to be smaller than communities in developed countries. Interestingly, many of the same issues of participation, transparency, etc. that are important to community development are also relevant to the growth and health of religious communities (see Vanier 1989).

'attractive' as agents or key stakeholders in the development process due to their strong links to local communities.

Moreover, religious organizations themselves have also begun to initiate contact with aid donors to seek increased involvement (and funding) in development interventions. Over the past decade a number of international forums have been initiated to bring together religious organizations and large international donors to explore how to leverage the experience and expertise that both groups can bring to improving the lives of the poor. Marshall and Van Saanen (2007: 4) note that religious organizations are seeking 'a seat at the policy table, while they are also, in many instances, asking development institutions to work and support faith groups in scaling up their community and social justice operations'. Past reticence by donors to be seen working with religious organizations is now being replaced by a clearer understanding that religious organizations are a legitimate part of civil society with both entrée into local communities, networks across countries and regions and (often) expertise in community development processes and interventions. This recent 'acceptance' of religious organizations mirrors the 'acceptance' of NGOs during the 1990s by the same donors. Enhancing aid effectiveness requires accessing and engaging with local communities and there is now the recognition that religious organizations (like NGOs) can facilitate this access and engagement for donors.

There are consequences though—beyond potential increases in funding—for religious organizations in assuming this more public role. Seeking a 'seat' at the policy table also means greater scrutiny of their own activities and acceptance of public funding is associated with expectations that funded-interventions will reflect best practice or community standards in addressing various development issues. Faith-based organizations are uniquely placed within communities to operate outside mainstream structures that constrain the activities and networking of other civil society groups. Unlike secular NGOs, religious organizations have a natural constituency at the local level but in addition also have organizational networks both nationally and internationally. Utilizing the networks that exist at these different levels supports their ability to undertake development. Feeny and Clarke (2009) describe the different roles that non-government organizations can play at the micro, messo, macro and supra-macro levels in both advocacy and programming. Religious organizations are also able to operate in these levels by 'piggy-backing' on the pre-existing structures their associated religious organizations have in place. This adds to their efficiency and provides them with advantages over secular NGOs (see Figure 1).

Figure 1: Differing strengths of five types of nonprofit NGOs




Source: Author's illustration (modified from World Bank 1999).

NGOs often trade-off credibility with clients in order to gain broader social acceptance. For example, broad-based public charities have large constituencies drawn from the general public and are therefore likely to have objectives in broad conformity with the general public interest. In contrast, NGOs closely aligned to their constituent clients are likely to have high credibility with these clients, but may not perhaps attract wider social support (World Bank 1999). So whilst other NGOs may have to trade off credibility with clients for wider population support, religious organizations can simultaneously achieve high support with both as they are visible at both the local level working with target groups but also because they form part of the social mores upon which the wider society is based.[6] Hauck et al. (2005: 11) note that the churches in PNG are 'the only actors in civil society that enjoy legitimacy and support from broad sectors of community'. The very long history of delivery of social services in addition to the local and national networks means that churches in PNG are a promising innovative delivery mechanism for aid. It is to the specific case of PNG that the paper now turns.

## 4 Aid to PNG: innovative delivery mechanisms

Papua New Guinea is a country of many development challenges. Many indicators of human well-being are similar to those found in parts of sub-Saharan Africa. It ranks 148th in terms of its HDI, has a life expectancy of just over 60 years, has high infant mortality, poor literacy levels, and high levels of personal insecurity. Approximately 85 per cent of the population are reliant on subsistence agriculture resulting in a per capita income of around USD1000 (which understates the level of poverty experienced by most citizens). As with many Pacific countries the term 'hardship' is preferred to poverty. In the Pacific, social networks often prevent the hunger and outright destitution associated with poverty elsewhere in the world (World Bank 1991). The nature of poverty in the Pacific often relates to a lack of access to basic services, to markets, and

