

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

# First report

## *Inquiry into Australia's aid program in the Indo-Pacific*

Joint Standing Committee on Foreign Affairs, Defence and Trade

April 2019  
CANBERRA

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# Foreword

Australians are a generous people. This generosity is reflected in the enduring contribution of Australia's aid program to our partner countries, both in our neighbourhood in the Indo-Pacific and beyond. Australian aid has been there in times of conflict and natural disaster, and has assisted communities to improve health and educational outcomes, increase agricultural productivity, and access international markets.

However, aid is not a one-way street. Co-operation with our partner countries has supported Australia's interests, including in trade, defence, health, and biosecurity. The aid program has also enhanced Australia's standing in the international community and has been an important avenue through which Australia has exercised strategic influence, particularly in our region.

In recent years, changes to the aid program have included an increased focus in the Indo-Pacific region and initiatives in relation to trade and empowering women and girls. This inquiry was an opportunity to examine the effectiveness of these changes and to ensure that the aid program continues to improve outcomes for Australia's partner countries and supports our interests.

While it is clear to the Committee that the aid program has a record of considerable achievement, the Committee has also identified a need to strengthen Australians' confidence in the aid program. The Committee has therefore recommended measures to raise awareness about the benefits of Australia's aid program, emphasising that the aid program is one part of a broader, mutually beneficial relationship between Australia and its partner countries.

At the same time, the Committee has recommended the Australian Government commit to a timeframe to increase Australia's investment in aid over the coming decade. Australia has the capacity to do more, and stability and certainty in the aid budget will enable Australia's aid program to build on its achievements through

new investments to assist women and girls, people with a disability, and other poor and marginalised groups.

In calling for Australia to invest more in aid, the Committee is mindful that the aid program should be focused on investments that are effective and outcomes that are sustainable. The aid program has a responsibility to maximise the impact of every dollar. As such, the Committee has recommended that investments are more directly linked to the objective of reducing poverty and that local procurement is used wherever possible to avoid distorting local economies.

Taken together, the Committee's recommendations are intended to ensure that the aid program delivers outcomes for Australia, its partner countries, and—most importantly—for those people who are most in need.

Given the scope of the aid program, there are other matters that the Committee was not able to consider in the time available in this first report. The Committee therefore encourages members of this Committee in the 46th Parliament to continue this inquiry and address these matters in due course.

Lastly, on behalf of the Committee, I thank all of the individuals and organisations who contributed evidence to the inquiry.

**Mr Chris Crewther MP**  
**Chair, Foreign Affairs and Aid Sub-Committee**

# Membership of the Committee

## Joint Standing Committee on Foreign Affairs, Defence and Trade

### Chair

Senator the Hon Ian Macdonald

LNP, QLD

*(Chair from 11.9.18 to 6.10.18)*

*(Chair from 25.10.18)*

### Deputy Chair

Mr Nick Champion MP

Wakefield, SA

### Members

Senator the Hon Eric Abetz *(from 10.9.18)*

LP, TAS

Dr Anne Aly MP

Cowan, WA

The Hon Kevin Andrews MP

Menzies, VIC

Ms Sharon Claydon MP

Newcastle, NSW

Mr Chris Crewther MP

Dunkley, VIC

Mr Michael Danby MP *(from 12.2.18)*

Melbourne Ports, VIC

The Hon Damian Drum MP *(from 13.8.18)*

Murray, VIC

Senator Mehreen Faruqi ( <i>from 14.9.18</i> )	AG, NSW
Senator the Hon Fierravanti-Wells ( <i>from 10.9.18</i> )	LP, NSW
Senator Alex Gallacher	ALP, SA
Mr Craig Kelly MP	Hughes, NSW
Senator Kimberley Kitching ( <i>from 15.2.18</i> )	ALP, VIC
Mr Andrew Laming MP ( <i>from 6.2.18</i> )	Bowman, QLD
Senator Malarndirri McCarthy ( <i>from 10.8.17</i> )	ALP, NT
Senator Jim Molan AO DSC ( <i>from 5.2.18</i> )	LP, NSW
Senator Claire Moore	ALP, QLD
Mr Ted O'Brien MP ( <i>from 15.8.17</i> )	Fairfax, QLD
Mr Graham Perrett MP	Moreton, QLD
Mr Rowan Ramsey MP	Grey, SA
Senator the Hon Lisa Singh	ALP, TAS
Senator Dean Smith ( <i>from 22.6.17</i> ) ( <i>Chair from 16.10.18 to 24.10.18</i> )	LP, WA
The Hon Warren Snowdon MP	Lingiari, NT
Mrs Ann Sudmalis MP	Gilmore, NSW
Ms Meryl Swanson MP ( <i>from 20.8.18</i> )	Paterson, NSW
Ms Maria Vamvakinou MP	Calwell, VIC
Mr Andrew Wallace MP ( <i>from 4.12.17</i> )	Fisher, QLD
Mr Trent Zimmerman MP	North Sydney, NSW



## Former members

Senator David Fawcett (Chair) (12.9.16 – 10.9.18) (Chair to 6.9.18)	LP, SA
Senator Chris Back (12.9.16 – 22.6.17)	LP, WA
The Hon Darren Chester (6.2.18 – 2.3.18)	Gippsland, VIC
Senator Anthony Chisholm (14.9.16 – 10.8.17)	ALP, QLD
The Hon Damian Drum MP (14.9.16 – 20.12.17)	Murray, VIC
The Hon David Feeney MP (15.9.16 – 1.2.18)	Batman, VIC
Mr Andrew Hastie MP (14.9.16 – 4.12.17)	Canning, WA
Senator Jane Hume (6.10.18 to 21.10.18)	LP, VIC
Senator Chris Ketter (8.11.16 – 9.2.17)	ALP, QLD
Ms Madeleine King MP (17.10.16 – 20.8.18)	Brand, WA
The Hon Sussan Ley MP (6.2.18 – 28.8.18)	Farrer, NSW
Mr David Littleproud MP (14.9.16 – 20.12.17)	Maranoa, QLD
Senator Scott Ludlam (12.9.16 – 14.7.17)	AG, WA
Senator Bridget McKenzie (12.9.16 – 5.2.18)	Nats, VIC
The Hon Dr John McVeigh MP (14.9.16 – 20.12.17)	Groom, QLD
Senator Deborah O'Neill (12.9.16 – 15.2.18)	ALP, NSW
Ms Melissa Price MP (14.9.16 – 20.12.17)	Durack, WA
Senator Linda Reynolds CSC (12.9.16 – 10.9.18)	LP, WA
Senator Lee Rhiannon (26.7.18 – 10.9.18)	AG, NSW
Mr Bert van Manen (6.2.18 – 13.8.18)	Forde, QLD
Senator Peter Whish-Wilson (9.8.17 – 26.6.18)	AG, TAS

Mr Jason Wood MP (*14.9.16 – 15.8.17*)

LaTrobe, VIC

Senator Nick Xenophon (*12.9.16 – 1.12.16*)

NXT, SA

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## Foreign Affairs and Aid Sub-Committee

### Chair

Mr Chris Crewther MP

Dunkley, VIC

### Deputy Chair

Senator Alex Gallacher

ALP, SA

### Members

Senator the Hon Eric Abetz (*from 10.9.18*)

LP, TAS

Mr Nick Champion MP (ex officio)

Wakefield, SA

Ms Sharon Claydon MP

Newcastle, NSW

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Murray, VIC

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Mr David Littleproud MP ( <i>to 20.12.17</i> )	Maranoa, QLD
The Hon Dr John McVeigh MP ( <i>to 20.12.17</i> )	Groom, QLD
Senator Deborah O'Neill ( <i>to 15.2.18</i> )	ALP, NSW
Senator Linda Reynolds CSC ( <i>to 10.9.18</i> )	LP, WA
Mr Bert van Manen ( <i>to 13.8.18</i> )	Forde, QLD

## Secretariat

Mr James Rees, Committee Secretary

Dr Ashley Stephens, Inquiry Secretary (*from 2.1.19*)

Ms Katie Ellis, Inquiry Secretary (*from 8.8.18 to 5.11.18*)

Dr Joshua Forkert, Inquiry Secretary (*to 6.7.18*)

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# Terms of reference

The Committee shall inquire into the implementation and efficacy of:

- increased private sector and trade development outcomes;
- increased emphasis on outcomes for women and girls; and
- innovation in Australia's aid program.

This follows the introduction of Australia's aid policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability* and the aid performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid* in 2014.

The Committee will have specific regard to the role, implementation, efficacy, impact, outcomes and/or evaluation of:

- Australia's aid program in terms of strategic and development goals;
- the role Australia's aid program plays in building influence as a trusted development partner;
- Australia's aid program in fostering confidence, stability, sustainability, capacity, community-determined goals and best outcomes, particularly by utilising local procurement and smaller/local entities;
- innovation in Australia's aid program through the innovationXchange;
- the Aid for Trade program, including a re-examination of the target percentage;
- the role and integration of cooperation chapters in free trade agreements;
- increasing the participation and engagement of women in private sector development opportunities;
- business partnerships, social enterprise and community investment in delivering development outcomes, with a focus on local entities; and

- the Australian Centre for International Agricultural Research (ACIAR) in delivering development outcomes, particularly with regard to the linkages between food security, biosecurity and national security issues.



# List of abbreviations

2030 Agenda	2030 Agenda for Sustainable Development
AusAID	Australian Agency for International Development
ACIAR	Australian Centre for International Agricultural Research
ACFID	Australian Council for International Development
ADDC	Australian Disability and Development Consortium
ANCP	Australian NGO Cooperation Program
BPP	Business Partnerships Platform
DFAT	Department of Foreign Affairs and Trade
DAC	Development Assistance Committee
DPC	Development Policy Centre
EFIC	Export Finance and Insurance Corporation
EMIIF	Emerging Markets Impact Investment Fund
GDP	Gross domestic product
GNI	Gross national income
IDCC	International Development Contractors Community
IEC	Independent Evaluation Committee
IJM	International Justice Mission Australia
ISF	Institute for Sustainable Futures
IWDA	International Women's Development Agency
MSIA	Marie Stopes International Australia

NGO	Non-government organisation
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
ODA	Overseas development assistance
RAMSI	Regional Assistance Mission to the Solomon Islands
SDGs	Sustainable Development Goals
UN	United Nations
UNICEF	United Nations Children's Fund
WASH	Water, sanitation, and hygiene

# List of recommendations

## *Chapter 3 – Support for Australia's aid program*

### **Recommendation 1**

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- 3.75 The Committee strongly recommends that the Australian Government change the name of the 'Aid' program to 'Development Partnerships' (or a similar name such as 'Development Co-operation' or 'Australian Partnerships'), which emphasises the mutual two-way benefits to Australia and recipient nations of our aid program (in terms of social development, trade, defence, security, strategic influence, health, biosecurity, and more), reflects a view of co-operation and partnership instead of a perceived or implied one-way 'paternalism' or 'charity', and would likely encourage greater public support for the program.

### **Recommendation 2**

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- 3.77 The Committee recommends that the Australian Government provide additional funding to the Department of Foreign Affairs and Trade for activities to raise awareness of the benefits of Australian Development Partnerships (aid), in particular via a national and ongoing advertising campaign on television, in newspapers/magazines, online and on social media that sets out:
- the amount of funding for Development Partnerships in real terms and as a percentage of gross national income;
  - the reasons for and mutual benefits of undertaking Development Partnerships in terms of social development, trade, defence, security, strategic influence, health, biosecurity, and more, noting the change

from the use of the word ‘aid’ to the new ‘development partnerships’ nomenclature; and

- the benefits in increasing our support for Development Partnerships.

## ***Chapter 4 – Effectiveness of Australia’s aid program***

### **Recommendation 3**

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- 4.93 The Committee recommends that the Australian Government, within a year, commit to a set timeframe of no more than five years for increasing Australia’s funding for Development Partnerships (aid) to at least 0.5 per cent of gross national income, and to a second set timeframe of no more than 10 years for increasing Australia’s funding for Development Partnerships (aid) to at least 0.7 per cent of gross national income.

### **Recommendation 4**

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- 4.95 The Committee recommends that the Australian Parliament, within a year, introduce a legislated floor of 0.5 per cent of gross national income funding for Development Partnerships (aid), to come into effect immediately upon conclusion of the set timeframe of no more than five years, as recommended in Recommendation 3 when 0.5 per cent is reached. In addition, the Committee recommends that the Australian Parliament subsequently introduce a legislated floor of 0.7 per cent of gross national income at the time Development Partnerships (aid) funding reaches this target under the proposed second set timeframe of no more than 10 years. 0.7 per cent should then remain the legislated floor after this period of time.

### **Recommendation 5**

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- 4.97 The Committee recommends that the Australian Government, in working to reach 0.5 per cent, and then 0.7 per cent, of gross national income for Development Partnerships (aid), supplement the core Development Partnerships funding managed by the Department of Foreign Affairs and Trade portfolio with funding set aside from other portfolios such as Defence, Health, Education and Agriculture (for example, funding for conflict resolution and governance Development Partnerships programs under the Defence budget, which in turn may prevent future Defence

expenditure). In doing so, consideration should be given to setting up Development Partnerships units within (or from) each contributing Department, which would then be managed under the core Development Partnerships structure headquartered under the Department of Foreign Affairs and Trade.

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## **Recommendation 6**

- 4.99 The Committee recommends that the Australian Government implement further measures to improve geographic targeting of aid at the national and sub-national level of recipient countries.

## ***Chapter 5 – Private sector development***

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## **Recommendation 7**

- 5.116 The Committee recommends that the strategic target for aid for trade investments remain at its current level of 20 per cent of Australia's aid budget for now, while the aid budget remains at current funding levels (so as not to take away from other non-aid for trade programs). However, the Committee recommends that with a timeframe set to increase Development Partnerships funding to 0.5 per cent of gross national income (as per Recommendation 3), the aid for trade program target should concurrently gradually increase to 25 per cent of the Development Partnerships budget (but such that non-aid for trade program funding is not impacted). Concurrently, aid for trade investments should be more explicitly linked to the objective of reducing poverty.

