



Development and Non-Development Activity Policy

Details

Policy & Procedure Owner	CEO Office/ERFA Board	
Approved by	ERFA Board of Directors	
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Abbreviations

ACFID	Australian Council for International Development
DFAT	Australian Government Department of Foreign Affairs and Trade
ERFA	Edmund Rice Foundation Australia
SDGs	Sustainable Development Goals
UN	United Nations

Definitions

Associates	Anyone in the community who interacts with ERFA Staff and Partners
ACFID Member	A not-for-profit organisation that has obtained accreditation with ACFID
Beneficiary	The primary stakeholders - children and adults who participate in and benefit from ERFA-partner programs
DA	Development activity
Donation	A voluntary contribution or gift, whether in cash or in kind. Donations must be made voluntary and by way of benefaction
Donor	Members of the public who contribute to ERFA in cash or in kind
LAP or Local Area Program	Programs which are typically organisations or centres that deliver one or more projects on an ongoing longer-term basis to a specific local community.
NDA	Non-development activity
Partner	Any organisation which has an MOU / contract with / or receives funding from ERFA
Primary stakeholders	The beneficiaries - children and adults who participate in and benefit from ERFA-partner programs
Program	Programs are overarching development approaches and initiatives that set priorities and guide project outcomes, results and activities. Programs can comprise ministries or entities
Projects	Projects are the development activities of a Program supported by ERFA
Staff	Employees, contractors, subcontractors, outworkers, apprentices and trainees, work experience students, volunteers, employers and any other person who performs work for ERFA or ERFK

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Related policies

- Program Design, Funding & Management Policy
- Sustainable Development Policy
- Fundraising & Donations Policy

Compliance

This policy applies to all ERFA programming including programming delivered by partners. Failure to fully comply with any aspect of this policy could result in termination of partnership and/or funding agreements.

Organisational overview

Edmund Rice Foundation (Australia) is an international development organisation that supports sustainable community-based education programs in developing countries and projects for marginalised and disadvantaged groups in Australia. ERFA's vision is for access to quality education and life-long learning opportunities for all, supporting empowered communities who determine their own futures. ERFA education projects range from kindergartens to advanced microfinance projects and are designed with the needs of the community at their core.

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1.0 Policy overview

The purposes of this Policy are:

- for ERFA and its development Partners to make a clear separation between development and non-development activities;
- for ERFA and its development partners to understand ERFA's approach to development;
- to outline ERFA's programming scope and approach to programming;
- to ensure that funds and other resources designated for the purpose of development are used only for those purposes and not for non-development purposes as defined in this policy;
- to accurately represent development and non-development activities to ERFA's supporter network in fundraising, communications and reporting.

This policy should be read in conjunction with the "related policies" listed on page 2.

2.0 Commitment

ERFA is committed to ensuring that our development approach, both in Australia and overseas, respects and protects human rights, cultures, customs and beliefs and that it fosters diversity and inclusion. ERFA embraces the differences of, and actively represents, those affected by intersecting drivers of marginalization and exclusion, including but not limited to socio-economic status, poverty, class, age, race, ethnicity, indigeneity, displacement, caste, gender, gender identity, sexuality, sexual orientation, marital status, physical and intellectual ability, disability, political affiliation, religious affiliation and other characteristics of uniqueness.

ERFA is committed to developing and working toward sustainable outcomes at all stages of the project cycle including needs assessment, design, appraisal, implementation, monitoring, evaluation and after exiting the project.

ERFA works to ensure that its projects are implemented with an understanding of environmental impacts.

3.0 Policy context

3.1 ACFID context

Compliance Indicator 7.3.2 of the ACFID Code of Conduct requires that members maintain a policy document that consistently demonstrates the separation of development activities from non-development activities in:

- programming;
- expenditure reporting;
- fundraising;
- advocacy campaigns;
- communications;
- choice for donors;
- Partners.

Likewise, ACFID requires that ERFA shows evidence of this separation through development initiatives and that it extends these requirements to its Partners. This Policy completely satisfies these conditions.

3.2 DFAT context

This Policy complies with the Department of Foreign Affairs & Trade's Overseas Aid Gift Deduction Scheme (OAGDS) guidelines.

3.3 UN context

ERFA's development philosophy is underpinned by the SDG 1 of the UN's SDGs: "to end poverty in all

its forms everywhere". ERFA seeks to achieve this through SDG 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." Correspondingly, ERFA supports development Projects that deliver education and life skills to the most vulnerable through either of the following streams:

1. formal education: schools, co-curricular learning, vocational education and training;
2. community education: health, sanitation, livelihoods, agriculture and life-skills training;
3. development education: grassroots advocacy such as human rights, environmental sustainability and gender equality.

