Development & Non-Development Activity Policy

Details

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

ACFID	Australian Council for International Development
DA	Development activity
DFAT	Australian Government Department of Foreign Affairs and Trade
ERF	Edmund Rice Foundation
NDA	Non-development activity
RDE	Recognised Development Expenditure
SDGs	Sustainable Development Goals
UN	United Nations

Definitions

ACFID Member	A not-for-profit organisation that has obtained accreditation with ACFID
Board Members	Voluntary directors of ERF's Board
Donor	Members of the public including individuals or organisations who contribute to ERF in cash or in-kind
Partner	Any organisation which has an MOU or contract with ERF
Program	Programs are overarching development approaches and initiatives that set priorities and guide project outcomes, results and activities. Programs can comprise ministries or entities
Project	Projects are the development activities of a Program
Primary Stakeholder (beneficiary)	Children and adults who participate in and are directly impacted by ERFA partner projects
Staff	Employees, contractors, subcontractors, outworkers, apprentices and trainees, work experience students, volunteers and any other person who performs work for ERF
Stakeholder	Anyone who interacts with ERF and its Partners including but not limited to suppliers, contractors, volunteers, donors, etc.

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1.0 Introduction

ERF is committed to ensuring that its development approach, both in Australia and overseas, respects and protects human rights, fosters inclusion and supports sustainable outcomes. ERF embraces the differences of those affected by marginalisation 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.

ERF supports education-focused initiatives that are community-led and sustainable, implemented with consideration of social, cultural and environmental impacts. This policy complements ERF's Project Design, Funding and Management Policy and should be read in conjunction with it.

2.0 Purpose

The purposes of this Policy are to:
- ensure a clear separation between development activity (DA) and non-development activity (NDA);
- provide guidance to partners on ERF's approach to development;
- ensure that funds and resources designated for development are used only for that purpose;
- ensure accurate and transparent representation of DA and NDA to donors and the public, including in fundraising and communications; and
- outline ERF's compliance obligations in line with the ACFID Code of Conduct, Department of Foreign Affairs & Trade requirements and best practice sector standards.

3.0 Scope

This Policy applies to all:
- ERF activities, employees, volunteers and contractors;
- ERF partners and implementing organisations;
- Fundraising, communications, project design, monitoring and reporting processes.

4.0 Definitions

4.1 Development activity (DA)

Community-based initiatives that:
- are designed and led with community participation;
- address root causes of poverty and injustice;
- encourage empowerment, self-reliance and sustainability;
- respect human rights and promote inclusion, equity and dignity.

4.2 Non-development activity (NDA)

Activities not considered recognised development expenditure (RDE) including:
- evangelising or proselytising activity: promoting adherence to or conversion between religions;
- partisan political activity: supporting a political party, candidate or partisan objective;
- terrorism or violent extremism;
- welfare activities: ongoing, individualised support without integration into broader development objectives (with exceptions where welfare is a short-term, strategic steppingstone towards development outcomes, with a clear exist strategy).

4.3 Welfare

Care or maintenance provided on a long-term or individual basis (e.g. orphanages, individual tuition fees, food or clothing handouts) not linked to sustainable development outcomes.

4.4 Sustainability
Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability includes:
- Economic sustainability – enabling long-term financial viability and livelihoods;
- Social and cultural sustainability – strengthening social systems, cultural identify and cohesion;
- Environmental sustainability – ensuring that development respects and preserves the natural environment;
- Program sustainability – continuation of benefits beyond the life of a project, supported by local ownership, resources and capacity.

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

ERF contributes to the UN Sustainable Development Goals (SDGs), with a primary focus on SDG4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", as a pathway to reducing poverty (SDG1). ERF's development programming includes:

1. **formal education:** schools, co-curricular learning, vocational education and training;
2. **community education:** health, sanitation, livelihoods and life-skills training; and
3. **development education:** grassroots advocacy including in human rights, gender equality and environment.

ERF's development approach encompasses both:
- a community development approach; and
- community-based projects.

ERF prioritises **discrete, time-bound education projects**, but also supports **Local Area Programs** with broader development components, provided DA and NDA are clearly separated and welfare has an exit strategy.