6 Presuming that the religious organization is of the religious majority for that particular country or region. This is of course tempered by the need to ensure the rights of minority religions (or denominations) are not trampled by the majority.

to a lack of income earning opportunities rather than outright destitution (AusAID 2006). Hence, the term 'hardship' is preferred to the term 'poverty'. The Asian Development Bank (ADB) has recently sponsored Participatory Assessments of Hardship (PAH) among communities in a number of Pacific countries. Results from these assessments indicate that poverty and hardship in Pacific countries are defined as 'inadequate levels of sustainable human development through access to essential public goods and services and access to income opportunities' (Abbot and Pollard 2004: xi). In this sense, PNG is 'poor' and warrants significant ODA.

A range of factors have contributed to an apparent inability of the Government of Papua New Guinea (GoPNG) to improve the situation. These factors include the 'difficult, a dispersed and largely rural population, cultural diversity, weak government systems and a long-run decline in public-sector performance' (AusAID 2008: 3). Of course, some of these factors are beyond the control of the GoPNG, but others are not. Papua New Guinea has historically been the largest recipient of Australian aid.[7] In 2010-11, the total amount of ODA from Australia to PNG will be AUD457 million, of which AUD415 million will be the country programme.[8]

Achieving sustained development outcomes and improvements in human well-being in Papua New Guinea is a challenge that should not be underestimated. While small sectors of the economy—primarily the mineral and petroleum sectors—have experienced growth, this growth is uneven and patchy (a characteristic that PNG shares with other resource-rich countries). Economic growth in PNG is largely driven by higher export prices for oil and gold, though revenues from these exports have fallen recently. However, the benefits of this growth are not evenly distributed throughout society. With the majority of people residing in rural areas and active outside the formal economy, participation in economic growth is confined to a minority of the population. The lack of private benefits emanating from economic growth is exacerbated by a weak state and a limited sense of national identity (Feeny and McGillivray 2009). While Papua New Guinea is a functioning democracy, it has poor levels of public sector governance, law and order issues, and inefficient social and welfare services. As a result, well-being indicators have stagnated across the country. With a young population (which will double in the next fifteen years) the difficulties faced by the average citizen look set to worsen. There is an urgent need to increase participation in the growth process, by generating more employment and using the resource-rents to improve basic service delivery. Traditional aid delivery may have some leverage on these problems through, for example, institution-building (although success to date has been limited). Innovation in aid delivery is also necessary to help increase participation in growth and reduce hardship.[9]

According to Hauck et al. (2005), the inclusion of churches in the delivery of Australian aid in PNG is appropriate because they are integral to PNG society. Not only do the churches have extensive networks that cover the entire country, with 99 per cent of the

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7 In 2011, Indonesia received a greater amount of aid for the first time.

8 The remaining AUD42 million will be provided to PNG through regional and global programmes and other government agencies. Australia is the largest donor to PNG by more than a factor of 10. Following Australia, the EU institutions, Global Fund, New Zealand and Japan are the next largest donors.

9 Innovative delivery mechanisms will also be subject to issues of absorptive capacity in the future and whilst growth is possible, it is not unlimited.

population professing Christian belief, the churches also represent a religious and moral authority. Catholics and Lutherans account for just under half of the PNG population, followed by those adhering to the United Church, Seventh Day Adventists, Pentecostals, Evangelical Alliance, Baptists and Anglicans. Less than one per cent of the population belong to the Salvation Army, while nine per cent belong to other Christian denominations (see Table 2).

Table 2: Religious adherence by faith

| Church | Percentage of population |
|---|---|
| Roman Catholic | 29 |
| Evangelical Lutheran | 20 |
| United Church | 12 |
| Seventh Day Adventists | 10 |
| Pentecostals | 8 |
| Evangelical Alliance | 5 |
| Baptist | 3 |
| Anglican | 3 |
| Salvation Army | <1 |
| Other Christians | 9 |
| Other religions | 1 |

Source: PNG Census 2000.