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## **Recommendation 8**

- 5.122 The Committee recommends that the Australian Government urgently implement the recommendations of Chapter 8 of the Committee's Final Report for the Inquiry into Modern Slavery, issued December 2017, noting the potential for misuse of aid, Australian donations, and Australian volunteerism, plus the potential negative impact on the effectiveness of Australian's aid program, if action is not taken to limit Australian donations and volunteerism to only legitimate orphanages and residential institutions for children.

## **Recommendation 9**

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- 5.123 The Committee recommends that the Australian Government should implement Recommendation 28 of the Committee's Final Report for the Inquiry into Modern Slavery, issued December 2017, to fund through its Development Partnerships (aid) program further measures to better address the drivers of modern slavery.

## **Recommendation 10**

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- 5.127 The Committee recommends that the Australian Government enhance and develop clearer local procurement guidelines and reporting mechanisms—that prioritise purchase of goods and/or services within, in or within the region of, Development Partnerships (aid) recipient countries where possible—for use by entities including the Department of Foreign Affairs and Trade, other Departments working in the Development Partnerships space, recipients of Development Partnerships funding (including contractors), and businesses, contractors, or individuals employed or engaged by Development Partnerships recipients to assist them in the provision of goods and/or services.

## **Recommendation 11**

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- 5.128 The Committee recommends that the Department of Foreign Affairs and Trade introduce to their procurement processes, tenders, and contracts, a requirement for recipients/contractors in receipt of Development Partnerships funding to first prioritise procuring locally in the recipient country, where possible (where the goods or services can be provided locally, can be provided at a sufficient quality standard locally, are not excessively more expensive than via procurement elsewhere and/or can be provided within the required project timeframes locally).

## **Recommendation 12**

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- 5.129 The Committee recommends that the Australian Government eliminate any remaining forms of tied aid, and informal aid tying, where there are conditions that some or all purchases are made from, or from entities from, the donor country (Australia). Goods or services supplied to and/or in recipient countries should only be supplied from Australia or non-regional entities where the goods or services cannot be provided locally, cannot be provided at a sufficient quality standard locally, are being offered at an

excessive cost locally to what can be procured elsewhere and/or cannot be provided within the required project timeframes locally.

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### **Recommendation 13**

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- 5.130 The Committee recommends that the Australian Government use recipient country procurement systems as the default option, where possible, and invest Development Partnerships funding to support recipient countries to improve their procurement systems and accountability safeguards.

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### **Recommendation 14**

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- 5.132 The Committee recommends that the Australian Government introduce a Digital Economy Aid Investment Strategy, as recommended by Prosper and Save the Children (noting that local procurement should remain the first priority under this recommendation, as per Recommendations 10-12).

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### **Recommendation 15**

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- 5.134 The Committee recommends that the Australian Government increase funding both in real terms and as a proportion of an increased Development Partnerships (aid) budget to agricultural, food, agribusiness and food security initiatives, including through the Australian Centre for International Agricultural Research (ACIAR), particularly targeted at better enabling private sector partnership opportunities through the Development Partnerships program. In doing so, the Australian Government should look to the United States Agency for International Development (USAID) Model for private partnerships to assist in creating better and more private sector partnership opportunities, as well as other successful models internationally.

## ***Chapter 6 – Empowering women and girls***

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### **Recommendation 16**

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- 6.51 The Committee recommends that, within the aid for trade program (noting Recommendation 7) and other Development Partnerships (aid) investments, the Australian Government better prioritise seeking to improve market access for poor and marginalised groups in recipient countries, in particular women and girls, adults and children living with a disability, and disabled women and girls. As noted in Recommendation 7,

aid for trade investments should be more explicitly linked to the objective of reducing poverty, in particular for women and girls, those living with a disability and/or other marginalised groups.

### **Recommendation 17**

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- 6.52 The Committee recommends that the Australian Government provide more funding for local-led water, sanitation, and hygiene (WASH) initiatives to communities most at need, particularly given the impact of a lack of safe drinking water, wash facilities, rest rooms, and sewerage disposal on the advancement and safety of women and girls in particular.

### **Recommendation 18**

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- 6.53 The Committee recommends that the Department of Foreign Affairs and Trade work through the Development Partnerships (aid) program to further develop, prioritise and fund community-led localised initiatives proposed and developed by women and girls, women and girls with a disability, people with a disability, and other disadvantaged or marginalised groups within localised areas within each recipient country.

### **Recommendation 19**

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- 6.54 The Committee recommends that the Australian Government provide greater assistance and funding for holistic menstrual health programs, holistic breastfeeding programs, micro-nutrient investments, and nutrition initiatives before, during, and after pregnancy within an increased Development Partnerships (aid) budget, including through the provision of more funding for water, sanitation, and hygiene (WASH) initiatives to communities most at need (see Recommendation 17).

### **Recommendation 20**

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- 6.57 With respect to use of Development Partnerships (aid) to assist people living with a disability in recipient countries, in particular women and girls, the Committee recommends that the Department of Foreign Affairs and Trade:
- include data on disability-inclusion investment performance by investment priority area in future *Performance of Australian Aid* reports (as occurred in the 2014-15 and 2015-16 reports);



- establish a new strategic target that an ambitious percentage of investments, regardless of their objectives, will effectively address disability inclusion in their implementation. This target should be determined according to the latest baseline data available, including the most recent Aid Quality Checks data;
- integrate disability analysis, including disaggregated data, identification of barriers for women/people with disabilities, and strategies for inclusion and empowerment of women/people with disabilities in investments targeted towards women's empowerment and aid for trade; and
- in responding to the Office of Development Effectiveness' report, *Development for All: Evaluation of Progress Made in Strengthening Disability Inclusion in Australian Aid*, implement the agreed recommendations as expeditiously as possible.

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## Recommendation 21

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6.59 The Committee recommends that the Department of Foreign Affairs and Trade, in the context of increasing Development Partnerships funding (as per Recommendations 3-5):

- build on its commitment to achieving gender equality globally by developing a stand-alone action plan for adolescent girls, similar to the US Government's 2016 *Global Strategy to Empower Adolescent Girls*; and
- set a target that at least 15 per cent of all investments under Development Partnerships with the principal or significant objective of advancing gender equality, identify adolescent girls as the primary beneficiaries by 2030.

## General

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## Recommendation 22

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6.60 The Committee recommends that this inquiry be continued in the next Parliament.



# 1. Introduction

- 1.1 In 2014, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, released the Australian Government's new aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.<sup>1</sup> The policy introduced significant changes to how and where Australia delivers its overseas development assistance, with an increased focus on the Indo-Pacific region.
- 1.2 At the same time, the then Minister also released a new performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*.<sup>2</sup>
- 1.3 Since that time, the Australian Government has announced a range of policies to support key priorities of the aid program, including increased private sector development, gender equality and empowering women and girls, and innovation.

## Overview of the inquiry

- 1.4 On 28 March 2018, following a request from the Committee originating in the Foreign Affairs and Aid Sub-Committee, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, referred to the Committee a request to inquire into and report on the strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting Australia's regional interests.

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<sup>1</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014.

<sup>2</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014.

- 1.5 On the same day, the Committee then referred the inquiry to the Foreign Affairs and Aid Sub-Committee to undertake.
- 1.6 In announcing the inquiry, Chair of the Sub-Committee, Mr Chris Crewther MP, stated that the inquiry is an opportunity to examine the effectiveness of recent changes to Australia's aid program and to ensure the program is improving outcomes for Australia's aid partners and supporting Australia's interests in the region.<sup>3</sup>

## Conduct of the inquiry

- 1.7 The inquiry was advertised on 29 March 2018 and the Sub-Committee invited written submissions addressing the terms of reference to be received by 15 June 2018.
- 1.8 At the time of publication, the Sub-Committee had received and published 101 submissions and six supplementary submissions, which are listed in Appendix A. The Sub-Committee had also received five exhibits, which are listed in Appendix B.
- 1.9 At the time of publication, the Sub-Committee had held five public hearings in Canberra, Sydney, Melbourne, and Brisbane. Witnesses who gave evidence at these hearings are listed in Appendix C.
- 1.10 The Sub-Committee expresses its appreciation to submitters and witnesses who have contributed evidence to the inquiry to date.

## Previous inquiries

- 1.11 Various aspects of Australia's aid program have been considered in recent parliamentary inquiries.
- 1.12 Having particular regard to the Indo-Pacific region, this Committee has inquired into the role of the private sector in promoting economic growth and reducing poverty,<sup>4</sup> human rights issues confronting women and girls,<sup>5</sup> and development partnerships in agriculture and agribusiness.<sup>6</sup>

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<sup>3</sup> Joint Standing Committee on Foreign Affairs and Trade, Foreign Affairs and Aid Sub-Committee, 'Parliamentary inquiry into Australian aid strategic effectiveness', *Media release*, 29 March 2018.

<sup>4</sup> Joint Standing Committee on Foreign Affairs and Trade, *Partnering for the greater good: The role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region*, June 2015.

- 1.13 The Senate Foreign Affairs, Defence and Trade References Committee has inquired into Australia's overseas aid and development assistance program,<sup>7</sup> the delivery and effectiveness of Australia's bilateral aid program in Papua New Guinea,<sup>8</sup> and Australia's implementation of the United Nations Sustainable Development Goals.<sup>9</sup>

## Scope of this first report

- 1.14 The first report of the Committee outlines the context of the inquiry, provides a brief summary of evidence received, and presents the Committee's findings and recommendations to date. Given the wide scope of the inquiry, it is intended that further reports and recommendations be issued presuming the inquiry continues past this term of Parliament.
- 1.15 Chapter 2 outlines the context of the inquiry. It begins with an overview of Australia's aid program, and then notes some regional and international developments relevant to the aid program, concluding with a summary of recent announcements relating to the aid program.
- 1.16 Chapter 3 examines the level of public support for the aid program and considers suggestions received in evidence for strengthening public support for the aid program.
- 1.17 Chapter 4 outlines the performance framework for the aid program, and then considers evidence on the effectiveness of the aid program.
- 1.18 Chapter 5 examines the role of the private sector in the aid program, drawing on evidence received in relation to aid for trade, private sector partnerships, and local procurement.

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<sup>5</sup> Joint Standing Committee on Foreign Affairs and Trade, *Empowering women and girls*, December 2015.

<sup>6</sup> Joint Standing Committee on Foreign Affairs and Trade, *Food for thought: improving health and nutrition in the Indo-Pacific region*, May 2016.

<sup>7</sup> Senate Standing Committee on Foreign Affairs, Defence and Trade, *Australia's overseas aid and development assistance program*, March 2014.

<sup>8</sup> Senate Standing Committee on Foreign Affairs, Defence and Trade, *Delivery and effectiveness of Australia's bilateral aid program in Papua New Guinea*, May 2016.

<sup>9</sup> Senate Standing Committee on Foreign Affairs, Defence and Trade, 'United Nations Sustainable Development Goals', <[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Foreign\\_Affairs\\_Defence\\_and\\_Trade/SDGs](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/SDGs)>.

- 1.19 Chapter 6 considers evidence in relation to the focus in the aid program on improved outcomes for women and girls.
- 1.20 The Committee will continue to consider evidence received, particularly in relation to the matters not considered in detail in this first report, with the aim to produce further recommendations in subsequent reports.

## 2. Context of the inquiry

- 2.1 This chapter establishes the context of the present inquiry.
- 2.2 The chapter begins with an overview of Australia's aid program. It then notes some regional and international developments relevant to Australia's aid program. It concludes with a summary of significant announcements relating to Australia's aid program that have been made since the commencement of the inquiry in March 2018.

### Overview of Australia's aid program

- 2.3 This section gives a short overview of Australia's aid program. Further evidence on the effectiveness and outcomes of the program, and on specific priority areas of the program identified in the inquiry's terms of reference, is discussed in subsequent chapters.
- 2.4 Australia's aid program is administered by the Department of Foreign Affairs and Trade (DFAT).
- 2.5 Prior to 2013, Australia's aid program was administered by an autonomous executive agency, the Australian Agency for International Development (AusAID). In 2013, AusAID was integrated with DFAT to more closely align Australia's aid and diplomatic objectives.<sup>1</sup>
- 2.6 In a submission to the inquiry, DFAT described Australia's aid program as a 'whole-of-Australia commitment to reducing poverty and promoting

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<sup>1</sup> The Hon. Julie Bishop MP, Minister for Foreign Affairs, 'A new era in diplomacy', *Media Release*, 1 November 2013, <[https://foreignminister.gov.au/releases/Pages/2013/jb\\_mr\\_131101a.aspx](https://foreignminister.gov.au/releases/Pages/2013/jb_mr_131101a.aspx)>.

prosperity for people in developing countries, predominately in the Indo-Pacific region'.<sup>2</sup>

## Australia's aid policy

2.7 In 2014, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, released the Australian Government's new aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.<sup>3</sup> The policy introduced significant changes to how and where Australia delivers its official development assistance, with an increased focus on the Indo-Pacific region.<sup>4</sup>

2.8 The policy states that the purpose of the aid program is to 'promote Australia's national interests by contributing to sustainable economic growth and poverty reduction'.<sup>5</sup>

2.9 In a submission to the inquiry, DFAT explained how Australia's aid program contributes to Australia's national interests:

Australia's development assistance magnifies the influence that Australia brings to bear on regional and global problems ... The development assistance program also provides an opportunity to promote Australian expertise and to develop deep links with countries in our region.

More broadly, Australia's development assistance program gives us soft power, influence, credibility and leverage in our region. It enables us to project Australia's values – including political, economic and religious freedom; liberal democracy; racial and gender equality and mutual respect – while supporting our national interests.<sup>6</sup>

2.10 The policy introduced a focus on two development outcomes:

- strengthening private sector development; and

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<sup>2</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 3.

<sup>3</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, <<https://dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf>>.

<sup>4</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. iii.

<sup>5</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 1.

<sup>6</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 3.



- enabling human development.<sup>7</sup>

2.11 These development outcomes are set out in further detail:

Expanding opportunities for people, businesses and communities is the key to both promoting economic growth and reducing poverty. People leave poverty when they get a job or a better paying job, and when they have the opportunity to use their time and skills more productively.