4.0 Definitions

4.1 Development activity

In broad terms, development activities are community based and involve community responses to identified needs within time-bound local interventions. Development activities seek to improve the conditions of communities in sustainable ways and are based on working with communities, rather than for or on behalf of communities. A holistic, integrated approach to sustainable development will incorporate economic sustainability, social/cultural sustainability and environmental sustainability. While sustainable development activities are undertaken to reduce poverty, they also need to identify and address the injustices that are often the root causes of poverty. In summary, the following principles define development activities:

- asset-based community development (ABCD) approaches, which encourage people and communities to create solutions for themselves;
- processes that seek to address the root causes of poverty;
- processes that seek to empower rights-holders to claim their rights and ensure that duty-bearers exercise their duties;
- supporting systems and structures which enable people to move out of poverty.

A critical element of sustainable development activity is capacity building. For ERFA, the building of capacity is achieved through formal education, community education and development education. Education that enables the development of the knowledge, competencies, understandings, values and actions required to create a self-generated sustainable world.

4.2 Non-development activity

ERFA adopts the ACFID definition of non-development activity, which encompasses:

1. **evangelising or proselytising activity:** activities that promote a particular religious adherence or are undertaken with the intention of converting individuals or groups from one faith and/or denominational affiliation to another;
2. **partisan political activity:** supporting a specific political party or candidate to gain power or support for an organisation affiliated with a political party;
3. **terrorism and terrorist activity:** a terrorist act is an act, or a threat to commit an act, that is done with the intention to coerce or influence the public or any government by intimidation to advance a political, religious or ideological cause
4. welfare.

ERFA does not support or partner in either of the first two (2) of these activities and has a zero tolerance policy towards terrorism and terrorist activity. ERFA's position on the 4th activity, welfare, is detailed in this Policy.

Non-development activities are not regarded as Recognized Development Expenditure (RDE) by the Australian Government.

4.3 Sustainability

ERFA's development approach is informed by its Sustainable Development Policy. Sustainable development is development that meets the needs of the present without compromising the ability of

future generations to meet their own needs. Sustainable development incorporates a holistic approach to economic, social, cultural and environmental sustainability.

Sustainability also refers to the continuation of benefits beyond the life of the project, which are appropriate, owned by stakeholders and supported on an ongoing basis with locally available resources.

4.4 Welfare

The primary focus of welfare is support and maintenance rather than capacity building and empowerment. Excluding refugee and emergency situations, the typical result of welfare is to maintain people in a particular condition on a longer-term basis.

In summary, welfare:

- does not usually result in sustainable community development;
- has no strategy for integration into a broader, community development program;
- has no substantial impact on social and economic conditions in the community;
- is provided on an individual or family basis, rather than on a community basis;
- is implemented on an ongoing, long-term basis with no clear exit strategies.
- is not the provision of humanitarian assistance in large-scale emergency situations.

Whilst welfare is considered non-development activity, for certain Projects ERFA adopts a holistic perspective of development that views welfare as a necessary steppingstone towards sustainable development.

ERFA will consider supporting components of welfare when the following conditions are met:

- a Project can demonstrate that welfare activities are a component of a development project that are necessary for the achievement of future development objectives;
- the welfare activities have a clear exit strategy.

ERFA requires its partners to clearly identify and separately report on welfare activity.

4.5 Consultation

Canvassing community opinion via surveys, interviews or focus groups. Consultation is not participation in the community development sense.

4.6 Participation

In community development, participation refers to the full involvement and leadership of community members in planning, developing, delivering and evaluating community actions and initiatives.

4.7 Empowerment

Empowerment is defined as a process whereby individuals and groups of people become stronger and more confident in controlling or exerting influence over the issues affecting their lives. Embedded in this definition of empowerment is the belief that individuals and communities are fundamentally connected. Therefore, individual empowerment is a prerequisite for community empowerment and social change.

4.8 Community-based work

Community issues are identified and defined by a programming authority who develops strategies to involve community members in the delivery of the project. These may include skill-building initiatives in specific areas such as literacy, vocational training, microfinance, human rights and advocacy training. Ongoing responsibility may be handed over to community members and community groups eventually.

4.9 Community development work

Community groups are supported by a programming authority to identify community strengths and issues themselves. The community has full involvement and leadership in planning, developing, delivering and evaluating community initiatives supported by the programming authority.