Christian missionaries arrived in Papua New Guinea in 1875. Presently, 99 per cent of all Papua New Guinea identify themselves as Christian. As in other parts of Melanesia, missionaries and later Christian churches under local leadership focused heavily on the provision of basic health services as part of their engagement with local communities (Clarke 2010). Primarily these social services were education and health focused. Indeed, until the middle of the last century, Christian churches operated nearly all schools and health centres throughout Papua New Guinea.

While the GoPNG has since assumed responsibilities for this service provision, the reality is that the Christian churches continue to operate schools and health centres either on behalf of the GoPNG or separately of them in locations were government funded services do not exist. In this sense the ability of churches to assist in overcoming spatial poverty becomes increasingly important. The geography plays a striking role in the experience of poverty in Papua New Guinea with remote and mountainous locations experiencing much higher levels of poverty (Feeny 2005). Thus, the churches can have much greater impact than the State in remote locations as they have existing social and physical infrastructure in place that is functional and effective. For instance, across the country the catholic church provides around half of all schools and health services, but in the remote areas of East and West Sepik, this increases to around 98 per cent of all services. While much of this is under contract to the GoPNG, the relationship between the church and GoPNG remains limited. Consequently, the supply of drugs, for example, is unreliable (Cousins 2009). The catholic church must therefore subsidize the delivery of these services themselves. Christian churches have also been active in developing civil society movements. Women's groups were established as early as 1880 under the auspices of the catholic church. Indeed, the catholic church does have a long

track record of empowering local women through both informal and formal structures (Donnelly 2007; Dickson-Waiko 2003; Douglas 2003). The two largest groups—the Catholic Women's Federation and the United Church Women's Fellowship—have over 150,000 active members. The other churches have smaller but equally active groups. These movements are involved in various activities. Not only do they provide an opportunity for spiritual engagement, they are also heavily involved in social and political issues that include advocating and implementing a range of projects across various sectors (including human rights, the environment, literacy, health care and HIV and AIDS).[10]

Given the development challenge posed by PNG's inefficient public sector, it is not surprising that Australia's aid programme has come to recognize the merits of the national and local networks offered by the churches. They have a long history of service provision. Established in 2004, the Papua New Guinea Church Partnership Programme (CPP) signaled AusAID's willingness to explore other options in light of the negligible results of its existing aid delivery approaches. The stated purposes of the CPP are *to help PNG churches promote good governance, through strengthening their role in policy dialogue, service delivery, and peace and reconciliation activities* (AusAID 2008: 2). Implicit in this partnership with seven Christian churches in Papua New Guinea,[11] are two important concerns. The first is that governance is a central issue in the future development aspirations of Papua New Guinea and second that the churches have a unique role in Papuan society to influence governance. The CPP remains a very small component of the total aid programme to PNG—accounting for two per cent of the total funds expended each year. However, the increase in annual funds available to the programme (from AUD5 million to AUD8.3 million) indicates a level of satisfaction with the programme as well as the increasing capacity for these seven churches to absorb a greater amount of aid.

The CPP resulted from a two-year consultative process between a number of Australian faith-based organizations operating in Papua New Guinea: Caritas: ADRA and the Anglican Board of Mission. 'The timing of the initiative was fortuitous in that it coincided with a growing interest within AusAID in the role of PNG churches in service delivery and in supporting civil society to better promote governance' (Howell 2011: 15). There was increasing recognition within AusAID—as evidenced in AusAID's Strategic Plan at that time and the PNG Joint Country Strategy—of the important role of churches in Papua New Guinea as well as their prominence in civil society and their interest in good governance. The seven churches included in the CPP were selected based on a number of factors, including: the size of their congregation, coverage of their service provision, and existing linkages with government (Howell 2011).