Nine out of ten of these jobs are created in the private sector. The private sector encompasses informal sector activities, including individual farmers and street vendors, through to large locally owned firms and multinational corporations. Australian support will strengthen the private sector in our partner countries through improving the business enabling environment, and helping create better functioning markets.

We know that a focus on the private sector alone is not enough. Promoting economic growth and poverty reduction requires a foundation of strong human development. Improving education, health, gender equality and women's empowerment are essential to both building a skilled and competitive workforce and lifting living standards. Educated women have fewer, healthier children who are themselves more likely to go to school. Healthier adults have better opportunities to earn an income, and children who are well-nourished and free of disease are able to learn at school and gain the skills needed to break out of poverty.<sup>8</sup>

2.12 The policy also outlines six priority areas that contribute to the achievement of the development outcomes:

- infrastructure, trade facilitation, and international competitiveness;
- agriculture, fisheries, and water;
- effective governance: policies, institutions, and functioning economies;
- education and health;
- building resilience: humanitarian assistance, disaster risk reduction, and social protection; and
- gender equality and empowering women and girls.<sup>9</sup>

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<sup>7</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 5.

<sup>8</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 5.

<sup>9</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, pp. 5-6.

- 2.13 The policy states that these six priority areas reflect Australia's expertise and strengths, regional barriers to growth, and challenges affecting poverty, and that investment in the priority areas will be balanced to reflect Australia's national interests and the context in each country.<sup>10</sup>

### *Increased focus on the Indo-Pacific region*

- 2.14 As noted above, Australia's new aid policy introduced an increased focus on the Indo-Pacific region.
- 2.15 The 2017 *Foreign Policy White Paper* defines the Indo-Pacific region as 'the region ranging from the eastern Indian Ocean to the Pacific Ocean connected by Southeast Asia, including India, North Asia and the United States'.<sup>11</sup>
- 2.16 The aid policy includes a commitment that from 2014-15 at least 90 per cent of country program aid will be directed to the Indo-Pacific region, particularly South-East Asia and the Pacific.<sup>12</sup>
- 2.17 The policy states that this limited geographic focus:
- ... reflects the reality that the vast majority of our nearest neighbours are developing countries. Many of them face significant development challenges. Ten of Australia's 15 top partner country aid recipients are considered to be fragile or conflict-affected. Their fragility has a direct impact on our national and security interests.<sup>13</sup>
- 2.18 The policy also states that a focus on the region is an expression of Australia's national interest:
- ... stronger growth, prosperity and stability in the region is of direct benefit to Australia, Australians and citizens of our neighbouring countries. It is also where Australia's aid can make the biggest difference.<sup>14</sup>

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<sup>10</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 10.

<sup>11</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, <<https://www.fpwhitepaper.gov.au>>, p. 1.

<sup>12</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 4.

<sup>13</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 4.

<sup>14</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 4.

2.19 Further background on the Indo-Pacific region is outlined later in this chapter.

## Aid funding

2.20 The Australian Government allocated \$4.2 billion for overseas development assistance (ODA) in 2018-19.<sup>15</sup> This allocation represents approximately 0.86 per cent of Commonwealth Government spending.<sup>16</sup>

2.21 According to the Organisation for Economic Co-operation and Development (OECD), in 2017 Australia's ODA funding represented around 0.23 per cent of gross national income (GNI). In terms of ODA funding as a percentage of GNI, Australia ranks 18th out of OECD Development Assistance Committee (DAC) member countries, with the average across all DAC member countries being 0.31 per cent.<sup>17</sup>

2.22 Australia's aid budget has contracted in recent years, in real terms and as a percentage of GNI (noting though an increase in real terms of Australian aid targeted to the Pacific). According to the OECD DAC, since 2013, the aid budget in cumulative terms has been reduced by over 30 per cent, and the ratio of ODA to GNI is now at a 'historic low'.<sup>18</sup>

2.23 Further evidence in relation to the contraction of the aid budget is considered in the following chapter.

2.24 The majority of Australia's aid funding is directed to the Indo-Pacific region, including:

- \$1.3 billion in the Pacific;
- \$1.0 billion in South-East and East Asia; and
- \$284.8m in South and West Asia.<sup>19</sup>

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<sup>15</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 3.

<sup>16</sup> Development Policy Centre, Australian National University, *Australian aid tracker*, <<http://devpolicy.org/aidtracker>>, viewed on 16 January 2019.

<sup>17</sup> Organisation for Economic Co-operation and Development, *Net ODA (indicator)*, <<https://data.oecd.org/oda/net-oda.htm>>, viewed on 16 January 2019.

<sup>18</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 23.

<sup>19</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 5.

- 2.25 Approximately half of Australia's aid funding in the Pacific is directed to Papua New Guinea (\$572.2 million). Australia also provides \$187.0 million to the Solomon Islands, where the *Regional Assistance Mission to the Solomon Islands* (RAMSI) concluded in 2017.<sup>20</sup>
- 2.26 Outside of the Indo-Pacific region, Australia directs \$258.5 million to the Middle East and Africa and \$5.9 million to Latin America and the Caribbean.<sup>21</sup>
- 2.27 Australia also provides \$563.8 million to international organisations (including the United Nations) and multilaterals, and \$737.3 million in humanitarian aid and other assistance not attributable to any particular region.<sup>22</sup>
- 2.28 In its 2018-19 Budget summary, DFAT outlined total aid funding by region, together with sectoral and global allocations.<sup>23</sup>
- 2.29 DFAT's website lists the countries and regions where Australia gives aid and provides links to the individual country programs.<sup>24</sup>

## Aid delivery

- 2.30 Australian aid is currently delivered on a grant basis.<sup>25</sup>
- 2.31 DFAT described a range of approaches for delivering aid within the current policy framework, including bilateral programs, co-operation with international partners, partnerships through multilateral organisations, and regional and sectoral programs:

Bilateral programs allow DFAT to respond directly to priorities identified jointly with partner governments. This also allows DFAT the most direct oversight.

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<sup>20</sup> Department of Foreign Affairs and Trade, *Australian Aid Budget Summary 2018-19*, <<https://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2018-19-australian-aid-budget-summary.pdf>>, p. 12.

<sup>21</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 5.

<sup>22</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 5.

<sup>23</sup> Department of Foreign Affairs and Trade, *Australian Aid Budget Summary 2018-19*.

<sup>24</sup> Department of Foreign Affairs and Trade, 'Where we give aid', <<https://dfat.gov.au/aid/where-we-give-aid/Pages/where-we-give-aid.aspx>>.

<sup>25</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 5.

At the same time, there are other development challenges that are best managed in cooperation with other international partners-whether they be other bilateral donors, multilateral development banks, expert international organisations, parts of the United Nations (UN) system or international civil society.

DFAT achieves greater impact through partnering with other donors through multilateral organisations that specialise in tackling particular global problems and which can pool resources from a range of sources (alongside Australia's). In this way Australia's funding can achieve more in conjunction with other resources and pooled expertise.

Regional and sectoral programs are used most frequently where there are cross-border issues that can be best tackled through a common approach across several countries. Examples can include regional health security to avoid pandemics; water management in river systems that cross borders; or gender equality efforts where stakeholders can learn from the experience of their neighbouring countries.<sup>26</sup>

2.32 DFAT explained that the aid program has undergone significant changes over the last four decades and suggested that the program continues to be dynamic and responsive.<sup>27</sup>

2.33 The Australian Government's aid policy released in 2014 introduced changes to the ways in which Australia delivers aid. These changes included:

- working with the most effective and innovative delivery partners with a particular focus on value-for-money and achieving results;
- consolidating aid investments at country level, focusing on fewer, larger investments; and
- actively engaging with and managing risk.<sup>28</sup>

2.34 DFAT also explained that, given the diversity of the Indo-Pacific region, the Department tailors its development assistance to 'the realities of regional and country contexts':

Our approach cannot be the same for small island developing states (SIDS) in the Pacific, with small and geographically dispersed populations, as it is

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<sup>26</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 5-6.

<sup>27</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 5-6.

<sup>28</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, pp. 29-31.

with our populous Asian neighbours with a growing urbanised middle class, strong civil society and a productivity-oriented private sector. For example as countries become more capable and prosperous, and have access to a greater quantity and range of other finance, our approach needs to shift to support reform, and to consider how Australia can be a credible partner on key policy or institutional reform issues.<sup>29</sup>

## Regional and international context

- 2.35 The Committee is aware that Australia's aid program operates in a complex and changing regional and international environment. This section briefly notes relevant regional and international developments that were raised in evidence to the inquiry.
- 2.36 This section is intentionally limited in detail as the Committee appreciates that stakeholders are likely to be familiar with these matters.

### 2030 Agenda for Sustainable Development

- 2.37 In 2015, the Australian Government was one of 193 United Nations (UN) member states that committed to the *2030 Agenda for Sustainable Development* (the 2030 Agenda).<sup>30</sup> The 2030 Agenda was endorsed by the UN on 25 September 2015.
- 2.38 The 2030 Agenda comprises two components:
- 17 Sustainable Development Goals (SDGs), which form a roadmap for global development efforts to 2030 and beyond; and
  - the Addis Ababa Action Agenda on Financing for Development (the Action Agenda)<sup>31</sup>, which is a global plan for financing achievement of the SDGs.<sup>32</sup>
- 2.39 Under the 17 SDGs there are 169 targets and each goal has a set of indicators (232 distinct indicators in total) to help measure progress.<sup>33</sup>

<sup>29</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 5.

<sup>30</sup> United Nations, *Transforming our world: the 2030 Agenda for Sustainable Development*, September 2015, <[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E)>.

<sup>31</sup> United Nations, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development*, July 2015, <[https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)>.

<sup>32</sup> Department of Foreign Affairs and Trade, '2030 Agenda for Sustainable Development', <<https://dfat.gov.au/aid/topics/development-issues/2030-agenda/Pages/default.asp>>.

- 2.40 The Action Agenda recognises the funding gap required to achieve the SDGs and calls for mobilisation of other forms of public and private finance to address this gap.
- 2.41 DFAT submitted that Australia's aid program is 'firmly grounded' in the 2030 Agenda:
- The SDGs reflect and support the government's international and domestic priorities. Within all of Australia's bilateral development assistance programs, we are prioritising assistance to partner countries to meet the SDGs.
- 2.42 Each member state committed to producing a voluntary review on implementation of the SDGs at least twice over the 15-year timeframe for the 2030 Agenda. The reviews are to reflect a country's efforts and achievements against the SDGs.<sup>34</sup> Australia delivered its first review on 17 July 2018.<sup>35</sup>
- 2.43 As noted in the previous chapter, the Senate Foreign Affairs, Defence and Trade References Committee is currently undertaking an inquiry into Australia's implementation of the SDGs.

## World Humanitarian Summit Grand Bargain

- 2.44 In 2016, 30 of the biggest donors and aid providers, including Australia, agreed to the *World Humanitarian Summit Grand Bargain*, which aims 'to get more means into the hands of people in need'. The Grand Bargain was conceived to address—in part—the financing gap between humanitarian needs and the resources available from donors and aid providers to meet those needs, estimated in 2015 to be US\$15 billion.<sup>36</sup>
- 2.45 The specific purpose of the Grand Bargain is for donors and aid providers to improve the efficiency of humanitarian action through a range of commitments:

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<sup>33</sup> Department of Foreign Affairs and Trade, 'Sustainable Development Goals', <<https://dfat.gov.au/aid/topics/development-issues/2030-agenda/Pages/sustainable-development-goals.aspx>>.

<sup>34</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 4.

<sup>35</sup> Australian Government, *Report on the implementation of the Sustainable Development Goals*, July 2018, <<https://dfat.gov.au/aid/topics/development-issues/2030-agenda/Documents/sdg-voluntary-national-review.pdf>>.

<sup>36</sup> Agenda for Humanity, *The Grand Bargain – A Shared Commitment to Better Serve People in Need*, May 2016, <[https://www.agendaforhumanity.org/sites/default/files/resources/2018/Jan/Grand\\_Bargain\\_final\\_22\\_May\\_FINAL-2.pdf](https://www.agendaforhumanity.org/sites/default/files/resources/2018/Jan/Grand_Bargain_final_22_May_FINAL-2.pdf)>.

The Grand Bargain includes a series of changes in the working practices of donors and aid organisations that would deliver an extra billion dollars over five years for people in need of humanitarian aid. These changes include gearing up cash programming, greater funding for national and local responders and cutting bureaucracy through harmonised reporting requirements.

The Grand Bargain commits donors and aid organizations to providing 25 per cent of global humanitarian funding to local and national responders by 2020, along with more un-earmarked money, and increased multi-year funding to ensure greater predictability and continuity in humanitarian response, among other commitments.<sup>37</sup>

2.46 By 2018, the number of signatories to the agreement had increased to 51.<sup>38</sup>

## Foreign Policy White Paper

2.47 In 2017, the Australian Government released the Foreign Policy White Paper, which sets out a framework for Australia's international engagement.<sup>39</sup>

2.48 The white paper identifies five 'objectives of fundamental importance to Australia's security and prosperity', which include to promote an open, inclusive, and prosperous Indo-Pacific region in which the rights of all states are respected and to step up support for a more resilient Pacific and Timor-Leste.<sup>40</sup>

2.49 In its submission, DFAT describes Australia's aid program as part of Australia's broader foreign policy as articulated in the white paper.<sup>41</sup>

2.50 The white paper expands on the importance of promoting sustainable development:

As a prosperous country, Australia has a responsibility to contribute to global efforts to reduce poverty, alleviate suffering and promote sustainable development. This also serves our interests because the more that countries can provide economic opportunity for their citizens the more stable they will

<sup>37</sup> Agenda for Humanity, 'Grand Bargain', <<https://www.agendaforhumanity.org/initiatives/3861>>.

<sup>38</sup> Inter-Agency Standing Committee, 'Grand Bargain', <<https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>>, viewed 17 January 2019.

<sup>39</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017.

<sup>40</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, p. 3.

