

## Development & Non-Development Activity Policy

### Details

Policy & Procedure Owner	CEO Office/ERFA Board	
Approved by	ERFA Board of Directors	
Date Approved	Date of Last Revision	Next Review
16 July 2018	March 2022	June 2023

### Abbreviations

ACFID	Australian Council for International Development
DA	Development activity
DFAT	Australian Government Department of Foreign Affairs and Trade
ERFA	Edmund Rice Foundation Australia
NDA	Non-development activity
RDE	Recognised Development Expenditure
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
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
Local Area Program	Programs which are typically organisations or centres that deliver one or more Projects on an ongoing longer-term basis to a designated local community.
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 activity (DA) and non-development activity (NDA);
- 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 ensures 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 SDG 1 of the UN's SDGs: "to end poverty in all its forms everywhere".

## 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:

- **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;
- **partisan political activity:** supporting a specific political party or candidate to gain power or support for an organisation affiliated with a political party;
- **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
- **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 NDA, for certain Projects ERFA adopts a holistic perspective of development that views welfare as a necessary steppingstone towards sustainable development.

At the discretion of the assessment team and Board, ERFA will consider supporting the welfare activities of a select few Partners that it supports 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.

#### **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 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 material 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 Vision is for access to quality education and life-long learning opportunities for all, supporting empowered communities who determine their own futures.

ERFA's focus is on the UN SDG 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 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 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.

ERFA's development approach encompasses both:

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

## 7.0 Eligible Partners

ERFA partners in the delivery of community-based 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.

Partner DAs that ERFA seeks to support include:

- 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.

Partner NDAs that are ineligible for ERFA support include:

- 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.

### **7.1 Local Area Programs**

Local Area Programs differ from the typical discrete education Projects ERFA supports in that they provide several ongoing, long-term development Projects to a community where they are based. Due to the wide scope of development support these Programs provide to a substantial population of beneficiaries, a proportion of their Project activities are NDAs, specifically, welfare activities. With its preference for discrete education projects, ERFA limits the number of Local Area Programs it supports.

## **8.0 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 NDA components.

When the answers to the following questions can be evidenced as “Yes”, a Project’s activities are classified as DAs:

- Does it change the status quo?
- 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?

Projects are designated into one of two categories:

- Discrete development projects;
- Local Area Programs that often include DAs and NDAs.

### **8.1 Discrete Development Projects**

In cases where ERFA partners in the delivery of a discrete development project that meets the above criteria, ERFA classifies the project as DA. Log frames and budgets are assessed to confirm all activities are classified as development activities or whether some are considered NDAs. Typically, ERFA does not fund NDAs in discrete development projects unless approval is obtained from the Board.



## **8.2 Local Area Programs**

Whether a proportion of ERFA funding will be recommended to the ERFA board for allocation towards the NDAs of a Local Area Program is decided during stage 2 of the Project Cycle, “Project application and design”.

Using the Local Area Program Budget Analysis Tool (see Appendix), ERFA assessors review a Local Area Program’s Logframe and Budget line by line to classify each activity as either comprising DA or NDA.

For ERFA to support the NDAs of a Local Area Program the following conditions must be met:

- NDAs, like DAs, are to be expressed in the Partner’s Logframe and Budget as components of distinct Project “outcomes” that contribute to a broader Project “objective”.
- The Partner must demonstrate that the NDAs are necessary for the achievement of Project development objectives;
- The Partner must demonstrate how and when they will exit from the relevant welfare activities.

ERFA reserves the right to decline supporting specific NDAs.

ERFA codifies agreements between its Partners on the proportion of DA and NDA that ERFA funds are to be allocated towards in the following documents:

- in-country partner agreements, Memorandums of Understanding (MOUs) or equivalent.

By signing these forms signatories indicate that they are aware of Australia’s obligations under Australian law, including ERFA’s obligation to allocate tax-deductible funds solely towards DAs.

## **9.0 Separation of non-development activities in monitoring and reporting**

### **9.1 Acquittal reporting**

The main avenue through which ERFA monitors Partner’s budget expenditure is the Quarterly Acquittal Form. ERFA assessors analyse Partner expenditure and verify whether this complies with agreed budgetary allocations in their International Partnership Application Form.

ERFA requires its Partners to separately manage, report and account for any NDA 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.

### **9.2 Field visits**

ERFA also conducts field monitoring to verify appropriate recording of all financial transactions. Among other details, field monitors will report the degree to which Partners have demonstrated the effective separation of DAs and NDAs in their written report.

## **10.0 Separation of non-development activities in fundraising and communications**

### **10.1 Fundraising**

ERFA receives income from various sources including Edmund Rice School communities that are non-tax deductible and allocated to general-purpose use. The income is utilised to fund the non-development activity approved by ERFA each year. ERFA does not solicit or accept donations for NDA. 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 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 statements:

- We work with the poorest of communities, helping them to create education-based solutions for what they've told us are their biggest needs (not telling them what we think they need).
- Your donation will go to development activity that creates the best possible lasting impacts (that communities will own).
- We work to safeguard your funds from the risk of complex issues of corruption, human rights abuses and terrorism.
- ERFA is unable to accept donations for individual support or welfare activity. If you would like to discuss your donation, please contact us.

## **10.2 Communications**

- ERFA transparently reports the amount of donor funds allocated towards DAs in its Annual Report.
- All donor communications are reviewed prior to circulation to ensure compliance with this Policy.
- All Project stories, images and associated content supplied by Partners to ERFA for communications purposes will be reviewed for differentiation between DAs and NDAs.
- Where communications content features the NDAs of Local Area Programs, ERFA will acknowledge that the activities featured concern welfare.

## **11.0 Communication with Partners**

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

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

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.

ERFA also conducts training to further Partner's understanding of the differences between DA and NDA, and ERFA's associated programming guidelines, monitoring, reporting and evaluation process.

## Appendix: DA & NDA Program Budget Analysis Tool

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

Activity	Development	Non-Development
Education of staff or volunteers (e.g., training of medical staff, community health volunteers, teachers)		
Advocacy/training 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		
Equipment and machinery which supports delivery of education initiatives		
Feeding programs that are integral to an ERFA-supported education Project, and without which, the development project would falter		
Individual scholarships or tuition fees		
Wages of Project staff <ul style="list-style-type: none"> <li>Must be calculated based on the percentage of direct cost DA within the Local Area Program</li> </ul>		
Placement or tuition fees to third-party institutions and/or providers		
Political activity or evangelism		
Welfare payments such as medical or emergency assistance for staff, volunteers or beneficiaries not part of an approved emergency appeal		
Indirect costs including overheads, administrative costs, operational costs and indirect wages: <ul style="list-style-type: none"> <li>Must be calculated based on the percentage of direct cost development activity within the Local Area Program.</li> <li>Must not exceed more than 10% of the total DA funding provided by ERFA</li> </ul>		
Indirect costs including overheads, administrative costs, operational costs and indirect wages that: <ul style="list-style-type: none"> <li>Are not tied to a specific development project; and/or</li> <li>exceed 10% of the total DA funding provided by ERFA</li> </ul>		
Non-education-based activities such as medical services, medication, counselling		