The CPP addresses three important development issues in PNG:

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[10] Reproductive health and condom use often highlights issues upon which religious teaching and development outcomes do not always correspond. Such instances though do depend on the specific denomination, with many churches taking a very active stance in these areas (see Clarke et al. 2011).

[11] Ninety-nine per cent of Papua New Guinea's self-identify as Christian. The seven churches involved in this partnership account for nearly all adherents. These churches are Catholic, Anglican Baptist, Lutheran, SDA, United and Salvation Army.

'The need to strengthen governance in PNG, including increasing participation by civil society in policy dialogue, improving public sector management of service delivery and contributing to strengthening acceptance of the rule of law'.

'The need for more effective service delivery, particularly in health and education, to complement government-provided services'.

'The need for improved governance, in relation to development activities within the churches' own structures, which will also enable them to more effectively address the first two issues' (AusAID 2004: 5).

The CPP requires the PNG churches to have institutional links with existing Australian-based NGOs (see Table 3). 'In essence, AusAID will engage the churches in PNG by working through those ANGOs with existing linkages and partnerships with the PNG churches. The programme will build the institutional capacity of churches to help them strengthen governance in PNG and improve service delivery' (AusAID 2004: 6). While direct local funding from AusAID to the churches may enhance programme sustainability because the perception of local ownership would increase, the need for an Australian intermediary NGO has remained a key feature of the CPP since its inception. Each partner—the churches, ANGOs and AusAID—has a specific role to play in the CPP. AusAID primarily provides funding, which is managed and administered by the ANGOs, while the churches are responsible for both developing and implementing the programme. A challenge of this tripartite partnership (Church, ANGO and AusAID)[12] is that arriving at a close understanding and shared goals and values is part of the process of partnership—if this happens, then the partnership has a greater chance of success. Yet as Cousins (2009: 60) noted in the Phase I Final Evaluation, there were divergences between churches and their ANGO partners, including differences concerning 'the understanding of how CPP related to the mission and purpose of the church, the decision-making structures both formal and informal, the communication channels and who needed to be included in the processes for these to be acceptable to the church body, and how CPP-funded programmes of service delivery and capacity building were implemented'.

Table 3: PNG church and ANGO partnerships

| PNG church | Australian NGO |
|---|---|
| Anglican Church | Anglican Board of Mission |
| Baptist Union of PNG | Baptist World Aid Australia |
| Evangelical Lutheran Church | Australian Lutheran World Service |
| Roman Catholic Church | Caritas Australia |
| Salvation Army | Salvation Army Australian Development Office |
| SDA | Adventist Development and Relief Agency |
| United Church | Uniting World this is one word Uniting World |

Source: Author.

[12] The GoPNG is a fourth partner. Under the Subsidiary Arrangement with the government of Australia through AusAID, the GoPNG is the Executing Authority of the CPP. In this role, the GoPNG brings government policy directions, plans and strategies.

## 5 CPP and the effective delivery of aid

Like any innovative delivery mechanism, the CPP has been closely monitored and evaluated by AusAID (Kelly et al. 2007; Nichols 2008; Rhodes 2008; Cousins 2009; Howell 2011; Gibbs and Young 2007) as well as by its participants (see Chapman 2008; Paulsen 2008). Perhaps this close relationship is largely due to the unusual nature of the funded programme, in that there are no specific objectives, but there are outcome areas.

These outcome areas are:

- strengthened PNG churches institutional capacity for development
- improved services delivered by PNG churches to local communities
- enhanced PNG church involvement in improving governance.

The concept of flexibility underscores this decision to leave open the specific achievements of the programme. That said, there are specific areas of focus within these outcome areas that have been identified, including:

- improving sustainable livelihoods of local people so they can better manage their own lives
- reducing conflict between and within local communities and clan groupings
- providing a voice to marginalized members of communities, including women and children
- increasing awareness of human rights and policies
- advocating for improved governance within the public sector
- facilitating a better relationship between local communities and PNG government departments.