5.0 ERFA staff roles and responsibilities

The responsibilities of the ERFA Programs Director are as follows:

- collaborate with Partners to design Projects that prioritise development activity; and, where welfare activities are involved, ensure they have a fixed term and are necessary for future development objectives
- verify Partners' separation of development and non-development activities in Project assessment, monitoring, reporting and evaluation
- ensure this Policy is communicated to ERFA Partners
- ensure Partner adherence with this Policy

Responsibilities of the ERFA Programs, Policy & Risk Officer are as follows:

- verify Partners' separation of development and non-development activities in Project assessment, monitoring, reporting and evaluation
- ensure ERFA communications and fundraising solicitations meet the requirements of this Policy, including the separation of Development and Non-Development Activities, prior to distribution

The responsibilities of the ERFA Donor Relations Managers and Communications Coordinator are:

- to ensure all fundraising solicitation collateral is approved by the ERFA Programs, Policy & Risk Officer prior to distribution/circulation

The responsibilities of the ERFA Database Coordinator are as follows:

- ensure donors' preference for allocation of fundraising dollars are recorded correctly and up-to-date in ERFA's database.

6.0 ERFA's approach to programming

ERFA's focus is on the UN Sustainable Development Goal #1, to end poverty in all its forms everywhere and ERFA seeks to achieve this through SDG #4, Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

ERFA's Vision for access to quality education and life-long learning opportunities for all, supporting empowered communities who determine their own futures.

ERFA partners in education projects in three (3) areas:

- 1) formal education: schools, co-curricular learning, vocational education and training;
- 2) community education: health, sanitation, livelihoods, agriculture and life-skills training;
- 3) development education: grassroots advocacy such as human rights, environmental sustainability, gender equality and inclusivity.

ERFA's development approach encompasses both:

- a community development approach; and
- community-based projects

7.0 Programming scope

ERFA partners in the delivery of community education projects with a clear goal of achieving empowering, sustainable outcomes that ensure the continuation of benefits beyond the life of the project. ERFA's aim is for whole communities to become stronger and more confident in controlling

or exerting influence over the issues affecting their lives.

ERFA gives priority to funding discrete education projects with a specific start and end date. However, ERFA also historically partners in the delivery of two “local area programs”. These programs are organisations or centres that provide ongoing longer-term development projects.

ERFA partner projects include those which provide:

- Capacity-building education for program staff and volunteers to enable delivery of services to communities, for example training of medical staff, community health volunteers, teachers, etc
- Formal education, such as primary school operations and vocational training centres, as part of a “local area program”
- Training initiatives to build capacity of primary stakeholders in communities such as micro-finance/business skills, agriculture skills, literacy or computing skills
- Advocacy and human rights training that raises awareness and empowers communities to advocate for themselves on issues such as child rights and protection, peace building, environmental issues
- Capital projects that build sustainability in education facilities such as additional classrooms, trade centres, arts centres and ancillary infrastructure
- Educational resources and learning aids as part of a wider education initiative
- Equipment and machinery which supports delivery of education initiatives
- Nutrition/feeding projects that are integral to an ERFA-funded education project and without which, the development project would falter.

8.0 Classification of Development and Non-Development Activity

ERFA utilises the following guidelines to determine whether a project activity is classified as development activity. Where the answers to the following questions can be evidenced as “YES”, the project is classified as development activity.

- Does it change the status quo?
- Is there a strategy for integration into a broader community development program?
- Is there substantial impact on social and economic conditions in a community?
- Is there a clear exit strategy?
- Is the support provided on a community basis rather than an individual or family basis?

In cases where ERFA partners in the delivery of a discrete development project that meets the above criteria, ERFA classifies the project as development activity.

In cases where projects are delivered under an “local area program”, ERFA will assess all activities within the budget and classify them as either “development activity” or “non-development activity” utilising the Budget Analysis Tool in the Appendix to this Policy.

9.0 Separation of non-development activities in programming

Potential Partners apply for ERFA support by completing the online International Partnership Funding Application Form (see ERFA’s [Program Design, Funding & Management Policy](#)). All applications lodged are appraised by ERFA assessors to determine whether they include welfare components and if so, whether such components are essential for the achievement of a Project’s development objectives. The inclusion of welfare activities does not disqualify a Project from receiving ERFA support. Within the application welfare activity must be accounted for separately and ERFA reserves the right to decline supporting specific non-development activities.

ERFA collaborates with Partners during stage 2 of the Project Cycle, “Project application and design”

to decide what Project activities ERFA will support. Generally, projects fall under two (2) categories:

- 1) Discrete development projects in which all activity is regarded as development;
- 2) “Local Area Programs” which include both development and non-development activity. For these programs, any ERFA funding to be allocated towards welfare activities will be decided during this stage of the Project Cycle. For these programs, the assessor utilizes the project’s submitted Log Frame & Budget and the “Local Area Program” Budget Analysis Tool to determine what ERFA funded activity is allocated to welfare. These activities are to be expressed in the Log Frame format as components of distinct Project “outcomes” that contribute to a broader Project “objective”.