6.0 Partner eligibility
6.1 ERF partners must:
- demonstrate a clear commitment to delivering DA in line with this Policy;
- confirm they will not use ERF funds allocated to DA for NDA purposes;
- where welfare is included, demonstrate how it supports future development objectives and provide a clear exit strategy;
- agree through signed MoUs and/or funding agreements to uphold the separation of DA and NDA.

6.2 Guidance for partners in identifying DA/NDA:
To assist partners in classification, the following questions can be used as a guide. Where all answers are "Yes", the activity should be classified as DA:
- Does the activity change the status quo?
- Does it have a substantial impact on social or economic conditions in a community?
- Is there a clear exit strategy?
- Is support provided at a community level rather than to an individual or family?

Projects are designated into one of two categories:
- **Discrete development projects** – comprised solely of DAs; or
- **Local Area Programs** – which may include both DAs and NDAs.

7.0 Separation of non-development activities

7.1 Separation of DA and NDA must be evident in:
- programming: NDA components must be identified and separately costed in applications, log frames and budgets;
- monitoring and reporting: NDA expenditure is clearly separated in acquittals and subject o monitoring and field visits;
- fundraising and communications: ERF is committed to transparency in all communications and fundraising. In line with our public statement:

Whenever possible, your donation will be used to support activity that delivers ongoing benefits to communities. However, sometimes welfare (such as clothing, food or medicines for individuals) is a necessary steppingstone to empowerment. Your donation will be used where it is most needed unless you include a comment in the message space provided.

Accordingly:
- fundraising solicitations must distinguish between DA and NDA;
- where both are referenced, donors must be provided with the option to contribute to DA only;
- all communications must transparently identify when NDAs are featured.

7.2 Discrete Development Projects
Projects classified as discrete development must demonstrate DA principles. Logframes and budgets are assessed to confirm DA classification. NDAs are not funded unless Board approval is granted.

7.3 Local Area Programs
For Local Area Programs, ERFA assessors review budgets line by line (using the Appendix tool) to classify DA/NDA. Funding for NDAs may only be approved where:

- NDAs are linked to project outcomes contributing to broader objectives;
- NDAs are necessary for achieving development outcomes;
- Clear exit strategies are provided.

ERFA reserves the right to decline specific NDAs.

7.4 ERF Assessment Guidance
When reviewing projects, assessors will check:
- alignment with DA principles (community-led, empowering, sustainable);
- NDA separation (identified, costed separately);
- welfare activities (time-bound, steppingstone to development, with exit strategy);
- sustainability (benefits continue beyond ERF support);
- compliance with ACFID and ERF standards, avoiding evangelism, politics or dependency.

8.0 Communication with Partners

ERF ensures partner awareness of this policy through:
- online application templates (concept notes, partnership and funding applications, log frames and budgets);
- Memorandums of Understanding (MoUs) and funding agreements;
- training, induction and ongoing dialogue with partners;

- availability in the partner policy section on ERF's website.

Partners must confirm in writing that they understand and will comply with this Policy.

9.0 Roles and responsibilities
- Programs Director: ensure partners prioritise DA, verify DA/NDA separation, communicate this Policy, oversee compliance, ensure accurate, annual DA/NDA reporting to DFAT;
- International Programs Manager: verify DA/NDA separation in assessment, monitoring and evaluation; ensure communications comply;
- Donor relations and communications staff: ensure that all fundraising and communication materials clearly distinguish between DA and NDA and provide donors with options for how their contributions may be allocated. Materials must not solicit or tie donations to specific individuals;
- Database Administrator: ensure allocations are accurately recorded against the relevant DA and NDA reserves in the database.
- CEO & Board: approve both DA and NDA expenditure.

10.0 Compliance and accountability
- ERF will review compliance with this Policy annually;
- partners will be made aware of this Policy during the annual application process;
- confirmed breaches may result in suspension or withdrawal of funding.

11.0 Related ERF policies and documents
Related policies
- Project Design, Funding & Management Policy
- Sustainable Development Policy
- Fundraising & Donations Policy

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 • Must be calculated based on the percentage of direct cost DA within the Local Area Program	✓	✓
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: • Must be calculated based on the percentage of direct cost development activity within the Local Area Program. • Must no exceed more than 10% of the total DA funding provided by ERFA	✓	
Indirect costs including overheads, administrative costs, operational costs and indirect wages that: • Are not tied to a specific development project; and/or • exceed 10% of the total DA funding provided by ERFA		✓
Non-education-based activities such as medical services, medication, counselling		✓