An Independent Consultants report completed for AUAID's Office of Development Effectiveness (Howell 2011) found that success was achieved in some—but not all—of all these areas. For example, while the primary focus of the churches remained on the delivery of basic health and education services, there were examples of churches implementing sustainable livelihood projects. In terms of sustainable livelihoods, the lutheran church established a brick making project for highland migrants living in the peri-urban areas of Lae. The Salvation Army established an income generation scheme for family-owned coffee producers. This scheme marketed the coffee, but also included financial and agricultural training with the intent to *improve people's economic position and to bridge the gap between the people and the services they lack*. Two thousand farmers are now involved in this project.

PNG has a high incidence of clan and ethnic conflict as well as violent crime that is attributed to cultural beliefs and practices, gendered social roles, and stress caused through urbanization and shifts to a non-traditional economy (Kana 2003). Churches have historically been important in reducing conflict, and specific programmes have been funded through the CPP to enhance this role. The Salvation Army's *Guns for Bibles* peace ceremony was implemented to end clan-based fighting that had lasted nearly three decades in Okapa, Eastern Highlands (also Gibbs and Young 2007 for a full evaluation of the peace building aspects of the CPP in PNG Highlands). Within the PNG context, religious belief or affiliation is not a cause of conflict and therefore

churches can play a peace-brokering role. In areas of conflict in which religious adherence is a full or partial) cause of conflict, such a role would not be appropriate.

Gender is also a very important issue in Papua New Guinea with many indicators suggesting low gender outcomes. For example, it is 137 out of 169 in the UNDP gender-inequality development index (UNDP 2010). While some concern has been raised as to the ability of religious organizations in PNG to respond appropriately to gender issues (see Howell 2011), Donnelly (2007) provides evidence to suggest otherwise, arguing that the church is a place where gender inequality can be successfully addressed through women holding positions of power and influence, through funding gender programmes, through preaching and social teaching, through modeling by ordained members, and through advocacy at the local and national level. Clearly though some denominations have poorer track records than others in this area. Having the CPP highlight gender as a development issue rightly challenges churches involved in the programme to better understand their own practice and teaching.

In evaluating the CPP for AusAID's Office of Development Effectiveness, Howell (2011) found evidence of improved capacity within churches as well as increased collaboration between them. Further there was evidence of increased impact in terms of the quality and quantity of basic welfare services being provided, improved sustainable livelihoods, promotion of peace and reconciliation, and enhanced governance at the district and provincial level. While the various Christian churches in PNG have a long history of providing basic welfare services across all parts of PNG, they have historically not worked well together or sought out active collaboration. This is often understood and has been an artifact of their 'competition' for congregations dating back from early missionary segregation (Watson forthcoming), but it is more probable that this lack of collaboration was a result of 'differing interpretations of the Christian message and widely differing administrative and governance structures' (Cousins 2009: 11). One of the demonstrable impacts of the CPP has been increased communication and co-ordination between the seven churches. By improving the institutional capacity within churches and by providing a regular forum for these churches to meet and discuss their work, opportunities to strengthen service delivery and relations with GoPNG have occurred.

By strengthening the ability of PNG churches to play greater roles in civil society as well as enhancing their ability to continue to deliver basic services, the CPP is seen by AusAID as being *cost-effective*. The value of the CPP is largely predicated on it using existing relationships and networks avoiding the need of having to create new institutions or linkages. The use of local churches represents a departure from the model of heavy dependency on technical advisors at huge costs. However, it assumes that the ANGOs will step in to respond to the demands for technical expertise not available within church networks.[13] Enhancing the ability of churches to respond more fully as 'development actors' means that outcomes associated with their historical role as service providers is likely to improve.

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[13] In February 2011, the Australian government released a review of its 'technical advisors' programme in which it identified 25 per cent of the nearly 1000 advisor positions that could be phased out over two years. In Papua New Guinea the number of technical advisors is to be reduced by one-third. Total savings from this reduction amount to around AUD60 million.