Potential partners are asked to indicate whether their Project includes:

- provision of direct assistance to individuals;
- provision of food or clothing;
- institutionalised care such as orphanages or hospital care;
- direct fund disbursement to children or families;
- payment of scholarships, school fees, books etc.

Potential partners whose Project includes welfare activities are asked to report:

- how the welfare activities are necessary for the achievement of their Project’s development objectives;
- how and when they will exit from the welfare activity.

Within both the International Partnership Funding Application and the Partnership/Funding Agreement partners must confirm that they have read and understood and agree to comply with ERFA’s Development and Non-Development Activity Policy.

10.0 Separation of non-development activities in reporting & monitoring

The main avenue through which ERFA monitors Partners’ budget expenditure is the Quarterly Acquittal Form.

ERFA requires Partners to separately manage, report and account for welfare activities. Program partners report against approved budgets with detailed activity lines. This enables ERFA to track actual non-development activity expenditure.

In ERFA’s Quarterly Acquittal Form Partners are asked to answer the following questions:

- how much ERFA funding was allocated towards welfare activities during the quarter?
- how were the welfare activities necessary for achieving your project’s development objectives?
- Please outline the exit strategy of these welfare activities.

ERFA also conducts field monitoring to verify Partner’s separation of welfare activities from development activities. Among other details, field monitors will report the degree to which Partners have demonstrated the effective separation of these activities in the Field Visit Report Template.

11.0 Separation of activities in fundraising & communications

11.1 Fundraising

ERFA receives income from various sources including Edmund Rice School communities that are non-tax deductible and allocated to general purpose use. This income is utilized to fund the non-development activity approved by ERFA each year. ERFA does not solicit or accept donations for non-development activity. During the annual budget planning period, ERFA’s CEO and Board consider how much general purpose funding is available for the following year prior to committing to funding decisions.

Materials for all ERFA fundraising are reviewed prior to publication or distribution to ensure that solicitations are for development activity only.

ERFA's donations portal includes the following statement: "ERFA is unable to accept donations for individual support or welfare activity. If you would like to discuss your donation, please [contact us](#)."

11.2 Communications

- ERFA transparently reports the amount of donor funds allocated towards development activities in its Annual Report.
- All donor communications are reviewed prior to circulation to ensure compliance with this Policy.
- All articles written by in-country program partners or photos supplied by partners for reporting materials are reviewed for differentiation between development and non-development activities.

12.0 Communication with Partners

ERFA communicates the requirements of this Policy to Partners in the following tools:

- Concept Note Template;
- International Partnership Funding Application Form;
- Log Frame & Budget Template;
- International Funding Contract Template;
- Partner agreements, Memorandums of Understanding (MOUs) or equivalent;
- Quarterly Reporting Template;
- Annual Acquittal Template;
- Development and Non-development activity training.

13.0 Resources

[ACFID Code of Conduct Quality Assurance Framework](#) – effective 1 June 2017

[DFAT Recognized Development Expenditure Explanatory Notes](#) – 30 January 2017

[Edmund Rice Foundation Australia Constitution](#)

[Overseas Aid Gift Deduction Scheme Guidelines](#) (OAGDS) February 2016

APPENDIX: “Local Area Program” Budget Analysis Tool

The following tool should be referred to when analysing and assessing “Local Area Program” budget lines to determine whether the activity is to be classified as development or non-development expenditure.

Activity	Development	Non-Development
Education of staff or volunteers (e.g. training of medical staff, community health volunteers, teachers)	X	
Advocacy/training on issues such as child rights and protection, peace building, environmental issues	X	
Capital projects that build sustainability in education facilities such as additional classrooms, trade centres, arts centres and ancillary infrastructure	X	
Educational resources and learning aids	X	
Equipment and machinery which supports delivery of education initiatives	X	
Feeding programs that are <u>integral</u> to an <u>ERFA-funded education project</u> , and without which, the development project would falter	X	
Individual scholarships or tuition fees		X
Wages of program staff <ul style="list-style-type: none"> Must be calculated based on the percentage of direct cost development activity within the “area program.” 	X	X
Placement or tuition fees to third party institutions and/or providers		X
Political activity or evangelism		X
Welfare payments such as medical or emergency assistance for staff, volunteers or beneficiaries not part of an approved emergency appeal		X
Indirect costs, including overheads, administrative costs, operational costs and indirect wages: <ul style="list-style-type: none"> Must be calculated based on the percentage of direct cost development activity within the “local area program.” NOT exceeding more than 10% of the total development project funding provided by ERFA 	X	
Indirect costs, including overheads, administrative costs, operational costs and indirect wages: <ul style="list-style-type: none"> NOT TIED to a specific development project Exceeding 10% of the total development project funding provided by ERFA 		X
Project or activities NOT education-based such as medical services or medication		X