<sup>41</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 4.



be. They will be less vulnerable to challenges such as irregular migration and extremism. In an interconnected world, investing in the development of other countries helps to limit negative impacts on our own security.<sup>42</sup>

- 2.51 The white paper also reiterates Australia's commitment to the 2030 Agenda, including the SDGs:

The 2030 Agenda is not just for and about government—it also engages the private sector, civil society, academia and international organisations.

In working with partners to achieve the SDGs, Australia will use its overseas development assistance, including through aid for trade, to catalyse sustained and inclusive economic growth to help reduce poverty.<sup>43</sup>

## Transition in the Indo-Pacific region

- 2.52 As noted earlier in this chapter, Australia's aid program is increasingly focused on the Indo-Pacific region.

- 2.53 The Foreign Policy White Paper provided context on the changing strategic and economic environment in the Indo-Pacific region:

Economic growth in Asia continues to re-shape our strategic landscape. The compounding effect of China's growth is accelerating shifts in relative economic and strategic weight... In parts of the Indo-Pacific, including in Southeast Asia, China's power and influence are growing to match, and in some cases exceed, that of the United States. The future balance of power in the Indo-Pacific will largely depend on the actions of the United States, China and major powers such as Japan and India. The responses of major Southeast Asian states, such as Indonesia and Vietnam, will also be important.

... In this dynamic environment, competition is intensifying, over both power and the principles and values on which the regional order should be based.<sup>44</sup>

- 2.54 The white paper also emphasised Australia's interests in the region:

We want peace to help sustain the growth that has brought the region to the centre of the global economy. Equally, we want a region where our ability to prosecute our interests freely is not constrained by the exercise of coercive power.

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<sup>42</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, p. 87.

<sup>43</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, p. 88.

<sup>44</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, pp. 25-26.

For Australia, the stakes could not be higher. The Indo-Pacific encompasses our most important economic partners and its dynamism supports economic growth in Australia, creating jobs and increasing our standard of living.

Our cultural, educational and people-to-people links are also deep. The region is the source of many of our biggest migrant communities, which are vital to our modern, vibrant nation.<sup>45</sup>

2.55 Similarly, DFAT submitted that Australia's security and prosperity are 'intrinsically linked' to the Indo-Pacific region.<sup>46</sup>

2.56 DFAT explained that there is significant diversity among the economies of countries in the region:

While some of our partner countries in Asia are experiencing dynamic economic growth and a growing middle class, many still struggle with significant pockets of poverty, rising levels of inequality and domestic unrest. Other partner countries, including in the Pacific, have fewer prospects for sustainable high economic growth and instead look to countries like Australia to assist their economic integration with the broader region and help build greater economic resilience.<sup>47</sup>

2.57 DFAT noted that, as a result of strong economic growth in the region, some partner countries are increasingly able to finance their development, with ODA representing a diminishing fraction of their gross domestic product (GDP):

While we work to promote sustainable economic growth in Asia, we are also responding to the reality of partner countries being increasingly able to finance their own development. A number of key countries in the Indo-Pacific region - including Indonesia and Sri Lanka and Vietnam - are experiencing strong economic growth with ODA now representing a tiny fraction of their GDP. As countries in the region develop this trend will continue.<sup>48</sup>

2.58 However, DFAT also noted that emerging economies face 'increasingly complex development challenges that require more effective and efficient state institutions and policies'.<sup>49</sup>

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<sup>45</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, p. 3.

<sup>46</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 25.

<sup>47</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 3.

<sup>48</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 27.

<sup>49</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 27.

2.59 By contrast, DFAT explained that the smaller island states of the Pacific region had seen limited income growth compared to Asia's emerging economies. DFAT expanded on their unique characteristics:

They are more remote, more dispersed, have a higher risk of natural disaster, less access to global capital markets and fewer options to diversify their economies than countries in most regions of the globe. ... Those in paid employment represent a small proportion of the total population... Opportunities for paid work are limited for those people living in remote regions, for women and for people with disabilities. Pacific island economies are some of the most severely affected by disasters in the world.<sup>50</sup>

2.60 The Committee also received evidence in relation to the influence of emerging donors in the Indo-Pacific region.

2.61 For example, DFAT submitted that emerging donors, including China and India, are having 'an important and growing influence on development in our region and globally', noting also that it is Australia's interests to engage more strategically with these donors.<sup>51</sup>

2.62 Research undertaken by the Lowy Institute outlined the scale of China's aid program in the Pacific:

... Chinese aid in the Pacific has grown substantially, with China committing more than US\$1.7 billion in aid to eight Pacific Island countries (including Timor-Leste) [from 2006 to mid-2016]. To put this into context, total traditional aid to these countries over the same period was over US\$9 billion, with aid from Australia making up almost two-thirds this amount.<sup>52</sup>

2.63 The Institute described how China's approach to development assistance differs from the approach taken by Australia and other 'traditional' donors:

China typically engages in large infrastructure projects by providing low interest, or 'concessional', loans that eventually have to be repaid. There is often scant information beyond an announcement, with no detail on the terms of these loans or repayment schedule. Australia and other traditional donors typically provide one-way grants that do not need to be paid back and engage

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<sup>50</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 25-26.

<sup>51</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 33.

<sup>52</sup> Lowy Institute, 'The bad – and good – of China's aid in the Pacific', January 2018, <<http://www.lowyinstitute.org/the-interpreter/bad-and-good-china-aid-pacific>>. See also: Lowy Institute, 'Chinese Aid in the Pacific', <<https://chineseaidmap.lowyinstitute.org/>>.

in more complex (albeit far from perfect) forms of assistance across multiple sectors, from humanitarian assistance to governance support.<sup>53</sup>

- 2.64 More broadly, China's 'One Belt, One Road' initiative involves infrastructure development and investment, including in the Indo-Pacific region.<sup>54</sup>
- 2.65 The School of Archaeology and Anthropology at the Australian National University submitted that 'China is the largest development partner in many of the countries in which the Australian aid program operates'.<sup>55</sup>
- 2.66 However, the Committee is aware that some concerns have been raised in relation to China's aid and development activities in the region, including lack of transparency, exclusion of local suppliers and services, and risk of unsustainable debt burden, particularly for smaller Pacific island states.<sup>56</sup>

## Recent announcements

- 2.67 The Committee is aware of several significant announcements relating to Australia's aid and development program—particularly with respect to infrastructure development in the Indo-Pacific region—that have been made since the commencement of the present inquiry in March. These announcements are summarised below.

### *Coral Sea Cable System*

- 2.68 On 19 June 2018, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, announced that the Australian Government would partner with telecommunications company Vocus to manage the construction the *Coral*

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<sup>53</sup> Lowy Institute, 'The bad – and good – of China's aid in the Pacific', January 2018, <<http://www.lowyinstitute.org/the-interpreter/bad-and-good-china-aid-pacific>>.

<sup>54</sup> Parliamentary Library, 'China's "One Belt, One Road" initiative', August 2016, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook45p/ChinasRoad](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/ChinasRoad)>.

<sup>55</sup> School of Archaeology and Anthropology, Australian National University, *Submission 37*, p. 5.

<sup>56</sup> For example, see: Parliamentary Library, 'China's "One Belt, One Road" initiative', August 2016, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook45p/ChinasRoad](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/ChinasRoad)>; Vision 2020 Australia, *Submission 48*, p. 6.

*Sea Cable System*, a system of high-speed undersea telecommunications cables from Australia to Papua New Guinea and Solomon Islands.<sup>57</sup>

- 2.69 Australia is majority funding the project, with additional contributions from Papua New Guinea and Solomon Islands. The project is due to be completed by the end of 2019.

### *Trilateral partnership for infrastructure investment*

- 2.70 On 31 July 2018, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, announced that Australia, the United States, and Japan would form ‘a trilateral partnership to invest in projects in the Indo-Pacific region that would build infrastructure, address development challenges, increase connectivity, and promote economic growth’.<sup>58</sup>
- 2.71 On 12 November 2018, DFAT and the Export Finance and Insurance Corporation, the United States Overseas Private Investment Corporation, and the Japanese Bank for International Cooperation signed a memorandum of understanding to operationalise the trilateral partnership.
- 2.72 In a joint statement issued on 17 November 2018, the governments of Australia, Japan, and the United States described the purpose of the trilateral partnership:

Through the [memorandum of understanding], we intend to work together to mobilise and support the deployment of private sector investment capital to deliver major new infrastructure projects, enhance digital connectivity and energy infrastructure, and achieve mutual development goals in the Indo-Pacific.

The Trilateral Partnership seeks to be a force-multiplier in the Indo-Pacific, providing a new vehicle through which countries in the region can coordinate to advance their infrastructure priorities. Importantly, the Trilateral Partnership intends to work with governments of the Indo-Pacific to support and encourage infrastructure projects that adhere to international standards and principles for development, including openness, transparency, and fiscal

<sup>57</sup> The Hon. Julie Bishop MP, Minister for Foreign Affairs, ‘Contract signed to deliver undersea cables to Papua New Guinea and Solomon Islands’, *Media Release*, 19 June 2018, <[https://foreignminister.gov.au/releases/Pages/2018/jb\\_mr\\_180619.aspx](https://foreignminister.gov.au/releases/Pages/2018/jb_mr_180619.aspx)>.

<sup>58</sup> The Hon. Julie Bishop MP, Minister for Foreign Affairs, ‘Australia, US and Japan announce trilateral partnership for infrastructure investment in the Indo-Pacific’, *Media Release*, 31 July 2018, <[https://foreignminister.gov.au/releases/Pages/2018/jb\\_mr\\_180731.aspx](https://foreignminister.gov.au/releases/Pages/2018/jb_mr_180731.aspx)>.

sustainability. This approach will help to meet the region's genuine needs while avoiding unsustainable debt burdens for the nations of the region.<sup>59</sup>

- 2.73 The three governments stated they would—in consultation with governments of Indo-Pacific countries, investors, and infrastructure companies—identify and evaluate infrastructure projects for potential development and financing.

### *Australian Infrastructure Financing Facility for the Pacific*

- 2.74 On 8 November 2018, the Australian Government announced a package of security, economic, diplomatic, and people-to-people initiatives intended to strengthen Australia's engagement with the Indo-Pacific region.<sup>60</sup>
- 2.75 As part of this announcement, the Australian Government committed to establishing the *Australian Infrastructure Financing Facility for the Pacific*, a \$2 billion infrastructure initiative to support for infrastructure development in Pacific countries and Timor-Leste. The initiative comprises a \$1.5 billion long-term loan facility and a \$500 million grant component.<sup>61</sup>
- 2.76 In a speech made in conjunction with the announcement, the Prime Minister, the Hon. Scott Morrison MP, explained:
- [The initiative] will use grant funding combined with long term loans to support high priority infrastructure development. This will also enable these projects to leverage broader support. It will invest in essential infrastructure such as telecommunications, energy, transport, water and will stretch our aid dollars even further.<sup>62</sup>

<sup>59</sup> The Hon. Scott Morrison MP, Prime Minister, 'Joint Statement of The Governments of Australia, Japan, and the United States of America on the Trilateral Partnership for infrastructure investment in the Indo-Pacific', *Media Release*, 17 November 2018, <<https://www.pm.gov.au/media/joint-statement-governments-australia-japan-and-united-states>>.

<sup>60</sup> The Hon. Scott Morrison MP, Prime Minister, Senator The Hon. Marise Payne, Minister for Foreign Affairs, The Hon. Christopher Pyne MP, Minister for Defence, 'Strengthening Australia's commitment to the Pacific', *Media release*, 8 November 2018, <[https://foreignminister.gov.au/releases/Pages/2018/mp\\_mr\\_181108.aspx](https://foreignminister.gov.au/releases/Pages/2018/mp_mr_181108.aspx)>.

<sup>61</sup> Australian Government, *Mid-Year Economic and Fiscal Outlook 2018-19, Appendix A: Policy decisions taken since the 2018-19 Budget*, December 2018, <[https://www.budget.gov.au/2018-19/content/myefo/download/09\\_Appendix\\_A.pdf](https://www.budget.gov.au/2018-19/content/myefo/download/09_Appendix_A.pdf)>.

<sup>62</sup> The Hon. Scott Morrison MP, Prime Minister, 'Australia and the Pacific: A new chapter', *Speech*, 8 November 2018, <<https://www.pm.gov.au/media/address-australia-and-pacific-new-chapter>>.

- 2.77 The announcement also included a proposal to provide \$1 billion in additional capital to the Export Finance and Insurance Corporation (EFIC) along with new financing powers to support investments in the region that have a national benefit for Australia. The Prime Minister explained that this new measure would also complement Australia's aid in the region.<sup>63</sup>

### *Papua New Guinea Electrification Partnership*

- 2.78 On 18 November 2018, Papua New Guinea, Australia, Japan, New Zealand, and the United States announced their intention to join together in a *Papua New Guinea Electrification Partnership*.
- 2.79 The initiative aims to increase the proportion of Papua New Guinea's population that have reliable access to electricity to 70 per cent by 2030 from the current level of 13 per cent.
- 2.80 In a media release, the Prime Minister, the Hon. Scott Morrison MP, outlined the principles underpinning the initiative:

The Papua New Guinea Electrification Partnership is intended to focus on the importance of principles-based, sustainable infrastructure development that is transparent, non-discriminatory, environmentally responsible, promotes fair and open competition, upholds robust standards, meets the genuine needs of the people of Papua New Guinea and avoids unsustainable debt burdens. It is intended to adopt a strong focus on investments that provide employment and training opportunities for local contractors and communities. It is also intended to focus not only on delivering high impact investments but ensuring improved coordination and governance within the energy sector.<sup>64</sup>

## **Committee comment**

- 2.81 While supportive of the provision of one-off development assistance for the Coral Sea Cable System and the Papua New Guinea Electrification Partnership, the Committee is particularly interested in what may be achieved by the Trilateral Partnership for Infrastructure Investment, the Australian Infrastructure Financing Facility for the Pacific and the provision of additional capital to the EFIC.