An interesting component of the CPP is the focus on building the institutional capacity of the churches themselves. While this may appear to be in conflict with secular ideals, it is a recognition of the wider role that churches play in PNG's civil society. Of more importance is the focus beyond simply using churches as providers of welfare services. Certainly the churches in Papua New Guinea (and elsewhere in Melanesia—see Clarke 2010; Clarke forthcoming) have a long history of providing basic welfare services, such as education and health care. While this programme may have simply focused on the opportunity the churches provide to expand the delivery of these services through their country wide, local level networks based in parishes and congregations, the CPP was designed to increase the institutional capacity to engage in civil society. This implies that the delivery of services is not the only priority of CPP but the CPP was designed to facilitate local demand for GoPNG to demonstrate good governance.

Related to this challenge and adding to its level difficulty has been the absence of a shared definition of 'institutional strengthening' or 'capacity building' among stakeholders. Institutional strengthening or 'higher-level' capacity issues were not previously part of church organizational culture and were not seen as priority areas for PNG churches to address. For the ANGOs, as intermediaries between the donor and the churches, the challenge has been to create opportunities for more strategic or 'higher-level' capacity building without imposing their own agendas; and to do so whilst meeting donor requirements *and* empowering PNG churches (rather than disempowering and increasing their dependence with unrealistic monitoring and reporting demands they cannot meet) (Cousins 2009: 20).

While the churches in PNG (and Melanesia more generally) have provided basic welfare services for some time, expanding this role is problematic. Spiritual guidance is the primary purpose of churches and whilst aspects of improving material welfare are important, it is a secondary concern. The possibility that the CPP might divert the churches from their primary mission must therefore be considered. AusAID expects a separation of mission from development (and this is made clear in documentation). However, this demarcation is not necessarily as clear for the churches. For example, whilst churches see their spiritual work being key, they do not separate material, physical and intellectual needs—but rather they talk in terms of a holistic approach or a holistic ministry. In this sense, there is a tension over the limitation that CPP money cannot be used to build churches or pay for the training of pastors, or for direct evangelism. But all of this is part of their mission, just as working to improve physical and material well-being is part of their mission. This is an acute problem in the area of HIV/AIDS, where the churches might find it difficult to deliver messages associated with 'immoral' behaviour. However, Clarke et al. (2011) show that this is not necessarily the case. Similarly, there is sometimes a concern that the patriarchal leadership nature of the churches might work against them addressing gender issues adequately. Again, however, this is not the default case and the catholic church in PNG has played a very powerful role in empowering women and enhancing gender equality (see Donnelly 2006; Clarke and Donnelly 2009).

It would be foolish to believe that there is no limit to the ability of PNG's churches to effectively expend aid funds. As Hauck et al. (2005) note, the constraints on this include 'the diversity of the church community, the breadth of the current mandate, *their absorptive capacity*, and the churches' own internal management and governance capabilities' (vi—emphasis added). In this sense, the churches do not have all of the

answers to the development problems faced in PNG. An expectation that the churches may become a 'shadow' government in terms of service delivery is inappropriate. Improving the governance of the public sector must remain a priority. So whilst the churches can play a part in development processes ultimately they will only be one aspect of a total aid programme that must have a functioning GoPNG at its core.

## 6 Evolving the CPP: mosque partnership programme?

The CPP has experienced success in Papua New Guinea and has been extended in both funding and time. Certainly an important aspect of the CPP's success has been the lengthy period of consultation and planning. Of interest is whether this programme can be replicated in other countries. Australia provides the majority of its aid programme to the Asia and Pacific region. Given the high level of religious adherence throughout this region, the CPP may be a model of an innovative delivery mechanism to enhance aid effectiveness that could be repeated in other countries. Of particular interest is whether the CPP is only viable in 'Christian countries' or whether it might be feasible in countries such as Indonesian which have a majority Muslim population.

Australian ODA to Indonesia is substantial. Given its strategic importance to Australian national interest and the humanitarian needs in this country, it is appropriate that Australia focus much of its aid programme in Indonesia. Indonesia has a population of 240 million people across an archipelago of 17,000 islands. Approximately 35 million people (or around 14 per cent) live below the poverty line. In 2010-11, nearly AUD460 million of ODA will be available, including AUD325 million in the country programme. Australian aid supports a range of activities within Indonesia, including projects addressing environment, gender, livelihoods, water and sanitation and governance. One of the larger aid programmes funded by Australia is the Australia Indonesia Basic Education Programme. This programme[14] resulted in over 2000 junior schools being built and an additional 180,000 places being available for 13 to 15 year olds. While three-quarters of new schools were built under the auspices of the Indonesian Ministry for National Education, more than 500 new Islamic schools were also built in partnership with the Indonesian Ministry of Religious Affairs at a value of AUD60 million (Cardno 2010).

Islam is the dominant religion with over 86 per cent of Indonesians professing Muslim beliefs. Freedom of religion is guarantee under the Indonesian Constitution and the first principle of state ideology is the *belief in the one and only God*. The Australian government has indicated that it is sees building the capacity of moderate Islamic organizations as serving both Australia's national interests but also aiding the poor in Indonesia. Combating Islamic fundamentalism and improving human well-being are therefore key aspects of the Australian aid programme in Indonesia. Often these goals are mutually reinforcing. For example, Nuryartono et al. (2007) has found that geographic proximity to religious schools increases social capital, but that if these religious schools (madrassahs) are affiliated with moderate Islamic organizations then the social capital is even greater.

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[14] Funding ran from 2006-10 with Phase II (Australia's Education Partnership with Indonesia) currently being tendered.

Two Islamic organizations that have received Australian funding are Nahdlatul Ulama and Muhammadiyah. The largest 'traditionalist' Islamic organization in Indonesia is Nahdlatul Ulama (NU) and has approximately 40 million members. Whilst it provides a range of welfare-focussed services, it is the largest provider of Indonesian boarding schools. NU is now over 80 years old and whilst it has a national membership, it remains firmly rooted in rural Java and Javanese culture thus making it less likely to adopt fundamentalist Muslim teachings. Muhammadiyah is the largest 'modernist' Islamic organization and has around 30 million members throughout Indonesia. Having being founded one hundred years ago, Muhammadiyah continues to run education facilities (primary schools through to universities), orphanages, health centres, libraries, as well as mosques. Recognizing the value these two Islamic organizations provide in achieving Australian aid programme objectives, the Australian government has provided limited funding to both these groups. In recognition of its local networks and infrastructure, NU has been funded to respond to disasters. Likewise, Muhammadiyah has also received funding for its disaster preparedness training programmes.

Funding has, however, been on an ad hoc basis and has been limited. Whilst Muhammadiyah and NU are the largest moderate Islamic organizations in Indonesia, it may be that smaller religious organizations be more appropriate. Certainly both Muhammadiyah and NU have local networks extending well beyond their combined membership of 70 million people and could play a role in advocating around governance as well as service delivery. However, given the size of these organizations, there is a divergence of practice and views within them and they are not unified as they once were (particularly in the instance of NU following the death of former President Abdrrahman Wahid). There is a second tier of religious organizations associated with both Muhammadiyah and NU that might be better partners for the delivery of aid, particularly at the regional level.