<sup>63</sup> The Hon. Scott Morrison MP, Prime Minister, 'Australia and the Pacific: A new chapter', *Speech*, 8 November 2018, <<https://www.pm.gov.au/media/address-australia-and-pacific-new-chapter>>.

<sup>64</sup> The Hon. Scott Morrison MP, Prime Minister, 'The Papua New Guinea electrification partnership', *Media Release*, 18 November 2018, <<https://www.pm.gov.au/media/papua-new-guinea-electrification-partnership>>.

- 2.82 The Committee is concerned about the risks that debt traps present to some countries in the Indo-Pacific, particularly to the smaller and more vulnerable economies of the Pacific Islands.
- 2.83 The establishment of the Trilateral Partnership for Infrastructure Investment—with the participation of the Japanese and United States Governments and private sectors—and the Australian Infrastructure Financing Facility for the Pacific have the potential to provide a very significant boost to infrastructure investment in the region, especially if these initiatives can leverage the participation of private capital on sustainable terms. The Committee expects the initiatives to provide an alternative source of capital on reasonable terms that remain within the capacity of countries to pay.
- 2.84 The Committee is concerned to see that the Australian Government vigorously pursues the following outcomes from the initiatives:
- thorough cost benefit analysis of all proposed projects so that only projects that demonstrate economic and social benefits that are financially sustainable for the recipient country are funded;
  - partner (recipient) countries are involved in the cost benefit analyses with the objective of skills transfer and development so that they can critically evaluate other project proposals;
  - partner (recipient) countries are encouraged to consider their capacity to meet their total existing liabilities in considering proposals with an element of long-term loan funding;
  - partner (recipient) countries and, as far as possible, local contractors are involved in the design and construction of projects with the objective of skills transfer and development and to support local employment;
  - grant funding, or a high ratio of grant to long-term loan funding, be available for high quality projects in circumstances where the partner (recipient) country's capacity to pay is limited; and
  - skills transfer and development to ensure local capacity to provide for the ongoing operation and maintenance of the constructed infrastructure is considered and provided for in the project evaluation.
- 2.85 Finally, the Committee expects that Australia's announced commitment to support more infrastructure investment in the Indo-Pacific, and the Pacific Islands in particular, will not be at the expense of existing funding. If infrastructure projects that are funded under pre-existing arrangements are transferred under the announced finance facilities, the Committee expects the funding to be reallocated to other aid projects.



## 3. Support for Australia's aid program

- 3.1 This chapter considers evidence on the level of support among the Australian public for Australia's aid program. The chapter also outlines stakeholder's suggestions for strengthening public support for the aid program, concluding with a discussion of the terminology used to refer to the aid program.

### Levels of public support

- 3.2 The Department of Foreign Affairs and Trade (DFAT) submitted that recent surveys showed 'mixed levels of public support' for the Australian aid program.<sup>1</sup>
- 3.3 In a submission to the inquiry, the Organisation for Economic Co-operation and Development (OECD) stated that levels of public support for aid among the Australian public 'do not compare favourably' with some other OECD Development Assistance Committee (DAC) members.<sup>2</sup>
- 3.4 Ms Bridi Rice, Director of Policy and Advocacy at the Australian Council for International Development (ACFID) explained to the Committee that ACFID was concerned about declining support for Australian aid in 'some pockets of Australian society', which it had observed 'over the last couple of years'.<sup>3</sup>
- 3.5 Polling undertaken by the Lowy Institute in 2017 indicated that 73 per cent of respondents said that the aid budget (then approximately \$3.8 billion)

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<sup>1</sup> Department of Foreign Affairs and Trade, *Submission 8.1*, p. 1.

<sup>2</sup> Organisation for Economic Co-operation and Development, *Submission 74*, p. 2.

<sup>3</sup> Ms Bridi Rice, Director of Policy and Advocacy, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, p. 3.

was either 'too much' or 'about the right amount'; whereas 22 per cent said that the budget was 'not enough'.<sup>4</sup> A nearly identical response was observed in 2015, despite the aid budget being higher at that time.

3.6 However, Dr Terence Wood of the Development Policy Centre at the Australian National University has argued that there are limitations to polls that provide aggregate information, such as those conducted by the Lowy Institute. Dr Wood has also noted the lack of academic literature on aid and public opinion focused on Australia.<sup>5</sup>

3.7 In research on the Australian public's views on aid, published in April 2018, Dr Wood found broad support for giving aid. However, Dr Wood also noted:

Although most Australians approve of Australia giving aid in a broad sense, for a sizable subset, this approval did not mean that they were averse to seeing the aid budget reduced.

... When faced with a choice between aid cuts and domestic alternatives to aid cuts, most Australians indicated that they preferred the course of action in which aid was cut and costs were borne overseas.<sup>6</sup>

3.8 DFAT suggested several reasons for the current level of public support for Australia's aid program:

Many Australians are unsure what the aid program does, how it operates or how much the Government spends on it. Some Australians clearly believe that the Government should focus first and foremost on addressing problems within Australia. Others are unsure whether our aid budget is being spent effectively or whether our assistance is reaching those who need it.<sup>7</sup>

3.9 The OECD DAC noted in its most recent peer review of Australia's aid program, published in 2018, that, while the Australian public is open to

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<sup>4</sup> Lowy Institute, *2017 Lowy Institute Poll*, 2017, <<https://www.loyyinstitute.org/publications/2017-lowy-institute-poll>>.

<sup>5</sup> Dr Terence Wood, 'Aid Policy and Australian Public Opinion', *Asia and the Pacific Policy Studies*, May 2018, <<https://onlinelibrary.wiley.com/doi/full/10.1002/app5.230>>.

<sup>6</sup> Dr Terence Wood, 'Aid Policy and Australian Public Opinion', *Asia and the Pacific Policy Studies*, May 2018, <<https://onlinelibrary.wiley.com/doi/full/10.1002/app5.230>>.

<sup>7</sup> Department of Foreign Affairs and Trade, *Submission 8.1*, p. 1.

engagement on global issues and challenges, it is 'less supportive of, and has misconceptions about, aid'.<sup>8</sup>

## Shifting views on Australia's aid program

- 3.10 The Committee received a range of evidence on factors affecting public support for Australia's aid program, as well as evidence outlining some of the challenges involved in communicating effectively with the Australian public about the nature of the aid program.

### Misconceptions and lack of awareness

- 3.11 Some stakeholders referred to evidence indicating significant misconceptions among the Australian public in relation to Australia's aid budget.

- 3.12 Polling undertaken by the Lowy Institute indicates that the Australian public has, over time, continued to overestimate the percentage of the Australian budget that is allocated to foreign aid:

In a question first presented in 2011, we asked Australians this year what percentage of the Australian federal budget they think is 'actually spent on foreign aid', and what percentage they think 'should be spent on foreign aid'.<sup>9</sup>

- 3.13 In its 2011 poll, the Institute found that Australians estimated on average that 16 per cent of the federal budget was spent on aid, when actual expenditure on aid was \$4.3 billion, or around 1.2 per cent.<sup>10</sup>

- 3.14 In its most recent 2018 poll, the Institute found that Australians maintained a 'very inflated' perception of the size of Australia's aid budget:

In 2018, Australia's aid budget is \$3.9 billion, which is approximately 0.8% of the federal budget. However, this year's Poll finds that on average, Australians think that 14% of the budget is actually spent on aid, while they think 10% of the budget should be spent on aid. More than one in five (21%) say that 20% or more of the budget is directed to aid. Very few Australians

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<sup>8</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 21.

<sup>9</sup> Lowy Institute, *2018 Lowy Institute Poll*, 20 June 2018, <<http://www.lowyinstitute.org/publications/2018-lowy-institute-poll>>.

<sup>10</sup> Lowy Institute, *2018 Lowy Institute Poll*, 20 June 2018, <<http://www.lowyinstitute.org/publications/2018-lowy-institute-poll>>.

estimate the amount of the aid budget correctly, with only 6% saying that less than 1% of the Australian federal budget is actually spent on aid.<sup>11</sup>

3.15 These findings are supported by research carried out by Ms Camilla Burkot and Dr Wood, who found that only a small proportion of Australians (13 per cent) understand how much foreign aid Australia gives.<sup>12</sup>

3.16 In subsequent research, Dr Wood found that the provision of accurate information about how much aid Australia gives, as well as information about the aid budget over time, made little or no change to Australians' views about Australian aid giving.<sup>13</sup>

3.17 However, Dr Wood also found that contrasting falling aid budgets in Australia to rising aid budgets in the United Kingdom had a significant impact on Australians' views. In that case:

... the percentage of respondents who think Australia gives too much aid is over 10 percentage points lower ... The percentage of respondents who think Australia does not give enough aid is almost 10 percentage points higher.<sup>14</sup>

3.18 This effect—Australians' views about aid giving being shifted by a comparison to another country, in this case the United Kingdom—was described as the 'Ashes effect'.<sup>15</sup>

3.19 Beyond misconceptions about the size of the aid budget, some stakeholders noted that lack of awareness among the Australian public about what the aid program involves. For example, Mr Mark Rice, Policy and Advocacy Manager for RESULTS International Australia, explained:

When we look at the gap between perception and reality, it has got two parts. One is how much we give but also ... what is it achieving. Often what people

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<sup>11</sup> Lowy Institute, *2018 Lowy Institute Poll*, 20 June 2018, <<http://www.lowyinstitute.org/publications/2018-lowy-institute-poll>>.

<sup>12</sup> Ms Camilla Burkot and Dr Terence Wood, 'Australian Public Opinion About Foreign Aid, 2011–2015', *Development Policy Centre Discussion Paper No. 40*, 2015, <<http://dx.doi.org/10.2139/ssrn.2652559>>.

<sup>13</sup> Dr Terence Wood, 'Can Information Change Public Support for Aid?', *The Journal of Development Studies*, July 2018, <<https://doi.org/10.1080/00220388.2018.1493194>>.

<sup>14</sup> Dr Terence Wood, 'Can Information Change Public Support for Aid?', *The Journal of Development Studies*, July 2018, <<https://doi.org/10.1080/00220388.2018.1493194>>.

<sup>15</sup> Associate Professor Christopher Roche, Director, Institute for Human Security and Social Change, La Trobe University *Committee Hansard*, Melbourne, 10 August 2018, p. 63.

think aid is doing and what it should be doing and what is actually is funded through the aid program can be different.<sup>16</sup>

## Communication

3.20 Stakeholders highlighted the importance of communication and community engagement to strengthening public support for the aid program.

3.21 Ms Rebecca Hamilton, Policy and Advocacy Adviser for the Australian Council for International Development (ACFID), explained:

... just as how we do development matters, so too does how we communicate Australia's efforts in development to Australian and international publics. Fostering more-informed public debate about and more community engagement with Australia's aid program is both necessary and appropriate, and will improve the confidence of the public in Australia's strategic objectives with regard to development.<sup>17</sup>

3.22 DFAT submitted:

We assess that the key to building public confidence in the aid program is to tell stories about the successes it has delivered and the many lives it has changed.<sup>18</sup>

3.23 Ms Eleanor Dean, General Manager, Outreach and Capacity Building at the Australian Centre for International Agricultural Research (ACIAR), made a similar point:

... we've had market research that's actually told us that when people understand what's happening in the aid program and can see what's happening from a really practical sense they will support it.<sup>19</sup>

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<sup>16</sup> Mr Mark Rice, Policy and Advocacy Manager for RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 45.

<sup>17</sup> Ms Rebecca Hamilton, Policy and Advocacy Adviser, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, pp. 1-2.

<sup>18</sup> Department of Foreign Affairs and Trade, *Submission 8.1*, p. 1.

<sup>19</sup> Ms Eleanor Dean, General Manager, Outreach and Capacity Building, Australian Centre for International Agricultural Research, *Committee Hansard*, Canberra, 15 November 2018, p. 56. See also: Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 61.

- 3.24 Ms Dean went on to describe some of ACIAR's efforts to inform the Australian public about its work:

We've had two major partnerships with the mass media this year. We've been working with the ABC, and we have a formal partnership with them to deliver content on ACIAR stories. ... We've also developed an entertainment program for the SBS Food Network. We've produced that, and they're broadcasting it. They're repeating each episode six times, so it's really good value for money. That's telling the story through entertainment.

... We've certainly taken this issue very seriously and invested in it quite a lot to try and really speak to Australian audiences about what we're doing.<sup>20</sup>

- 3.25 However, the Committee also heard evidence about the challenges of communicating about the aid program, particular in relation to activities with long-term outcomes.

- 3.26 DFAT put forward reasons why communicating about the outcomes of Australia's aid program was challenging:

The aid program is delivered overseas, out of sight of the vast majority of Australians. While in some cases, the impact of the program is highly tangible and relatively easy to demonstrate (for example, humanitarian relief operations, some of our health and education programs) in other cases, the impact is less immediate and tangible (for example our work on governance or taxation reform).<sup>21</sup>

- 3.27 At a public hearing, Mr James Gilling, First Assistant Secretary of the Contracting and Aid Management Division of DFAT, expanded on this point, suggesting that development is 'a challenging policy issue to communicate':

... development is an incredibly complicated process and it's changing all the time. It is a difficult subject to frame intellectually. Maybe 50 years ago, the aid program was characterised by simple transfer of resources. We could build a road or build a school and put a sign post on it and that was the simple story, but nowadays we know that it's much more complicated.<sup>22</sup>

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<sup>20</sup> Ms Eleanor Dean, General Manager, Outreach and Capacity Building, Australian Centre for International Agricultural Research, *Committee Hansard*, Canberra, 15 November 2018, p. 56.

<sup>21</sup> Department of Foreign Affairs and Trade, *Submission 8.1*, p. 1.

<sup>22</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 4.