While both these Islamic organizations have proved 'fundable' a more substantial replication of the CPP in Indonesia—Mosque Partnership Programme—while possible is unlikely for a number of reasons. Papua New Guinea is widely classified as a fragile state and whilst Indonesia does at times appear on such lists (such as DFID), it does (unlike Papua New Guinea) have a functioning and effective public sector that is able to provide services throughout the country. Certainly both Muhammadiyah and NU have local networks extending well beyond their combined membership of 70 million people. However, because of the ability of the GoI—especially since its shift to regional autonomy a decade ago—to deliver services to the entire country, these local networks are not as vital as their PNG equivalents. Bilateral aid to Indonesia is also not as beset by absorptive capacity constraints in the same way as that which exist in PNG. There is greater capacity to receive larger levels of ODA. Indonesia for example receives just USD4.50 per person in ODA compared to USD62 per person in Papua New Guinea. Moreover, the ratio of Net ODA to GNI is 5.3 per cent in Papua New Guinea compared to 0.2 per cent in Indonesia. Given this lower ratio, there is greater scope for increased aid to be expended efficiently.

On a more pragmatic level, the CPP requires PNG Church partners to have ANGO partners. While religious symmetry is not a pre-requisite for these partnerships, that has

certainly been the case (see Table 3). Given the paucity of Muslim NGOs in Australia,[15] it is more the case that there is a lack of absorptive capacity within suitable Australian partner NGOs than there is in either Muhammadiyah or NU. This is not to say that the delivery of aid through religious organizations is not possible in countries other than PNG or regions other than the Pacific. It does suggest though that such partnerships must be appropriate to the context and circumstances faced in each distinct situation. Effective delivery of aid through innovative delivery mechanisms must be context sensitive and based on authentic engagement.

## 7 Conclusion

As ODA increases, the ability of recipient countries to effectively absorb this aid becomes more urgent. Donors have traditionally delivered aid through bi-lateral arrangements, multi-lateral organizations or through non-government organizations. In light of constraints around absorptive capacity—especially in fragile states—more innovative delivery mechanisms are increasingly required. This paper has considered one such mechanism, the Church Partnership Programme in Papua New Guinea funded through the Australian aid programme.

While religion and religious organizations have been largely excluded from development literature and practice, consideration and authentic engagement does offer opportunities to enhance development outcomes. Religious organizations are well placed to play valuable roles in development at both national and local level. Religious beliefs are powerful political, ideological and social tools that provide instruction through sacred texts and social teaching on development issues, but as yet are not incorporated into the wider development approach. In certain regions religious organizations have networks that extend well beyond that available to national or provincial governments. The use of these networks can enhance the achievement of development objectives. Of course, churches in PNG are not a panacea to the development issues faced in that country. However, an appreciative view of the role they can play does suggest that they do provide an opportunity as an innovative delivery mechanism of aid.

Papua New Guinea has significant development challenges. Given its weak public sector, dispersed population and low level of economic activity, PNG rightly receives a high proportion of ODA—of which Australia is the largest donor. The adoption of this innovative delivery mechanism to enhance aid effectiveness occurred in response to three main factors: (1) a rapidly increasing aid budget; (2) constrained capacity of the GoPNG to efficiently expend more aid; and (3) the strength and scope of local Christian churches to implement successful aid programmes. This new partnership is predicated on the existing strengths and track record Christian churches have in PNG to deliver welfare services. But it is also predicated on the opportunity these churches have—through increasing their own institutional capacity—to play a larger role in PNG civil society and advocate for improved public sector governance. Having already been subject to several evaluations, the CPP can be considered as being well on the way to achieving the stated outcomes and therefore presents an example of an innovative delivery mechanism through which learning takes place about what works. When the second phase is completed in 2016, further evidence will have been gathered and more

[15] There is currently only one Islamic NGO who is a member of the Australian Council for International Development (ACFID).

comprehensive judgments could then be made regarding its replicability. That said, the circumstances in PNG are such that makes similar programmes in other countries less likely. While Indonesia has highly functioning Islamic organizations it is less likely a CPP-equivalent will be implemented. What does remain true, however, is that CPP provides evidence that religious organizations can increasingly be used as delivery mechanisms in situations where absorptive capacity is a concern and more widely that authentic engagement with religion can enhance development outcomes.

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