### 3.28 Mr Gilling went on:

It's not often clear that, within aid, there are different objectives according to different kinds of aid. The humanitarian aid may have more short-term goal. The sort of work that we've been talking about around economic development has a longer term goal. Sometimes people are expecting the sort of immediate impact that might be achieved through a humanitarian intervention with the sorts of longer term goals that you get from institutional change.<sup>23</sup>

## **Recommendations**

### 3.29 In its peer review of Australia's aid program, the OECD DAC noted:

Australia now is committed to revive its efforts to communicate effectively on sustainable development, following a period of adjustment after the integration of AusAID into DFAT. Engaging with the public on issues of global citizenship would build on long-standing, people-to-people and educational exchanges between Australia and its neighbours.<sup>24</sup>

### 3.30 The OECD DAC recommended that DFAT 'better tailor, brand and resource its communications and development education efforts' to 'build awareness of development issues and the 2030 Agenda'.<sup>25</sup>

### 3.31 In evidence to the inquiry, DFAT submitted it was working to improve its capacity to 'tell positive stories about the impact of the aid program'.<sup>26</sup> Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division at DFAT, explained that the Department had developed internal guidelines and was working to support its ministers in their communication about the aid program.<sup>27</sup>

<sup>23</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 5.

<sup>24</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris. <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 21.

<sup>25</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris. <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 21.

<sup>26</sup> Department of Foreign Affairs and Trade, *Submission 8.1*, p. 1.

<sup>27</sup> Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 61.

- 3.32 However, Mr Byrne also cautioned that changing public opinion would take time:

... I think it is going to take time for us to better explain to the public what benefits derive from the Australian aid program, not only for Australia but for people from countries in the Indo-Pacific. ... if we had the answer to this, we would have done it already. It is going to be a slow process, I think.<sup>28</sup>

## Reframing the aid program

- 3.33 The Committee heard a range of views about how public support for the program could be strengthened by changing the terms in which the Australian Government describes the aid program, particularly the purpose of the program.
- 3.34 Note that evidence specifically addressing the use of the term 'aid' is outlined in the following section.
- 3.35 The Institute for Human Security and Social Change at La Trobe University suggested 'a reframing of the arguments for domestic support for aid':

... the Australian government frequently describes the aid program either in instrumentalist terms as a tool for extending Australian interests in the region, or in simplistic, outdated terms of Australia generously providing charity, or implementing projects. The former relies on an ungenerous narrative that ignores the moral obligations we hold towards other countries in an increasingly interconnected world. The latter sells aid as a simple story of inputs of Australian resources producing development in a linear, causal way.

... However we know that development is complex, led by local actors, long-term, often requiring significant learning and adaptation to get things right. Selling a more simplistic story of aid to the Australian public creates unhelpful pressure to continue feeding the fallacy with tangible, uncomplicated results. The Australian public are capable of, and deserve, a more honest framing of the value of aid, and indeed require a more expansive vision of what international cooperation, as opposed to aid, can achieve.<sup>29</sup>

- 3.36 In its submission, the Institute referred to research in Australia and the United Kingdom indicating that:

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<sup>28</sup> Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 61.

<sup>29</sup> Institute for Human Security and Social Change, *Submission 41*, pp. 1, 6.



... moral and ethical arguments for giving aid, or arguments which suggest mutual interest (i.e. aid to fight global diseases, or reduce conflict) are much more convincing than arguments that are more squarely about the national interest (i.e. aid to create jobs domestically, protect national security or secure trade deals).<sup>30</sup>

- 3.37 The Institute suggested that the Sustainable Development Goals (SDGs) provide an opportunity to reconceive and reframe the aid program:

The SDGs represent a conceptual pivot away from a 'rich helping the poor' narrative to one in which citizens, organisations and states see themselves as part of an inter-dependent eco-system. This requires a narrative about the shared identity, challenges and responsibility we have, and which incentivises international collaboration to build the international social, economic and political relationships and institutions that can address the complex challenges we face.<sup>31</sup>

- 3.38 Ms Molly Harriss Olson, Chief Executive Officer, Fairtrade Australia and New Zealand, also linked the 'changed narrative' in the SDGs to Australians' understanding of the aid program:

The language in the Millennium Development Goals was: 'we' are going to help 'you' poor people to fix what you're doing wrong. It was very patronising. Now we all recognise that we all have things we need to change in different countries, in different ways, and there's a partnership approach to it rather than a condescending: 'Let us help you.' Having said that, we know that in the Pacific they're going to be dependent on aid for the foreseeable future, so there are realities of that. But I think that to the extent we see them as partnerships and ultimately about long-term development and access to things like fair markets we have a greater possibility of enabling the Australian public to understand it.<sup>32</sup>

- 3.39 Professor Matthew Clarke, speaking in a private capacity, suggested that, while aid is 'generally presented as funds going overseas to address the humanitarian needs that are clear and obvious', there 'seems to be some

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<sup>30</sup> Institute for Human Security and Social Change, *Submission 41*, p. 6. See also: Associate Professor Christopher Roche, Director, Institute for Human Security and Social Change, La Trobe University *Committee Hansard*, Melbourne, 10 August 2018, p. 63.

<sup>31</sup> Institute for Human Security and Social Change, *Submission 41*, p. 7.

<sup>32</sup> Ms Molly Harriss Olson, Chief Executive Officer, Fairtrade Australia and New Zealand, *Committee Hansard*, Melbourne, 10 August 2018, p. 3.

hesitancy about saying that that aid program actually does serve the national interest'.<sup>33</sup>

3.40 Professor Clarke went on:

... I think it's easy to understand how Australia's national interests are best served if we're in a secure, politically stable Pacific region. I think that that's a story that most people would be able to follow. It obviously gets more difficult the further away we move from Australia ... But certainly I think we could draw on historical narrative to talk about political stability in the region—and not only that but also that these countries, our neighbours, are Western democracies based on liberal policies, by and large, and that we share those same principles around how we set ourselves up as functioning sovereign states.<sup>34</sup>

3.41 While not canvassed extensively in this report, the Committee received a range of evidence on how the aid program contributes to Australia's defence and security interests and strengthens Australia's geo-political influence, particularly in the Pacific region.

3.42 In a submission, DFAT explained:

Australia's foreign policy, economic, health and security interests intersect in the Pacific: a secure and stable neighbourhood supports a secure Australia. Equally, regional security is fundamental to sustainable development.<sup>35</sup>

3.43 Similarly, Mr Rob Christie, Assistant Secretary of the Pacific Regional Economic Branch at DFAT, told the Committee that 'development and security go hand in hand'.<sup>36</sup>

3.44 DFAT also submitted that 'Australia's development assistance magnifies the influence that Australia brings to bear on regional and global problems'.<sup>37</sup>

3.45 Save the Children suggested:

[Overseas development assistance] is a powerful foreign policy tool to address the greatest threats to security and stability in the world today: rising inequality, protracted humanitarian crises, mass displacement, erosion of

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<sup>33</sup> Professor Matthew Clarke, *Committee Hansard*, Melbourne, 10 August 2018, p. 62.

<sup>34</sup> Professor Matthew Clarke, *Committee Hansard*, Melbourne, 10 August 2018, p. 62.

<sup>35</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 25.

<sup>36</sup> Mr Rob Christie, Assistant Secretary, Pacific Regional Economic Branch, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, Canberra, 21 June 2018, p. 9.

<sup>37</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 3.

human rights and climate change. It is also an important way to extend geopolitical influence at a time of global and regional power shifts.<sup>38</sup>

- 3.46 Professor Clarke noted that, in the context of increasing Chinese aid in the region, Australia's aid program is one way in which Australia can continue to influence its national interests in the Pacific region.<sup>39</sup>
- 3.47 Similarly, Ms Rice, representing ACFID, noted the Australian Government's recognition in recent years of development co-operation as a 'critical tool' of Australian soft power.<sup>40</sup>
- 3.48 Coffey International expanded on this point:

The Australian Aid program is delivered in the Indo-Pacific region in countries where global powers are competing for influence and promoting their geo-political agenda and strategic interests. ... The Australian Aid program is a platform for supporting Australia's national interests in the region by creating space and opportunities for policy dialogue and strategic discussions on trade, security, humanitarian response and preparedness, climate change and regional integration. The aid program provides an opportunity to conduct bi-lateral relationships in a way that is positive and builds on mutual interests and understanding, as well as public and economic diplomacy.<sup>41</sup>

## Political leadership

- 3.49 The Committee heard evidence about a perceived lack of political leadership in relation to Australia's aid program. For example, Ms Rice, representing ACFID, told the Committee:

There is a lack of political will by government to make the case for aid not simply as generous or charitable but more as an investment in development cooperation driven by Australian values as well as interests. Unfortunately, what we find is that the generosity case for aid alone is extremely important but easily counteracted by statements like 'charity begins at home'. Those

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<sup>38</sup> Save the Children, *Submission 7*, p. 8.

<sup>39</sup> Professor Matthew Clarke, *Committee Hansard*, Melbourne, 10 August 2018, pp.61, 63.

<sup>40</sup> Ms Bridi Rice, Director of Policy and Advocacy, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, p. 2. See also: Ms Rebecca Hamilton, Policy and Advocacy Adviser, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, p. 2.

<sup>41</sup> Coffey, *Submission 50*, p. 1.

statements are often made by domestic interest groups competing for Australian government tax revenue.<sup>42</sup>

- 3.50 Ms Rice called for ‘leadership at all levels of government’ so that aid expenditure is ‘normalised alongside expenditure on health and education at home’.<sup>43</sup>
- 3.51 Other stakeholders linked the level of the aid budget to perceptions of the aid program. For example, Mr Dane Moores, Senior Economic Development Policy Adviser, for World Vision Australia, explained:

Through recent successive cuts to the aid program, the government is sending a message and a signal to the public that aid is not a valued or effective part of Australia’s international engagement.<sup>44</sup>

- 3.52 Similarly, Mr Rice, representing RESULTS International Australia, told the Committee:

... if the government are saying aid does a lot of good, but people don’t see the government backing that statement up with at least some increase in resources, then they’re thinking, ‘Do they really believe it?’<sup>45</sup>

## Appropriateness of the term ‘aid’

- 3.53 At public hearings during the inquiry, the Committee sought evidence from stakeholders on the extent to which the term ‘aid’ accurately reflected the nature of Australia’s aid program, and how the terms used to describe Australia’s aid program might influence public support for the program.
- 3.54 The Committee notes the different terminology used to describe aspects of aid programming in other jurisdictions, including ‘development co-operation’ in China and ‘technical co-operation’ in Singapore.

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<sup>42</sup> Ms Bridi Rice, Director of Policy and Advocacy, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, p. 3.

<sup>43</sup> Ms Bridi Rice, Director of Policy and Advocacy, Australian Council for International Development, *Committee Hansard*, Canberra, 15 November 2018, p. 3.

<sup>44</sup> Mr Dane Moores, Senior Economic Development Policy Adviser, World Vision Australia, *Committee Hansard*, Canberra, 15 November 2018, p. 4,

<sup>45</sup> Mr Mark Rice, Policy and Advocacy Manager, RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 45. See also: Ms Maree Nutt, Chief Executive Officer, RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 45.

3.55 Several stakeholders suggested that the term 'aid' may not reflect the breadth of activities involved in Australia's aid program, which extends beyond the provision of humanitarian assistance.

3.56 For example, the International Development Contractors Community (IDCC) submitted that the term 'aid' is 'misleading shorthand for a more complex and nuanced set of activities':

In our experience, the aid program is built around ideas of development cooperation, such as skills transfer; technical assistance; building the capabilities of people and institutions; collaboration; providing access to opportunities for networks and leadership; and giving exposure to better systems, policies and practices.<sup>46</sup>

3.57 At a public hearing, Dr Cameron Hill, Member Representative of the IDCC, expanded on this point:

There is the charity view of aid, which is very much the kind of stereotype of aid as mostly being humanitarian assistance. Humanitarian assistance is a big part of Australia's aid program, but the bulk of our program is really about building expertise, building capability and building institutions. That requires a two-way dialogue between us and the partners that we work with both at the very high, national level and at local levels with local institutions, local NGOs and local civil society. I don't think we're ever going to abolish aid as a term because it's deep in the lexicon, and I think it is always going to be a shorthand, but something around 'development partnerships' or 'development cooperation' gets to a more nuanced understanding of what we're doing and what we're trying to achieve and the fact that this is not a one-way relationship. It's very much a dialogue between us and a group of partners. That dialogue involves often deep technical knowledge and deep technical skills rather than just the gift.<sup>47</sup>

3.58 Similarly, Ms Christine Deng, Head of International Engagement at Oaktree, argued that the term 'aid' implies 'one-sidedness to the way that we work' and instead suggested that Australia's aid program was more accurately viewed as 'a series of partnerships and working in collaboration with our neighbours'.<sup>48</sup>

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<sup>46</sup> International Development Contractors Community, *Submission 19*, p. 2.

<sup>47</sup> Dr Cameron Hill, Member Representative, International Development Contractors Community, *Committee Hansard*, Canberra, 15 November 2018, p. 10.

<sup>48</sup> Ms Christine Deng, Head of International Engagement, Oaktree, *Committee Hansard*, Melbourne, 10 August 2018, p. 42.

- 3.59 Mr Rice, representing RESULTS International Australia, also noted that aid was only one part of Australia's relationship with the countries to which it provides assistance:

[Countries to which Australia provides development assistance] are trading partners, and they're often countries that we have common interests with in international negotiations on a range of issues. We have cultural links, because, in many cases, there are a significant number of people who are originally from those countries who have migrated to Australia or have their families in this country. Our relationship is multidimensional.<sup>49</sup>

- 3.60 Mr Rice suggested that terms such as 'economic partnership' could more appropriately reflect the fact Australia's relationship with other countries 'is not dominated, or shouldn't necessarily be dominated' by the giving of aid:

If there's a problem it's if we use the fact that we provide aid as being the dominant or defining part of that relationship. That doesn't mean we shouldn't provide aid, but it's just a matter of how that fits into the overall relationship we have with that country.<sup>50</sup>

- 3.61 Dr Greta Nabbs-Keller from the University of Queensland cautioned that the term 'aid' has negative connotations in some countries:

I'll use the example of Indonesia. It is a very large economy and is a significant Indo-Pacific state and state in world terms. 'Aid' is a bit of a dirty word in proudly sovereign countries. ... Regional states, including small Pacific island countries, do not want to be seen as supplicants, as beggars, of aid programs.<sup>51</sup>

- 3.62 Dr Nabbs-Keller noted a shift in emphasis in Australia's aid program from 'a donor-recipient model to more of a partnerships model' and agreed that a change in terminology 'away from aid to more around partnerships and international development' was needed.<sup>52</sup>

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<sup>49</sup> Mr Mark Rice, Policy and Advocacy Manager, RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 46.

<sup>50</sup> Mr Mark Rice, Policy and Advocacy Manager, RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 46.

<sup>51</sup> Dr Greta Nabbs-Keller, Manager Indonesia and Southeast Asia, UQ International Development Unit, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, pp. 2-3.

<sup>52</sup> Dr Greta Nabbs-Keller, Manager Indonesia and Southeast Asia, UQ International Development Unit, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, pp. 2-3.

- 3.63 Associate Professor Jacinta O'Hagan, also from the University of Queensland, explained that there is a 'noticeable change in the lexicon' within the development and humanitarian sector, particularly with emerging donors such as China:

You would generally see this [change in the lexicon] in the growing area of south-south cooperation where the language is a language of solidarity, reciprocity and partnership. The other thing in discussing partnerships is that it reflects the relationship with our neighbours, which is one of mutual respect rather than simply an aid-driven relationship ... a sovereign to sovereign relationship. I think this is very important, particularly in the light of emerging donors and their approach to assistance.<sup>53</sup>

- 3.64 Mr Peter Versegi, First Assistant Secretary of the Development Policy Division of DFAT, explained how the nomenclature used by the Department to describe its relationships with other countries through the aid program had evolved, reflecting the changing nature of those relationships:

For instance, in our engagement now with East Asia and their fast-growing economies we call them economic partnerships rather than aid relationships. I think that's the kind of language we're now starting to use also with our Pacific partners et cetera.<sup>54</sup>

- 3.65 Responding to questioning from the Committee, some stakeholders suggested that using different terminology to describe the aid program could lead to a change in public perception of the program. For example, Ms Kiev Gavin, Policy Officer at Oaktree, explained:

I think the word ['aid'] does misrepresent what the aid program, or development program, actually does within the public arena. I'm in full support of perhaps changing the title so that, when we have these public discussions, it's not shelved off as, 'No, we're just giving money and it's a one-sided relationship,' but it actually introduces the public into a relationship that is much more complex and a lot more mutually beneficial.<sup>55</sup>

- 3.66 Similarly, Associate Professor O'Hagan told the Committee:

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<sup>53</sup> Associate Professor Jacinta O'Hagan, Director, Graduate Centre in Governance and International Affairs, School of Political Science and International Studies, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, p. 3.

<sup>54</sup> Mr Peter Versegi, First Assistant Secretary, Development Policy Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 62.

<sup>55</sup> Ms Kiev Gavin, Policy Officer, Oaktree, *Committee Hansard*, Melbourne, 10 August 2018, p. 42.

Even though Australia has a reputation as being a generous nation ... among sectors of the public there is an impression that aid is a larger proportion of our budget than it necessarily is and it is the giving of something for nothing in return. I think that, in raising the profile of those relationships and the public perception of those relationships, a change in the lexicon could be very important.<sup>56</sup>

- 3.67 Ms Maree Nutt, Chief Executive Officer of RESULTS International Australia, explained that the organisation had altered its use of language:

... as a coalition of agencies working to build community awareness and support, we tried to remove the words 'overseas' and 'foreign' from prefacing the word 'aid' and have the word be 'Australian' so that we could feel proud of what we do. I think part of the importance of the dialogue is to have the community feel proud of what we do.<sup>57</sup>

## Committee comment

- 3.68 The Committee is concerned about an apparent lack of support among some sections of the Australian public for Australia's aid program. The Committee considers that strengthening public support for the aid program is critical to its sustainability.
- 3.69 To this end, Australians should have a fuller understanding of why and how Australia gives aid, including an appreciation of the challenges involved in improving development outcomes in the long term.
- 3.70 In particular, the Committee is concerned to see greater awareness of the benefits of Australia's aid program, beyond its contribution to Australia's national interests. The aid program should be understood in a broader context of Australia as a good global citizen and as a good neighbour in our region, with a shared interest in achieving sustainable development outcomes.
- 3.71 The Committee acknowledges the challenge involved in raising awareness and addressing misconceptions about aid and development.

<sup>56</sup> Associate Professor Jacinta O'Hagan, Director, Graduate Centre in Governance and International Affairs, School of Political Science and International Studies, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, p. 3.

<sup>57</sup> Ms Maree Nutt, Chief Executive Officer, RESULTS International Australia, *Committee Hansard*, Sydney, 2 July 2018, pp. 45-46.



- 3.72 However, the Committee considers that there is a need for the Australian Government to renew its efforts in order to build support for Australia's aid program. The Australian Government is responsible for setting Australia's aid policy and should therefore have an active role in making the case for aid to the Australian public.
- 3.73 First, the Committee considers it necessary for the Australian Government to update its use of terminology in relation to Australia's aid program in order to more accurately reflect the changing nature of the program.
- 3.74 The Committee is of the view that terms such as 'aid', 'assistance', and 'giving' imply that Australia's aid program is a one-way street, which can undermine support for the aid program and lead to calls for aid funding to be reduced. While acknowledging the intrinsic humanitarian value of aid, the Committee also sees aid as part of a broader, mutually beneficial relationship between Australia and its partner countries.

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## Recommendation 1

- 3.75 **The Committee strongly recommends that the Australian Government change the name of the 'Aid' program to 'Development Partnerships' (or a similar name such as 'Development Co-operation' or 'Australian Partnerships'), which emphasises the mutual two-way benefits to Australia and recipient nations of our aid program (in terms of social development, trade, defence, security, strategic influence, health, biosecurity, and more), reflects a view of co-operation and partnership instead of a perceived or implied one-way 'paternalism' or 'charity', and would likely encourage greater public support for the program.**
- 3.76 Second, the Committee recommends additional funding for activities to raise awareness about the benefits of Australia's aid program. These activities could include advertising campaigns and development of educational resources, and could also involve collaboration with aid delivery partners where this is appropriate.

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## Recommendation 2

- 3.77 **The Committee recommends that the Australian Government provide additional funding to the Department of Foreign Affairs and Trade for activities to raise awareness of the benefits of Australian Development Partnerships (aid), in particular via a national and ongoing advertising**

**campaign on television, in newspapers/magazines, online and on social media that sets out:**

- **the amount of funding for Development Partnerships in real terms and as a percentage of gross national income;**
- **the reasons for and mutual benefits of undertaking Development Partnerships in terms of social development, trade, defence, security, strategic influence, health, biosecurity, and more, noting the change from the use of the word 'aid' to the new 'development partnerships' nomenclature; and**
- **the benefits in increasing our support for Development Partnerships.**

3.78 Finally, it is the view of the Committee that there is a need for political representatives to affirm the importance of Australia's aid program. The Committee encourages political representatives to work to build and maintain broad community support for Australia's aid program.

## 4. Effectiveness of Australia's aid program

- 4.1 The Department of Foreign Affairs and Trade (DFAT) submitted that 'development effectiveness is a high priority for the Australian Government'.<sup>1</sup>
- 4.2 This chapter considers evidence received in the inquiry on the overall effectiveness of Australia's aid program. The chapter begins with a brief review of the performance framework for Australia's aid program. The chapter then considers recent reviews carried out by the DFAT and the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). The chapter concludes with a brief summary of other views.
- 4.3 Evidence on effectiveness in relation to specific areas of the aid program is discussed in subsequent chapters where relevant.

### Performance framework

- 4.4 In 2014, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, outlined a new performance framework for Australia's aid program, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, which accompanies Australia's aid policy.<sup>2</sup>

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<sup>1</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 36.

<sup>2</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, <<https://dfat.gov.au/about-us/publications/Documents/framework-making-performance-count.pdf>>.

- 4.5 The framework aims to link performance with funding and to strengthen the focus on results and value-for-money.<sup>3</sup>
- 4.6 The performance framework sets out ten high-level strategic targets to ensure that the aid program is effective and delivers on government priorities. The targets, which apply across the aid program, include:
- increasing Australia's aid-for-trade investments to 20 per cent of the aid budget by 2020;
  - ensuring that more than 80 per cent of investments, regardless of their objectives, effectively address gender issues in their implementation;
  - increasing the proportion of country program aid that is spent in the Indo-Pacific region to at least 90 per cent from 2014-15; and
  - reducing the number of individual investments by 20 per cent by 2016-17 to focus efforts and reduce transaction costs.<sup>4</sup>
- 4.7 The performance of the aid program is judged on its progress in meeting these targets. Progress is reviewed each year and reported publicly in a *Performance of Australian Aid* report (see next section).
- 4.8 DFAT explained that the performance framework also includes assessment and reporting at the country and regional program level, at the partner level, and at the individual investment level.<sup>5</sup>
- 4.9 DFAT stated that the performance framework provides 'a rigorous approach to ensuring that the department is achieving results and demonstrating value for money at all levels of the aid program'.<sup>6</sup>

## Office of Development Effectiveness

- 4.10 The Office of Development Effectiveness (ODE) is an independent unit within in DFAT that 'monitors the quality and assesses the impact' of Australia's aid program.<sup>7</sup>

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<sup>3</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, p. 3.

<sup>4</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, pp. 6-11.

<sup>5</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 36.

<sup>6</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 36.

<sup>7</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 36-37.

- 4.11 The ODE conducts evaluations with a policy, sectoral, program, and thematic focus, supports program areas in DFAT to conduct their own evaluations of individual investments, reviews the quality of evaluations in DFAT and the uptake of recommendations, and oversees the evaluation policy for the aid program.<sup>8</sup>
- 4.12 The Independent Evaluation Committee (IEC) acts as an external advisory body for the ODE.<sup>9</sup> The IEC comprises three independent members, including the Chair, along with a DFAT Deputy Secretary. External members are appointed by the Minister for Foreign Affairs. The IEC reviews and endorses all ODE products.<sup>10</sup>
- 4.13 DFAT published 41 evaluations in 2017 and planned to publish 56 in 2018.<sup>11</sup>
- 4.14 In its submission, DFAT highlighted an ODE evaluation of progress made in strengthening disability inclusion in Australian aid.<sup>12</sup> The evaluation was published in December 2018.<sup>13</sup>

## Stakeholder views

- 4.15 The Committee received some evidence from stakeholders on the performance framework and the ODE.
- 4.16 In its peer review of Australia's aid program (see below), the OECD DAC concluded that 'Australia has set out a clear and comprehensive performance framework to accompany its new aid policy and strategic targets'.<sup>14</sup>

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<sup>8</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 36-37; Mr Peter Versegi, First Assistant Secretary, Development Policy Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, pp. 10-11.

<sup>9</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 36.

<sup>10</sup> Department of Foreign Affairs and Trade, 'Independent Evaluation Committee', <<https://dfat.gov.au/aid/how-we-measure-performance/ode/aboutode/Pages/iec.aspx>>.

<sup>11</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 36.

<sup>12</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 37.

<sup>13</sup> Department of Foreign Affairs and Trade, *Development for all: Evaluation of progress made in strengthening disability inclusion in Australian aid*, December 2018, <<https://dfat.gov.au/aid/how-we-measure-performance/ode/strategic-evaluations/Pages/development-for-all-evaluation.aspx>>.

<sup>14</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 90.

#### 4.17 The OECD DAC went on:

... The new framework places a heavy emphasis on ensuring that taxpayer dollars are well spent and demonstrate results. Overall, Australia's aggregated performance reporting system is well oriented to ensure that performance information is used for overall direction, communications and accountability.<sup>15</sup>

4.18 However, the OECD DAC also found there was less emphasis on the use of performance information to guide decision making at a strategic level.<sup>16</sup>

4.19 World Vision submitted that while the framework has driven a more rigorous performance assessment process, aid funding remains only partly aligned to performance. World Vision suggested that performance metrics could be refined 'to capture a more holistic picture of aid performance'.<sup>17</sup>

4.20 Some stakeholders, including the OECD DAC, suggested clearer alignment between the performance framework and the Sustainable Development Goals (SDGs).<sup>18</sup>

4.21 Other stakeholders recommended additional targets. For example, the Australian Disability and Development Consortium recommended that the performance framework include a strategic target 'that an ambitious percentage of investments, regardless of their objectives, will effectively address disability inclusion in their implementation', analogous to the existing strategic target for the empowerment of women and girls.<sup>19</sup>

4.22 In relation to the ODE, Oxfam Australia submitted that the ODE is 'absolutely critical to the effectiveness, transparency and accountability of Australian aid'.<sup>20</sup>

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<sup>15</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 90.

<sup>16</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 90.

<sup>17</sup> World Vision Australia, *Submission 45*, pp. 28-30.

<sup>18</sup> School of Archaeology and Anthropology, Australian National University, *Submission 37*, p. 6; Organisation for Economic Co-operation and Development, *Submission 74*, p. 1.

<sup>19</sup> Australian Disability and Development Consortium, *Submission 25*, p. 13.

<sup>20</sup> Oxfam Australia, *Submission 2: Attachment 1*, p. 36.

- 4.23 The Lowy Institute submitted that the ODE 'continues to provide good assessments of individual projects'.<sup>21</sup> However, the Institute also noted DFAT's reliance on the private sector and consultants for independent reviews and assistance on project design. The Institute recommended that the ODE 'have its mandate and resourcing expanded to include independent oversight of project design and implementation, as well as project evaluation'.<sup>22</sup>
- 4.24 World Vision recommended that the ODE should have a role in monitoring Australia's advancement of the Sustainable Development Goals through the aid program.<sup>23</sup>
- 4.25 The OECD DAC reported that Australia 'has a strong evaluation system and has continued support and funding for high-quality evaluation work'. Suggestions for improvement included ensuring that evaluations are published online in a timely manner and are accompanied by management responses, and enhancing stakeholders' involvement in evaluations.<sup>24</sup>

## Recent reviews of aid performance

- 4.26 This section briefly summarises the findings relating to performance from two 2018 reports on Australia's aid program:
- the *Performance of Australian Aid 2016-17* report, published in May; and
  - the OECD DAC peer review for Australia, published in March.

### Performance of Australian Aid 2016-17

- 4.27 In May 2018, in line with its commitment to publish an annual performance report, DFAT published the *Performance of Australian Aid 2016-17* report.<sup>25</sup>

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<sup>21</sup> Lowy Institute, *Submission 88*, p. 10.

<sup>22</sup> Lowy Institute, *Submission 88*, p. 15.

<sup>23</sup> World Vision Australia, *Submission 45*, pp. 20-21.

<sup>24</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, pp. 93-95.

<sup>25</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, <<https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf>>.

- 4.28 The report provides an update on the ten strategic targets for Australia's aid program, summarises the performance of global, country, and regional programs, and summarises performance data for the six priority areas for investment under the aid policy.<sup>26</sup>
- 4.29 The report stated that, by the end of 2016-17, nine of the Australian Government's ten strategic targets for the aid program had been achieved. The target on increasing aid-for-trade investments was achieved ahead of schedule, but the target on gender equality had not yet been achieved.<sup>27</sup>
- 4.30 The report noted that, as most of the targets had been achieved, and in light of the release of the Foreign Policy White Paper, a review of the targets is currently underway.<sup>28</sup>
- 4.31 Across the aid program, 90 per cent of investments were rated as satisfactory for effectiveness and 85 per cent of investments were rated as satisfactory for efficiency.<sup>29</sup>
- 4.32 However, aid investments in the Pacific were rated lower on quality assessment criteria than the aid program as a whole.<sup>30</sup> The report stated:
- Gender equality continues to be a particular challenge, requiring the gradual and systematic questioning of well-established and closely held social norms. ...The Pacific continues to be a challenging environment for monitoring and evaluating aid investments, given host government capacity constraints and underdeveloped systems.<sup>31</sup>
- 4.33 Ten of the 29 program objectives in the Pacific were assessed as 'at risk', meaning that progress was less than expected, and one program objective in Nauru was assessed as 'off track'.<sup>32</sup>
- 4.34 Progress against performance benchmarks by Pacific programs was described as 'mixed', with 59 per cent of benchmarks achieved, 32 per cent

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<sup>26</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 2.

<sup>27</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 6.

<sup>28</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 6.

<sup>29</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 21.

<sup>30</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, pp. 28-29.

<sup>31</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, pp. 28-29.

<sup>32</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 27.



partly achieved, and 8 per cent not achieved (data was not available for some benchmarks).<sup>33</sup>

- 4.35 On sector and thematic performance, the report found that the largest change in aid investments in priority areas from 2015-16 to 2016-17 was in health, where expenditure decreased as a proportion of the overall aid program from 14 per cent to 11 per cent. The report attributed this difference to 'the changing priorities and nature of Australia's engagement in several country programs in South-East and East Asia'.<sup>34</sup>

## OECD DAC peer review

- 4.36 As noted in the previous section, in March 2018 the OECD DAC published its peer review of Australia's aid program (DAC review).<sup>35</sup>

- 4.37 In a submission to the inquiry, the OECD explained that the objectives of DAC reviews are to:

... hold members accountable for the commitments they have made; review their performance against key dimensions of development cooperation and other domestic policies with an impact on developing countries; and, learn from and share good practice.<sup>36</sup>

- 4.38 DFAT provided background on the conduct of the DAC review:

The peer review was conducted by DAC experts and peer reviewers from Belgium and Japan over the course of 2017. The peer review team visited Australia and Solomon Islands as part of the review process. In February 2018, Australia appeared before the DAC to respond to the draft peer review report.<sup>37</sup>

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<sup>33</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, pp. 27-28.

<sup>34</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 52.

<sup>35</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>.

<sup>36</sup> Organisation for Economic Co-operation and Development, *Submission 74*, p. 1.

<sup>37</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 35. See also: Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 3.

- 4.39 The OECD's submission to the inquiry summarised the main findings and recommendations of the DAC review, focusing on five key topics in the terms of reference of the present inquiry.<sup>38</sup>
- 4.40 In relation to the strategic and development goals of Australia's aid program, the DAC review found:
- Australia actively seeks to shape the regional and international environments and to strengthen global co-operation in ways that advance Australia's interests.<sup>39</sup>
- 4.41 The DAC review noted Australia's advocacy for responses to the unique challenges of small island developing states, its role in disaster risk reduction, resilience, and response, and its 'strong commitment to mainstreaming gender'.<sup>40</sup>
- 4.42 However, the DAC review expressed concern that reductions in the aid budget since 2013 had 'affected the scope of both the development and humanitarian programmes'. The DAC review recommended Australia 're-introduce an ambitious target for increasing [overseas development assistance] against gross national income and set out a path to meet the target'.<sup>41</sup>
- 4.43 The DAC review also noted that while Australia influenced the 2030 Agenda, it had yet to explicitly align its aid policy and performance frameworks to the SDGs.<sup>42</sup>

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<sup>38</sup> Organisation for Economic Co-operation and Development, *Submission 74*, pp. 1-4.

<sup>39</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 18.

<sup>40</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, pp. 18-19.

<sup>41</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 23.

<sup>42</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 20.

4.44 The DAC review recommended that, as Australia refocuses its aid program on its national interests, it should take care to maintain sufficient focus on poverty reduction and increase focus on environment and climate.<sup>43</sup>

4.45 The DAC review noted that DFAT lost a significant number of experienced aid management staff in the course of its integration with AusAID, and recommended DFAT ensure it has the capability 'to match the ambition of its development policy':

The effective use of aid and the effective use of policy levers beyond aid rely on development expertise. ...DFAT has a limited number of specialists working on the aid programme, preferring to invest in the skills of generalists and to outsource implementation to contractors. This approach exposes DFAT to risks related to development effectiveness, programme efficiency and reputation.<sup>44</sup>

4.46 DFAT stated that it was considering the recommendations of the DAC review:

DFAT is considering all of the recommendations of the peer review, including in light of work already underway, such as establishing new aid governance arrangements, the recent launch of the Workforce Plan, and continuation of policy work to better integrate environment and climate change considerations into the aid program.<sup>45</sup>

## Other views on effectiveness

4.47 While much of the evidence received by the Committee related to particular aspects of Australia's aid program, the Committee received some more general evidence about the effectiveness of the aid program, which is summarised in this section.

4.48 ChildFund Australia submitted that there is 'strong, independent evidence' of the effectiveness of the Australia's aid program.<sup>46</sup>

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<sup>43</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 24.

<sup>44</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, pp. 23-24.

<sup>45</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 35.

<sup>46</sup> ChildFund Australia, *Submission 3*, p. 3.

- 4.49 The Australian Council for International Development (ACFID) highlighted the effectiveness of Australian aid and development non-government organisations (NGOs) working in partnership with the government through the Australian NGO Cooperation Program (ANCP).<sup>47</sup>
- 4.50 The ANCP, which was established in 1974, provides annual funding to accredited Australian NGOs to support projects in sectors including education, health, water and sanitation, food security, and economic development.<sup>48</sup>
- 4.51 ACFID referred to an ODE evaluation of the ANCP conducted in 2015, which found:
- ... in 2013–14 ANCP represented around 2.7 per cent of the aid budget and delivered 18.2 per cent of the department's output-level aggregate development results. In comparative terms the ANCP reported the largest number of aggregate development results of any program in DFAT while being the eighth largest program by value.<sup>49</sup>
- 4.52 By contrast, a number of stakeholders suggested that it is difficult to evaluate the effectiveness of activities implemented by the United Nations (UN) and other multilateral organisations, as well as projects managed by private contractors.
- 4.53 For example, Marie Stopes International Australia (MSIA) submitted:
- ... since the rapid scale up of contracts to commercial entities in the Australian aid program, there have been no performance reports or evaluation. As a result, it is currently difficult to comment on aid effectiveness as a whole under the managing contractor and facility model.<sup>50</sup>
- 4.54 Similarly, Save the Children submitted:
- ... in practice, it is difficult to properly assess whether Australia's aid is being spent in the most efficient and effective manner given the lack of transparency

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<sup>47</sup> Australian Council for International Development, *Submission 55*, pp. 10-11.

<sup>48</sup> Department of Foreign Affairs and Trade, 'Australian NGO Cooperation Program (ANCP)', <<https://dfat.gov.au/aid/who-we-work-with/ngos/ancp/Pages/australian-ngo-cooperation-program.aspx>>.

<sup>49</sup> Department of Foreign Affairs and Trade, *Evaluation of the Australian NGO Cooperation Program Final Report*, August 2015, <<https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/ode-evaluation-australian-ngo-cooperation-program-final-report.pdf>>.

<sup>50</sup> Marie Stopes International Australia, *Submission 42*, p. 7.

and project-level reporting by the largest recipients of Australian aid, being private contractors and multilateral organisations.<sup>51</sup>

4.55 Save the Children noted that in 2015-16 more than 41 per cent of Australia's aid funding was allocated to multilateral organisations and 20 per cent was allocated to private contractors.<sup>52</sup>

4.56 Oxfam Australia also referred to the relative increase in aid funding expensed through private contractors, which it attributed to the policy decision to consolidate the number of individual aid investments:

This policy decision was made on the basis that 'fewer, larger investments will increase the impact and effectiveness of our aid, as well as reduce the administrative overheads required to manage the program'.<sup>53</sup>

4.57 However, the International Development Contractors Community (IDCC) cautioned against an over-reliance on the UN and other multilateral organisations, suggesting that contributions to these organisations were less effective than direct bilateral engagement:

DFAT has much less direct control or oversight of activities implemented by UN and multilateral agencies, and is less able to ensure that their reporting focuses on the results the government wants to achieve. By DFAT's own measures, multilateral aid rates as significantly less effective, with partner performance assessments of multilateral aid programs rating at 4.5, compared to 4.9 for commercial implementing partners or 4.8 for Australian non-government organisations.<sup>54</sup>

4.58 Similarly, Save the Children submitted:

... considerable evidence suggests that channelling funding through UN agencies can also lead to increased costs, delays, and less flexibility in the delivery of aid.<sup>55</sup>

4.59 The IDCC recommended a 'relative reduction in the share of multilateral mechanisms in the aid mix'.<sup>56</sup>

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<sup>51</sup> Save the Children, *Submission 7*, p. 28.

<sup>52</sup> Save the Children, *Submission 7*, p. 28.

<sup>53</sup> Oxfam Australia, *Submission 2: Attachment 1*, pp. 20-21.

<sup>54</sup> International Development Contractors Community, *Submission 19*, p. 3.

<sup>55</sup> Save the Children, *Submission 7*, p. 29.

- 4.60 Save the Children suggested Australia increase accountability for the UN and other multilateral organisations in relation to cost efficiency, transparency and accountability, timeliness, and public engagement. Save the Children also recommended that private contractors be held to the same standards as NGOs.<sup>57</sup>
- 4.61 The University of Queensland highlighted a need for greater research into ‘the effectiveness of the private sector in building successful development opportunities and positively impacting Australia’s partnerships with Indo-Pacific neighbours’.<sup>58</sup>
- 4.62 MSIA suggested an independent evaluation comparing the effectiveness of aid managed by commercial entities with other forms of aid.<sup>59</sup>
- 4.63 Oxfam noted that DFAT has ‘flagged plans to evaluate the effectiveness of large-scale commercial development facilities’.<sup>60</sup>
- 4.64 Lastly, Save the Children submitted that there is scope for Australia to improve the geographic targeting of its aid program at both the national and sub-national levels.<sup>61</sup>
- 4.65 In relation to aid allocations at the national level, Save the Children recommended that priority be given to countries in highest need according to the UN Committee for Development Policy’s Least Developed Country methodology.<sup>62</sup>
- 4.66 In relation to aid allocations at the sub-national level, Save the Children explained:
- Just as poverty reduction occurs at vastly different rates across countries and global regions, poverty reduction within countries is normally a spatially uneven process. Deep pockets of poverty can persist even in countries that, at the aggregate level, are experiencing rapid poverty reduction.

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<sup>56</sup> International Development Contractors Community, *Submission 19*, p. 3. See also: Save the Children, *Submission 7*, pp. 30, 32.

<sup>57</sup> Save the Children, *Submission 7*, pp. 28-32.

<sup>58</sup> The University of Queensland, *Submission 40*, pp. 20-21.

<sup>59</sup> Marie Stopes International Australia, *Submission 42*, p. 7.

<sup>60</sup> Oxfam Australia, *Submission 2: Attachment 1*, pp. 20-21.

<sup>61</sup> Save the Children, *Submission 7*, pp. 12-18.

<sup>62</sup> Save the Children, *Submission 7*, pp. 15-16.

Country-level poverty assessments regularly identify specific areas or groups of people with particular characteristics experiencing higher-than-average probabilities of being poor. They may be locked in poverty traps or other low-level equilibriums in which aggregate economic growth does not translate into employment income or transfers for them.<sup>63</sup>

- 4.67 Save the Children therefore recommended that Australian aid be focused on geographic areas and population groups with the highest concentration of poverty and barriers to sustainable development.<sup>64</sup>

### **Australian aid stakeholder surveys**

- 4.68 In a submission to the inquiry, the Development Policy Centre at the Australian National University (DPC) summarised the findings of its 2013 and 2015 Australian aid stakeholder surveys, which sought the views of 'aid experts who have worked with the aid program regularly and who have first-hand experience of its performance'. The surveys had 356 and 461 respondents respectively.<sup>65</sup>
- 4.69 The DPC noted that stakeholder views included that the performance of the aid program had worsened between 2013 and 2015, that there had been a loss of expertise in the aid program, and that transparency and community engagement had gone from strengths of the aid program to weaknesses.<sup>66</sup>
- 4.70 The DPC also explained that stakeholders perceived a 'loss of strategic clarity' and saw the aid program as being 'less about poverty reduction and more about the national interest'.<sup>67</sup>
- 4.71 The DPC stated that the survey results highlighted the importance to aid effectiveness of 'attributes such as staff expertise and continuity, results orientation, and avoidance of micromanagement', suggesting that these benchmarks were absent from those used by the government.<sup>68</sup>
- 4.72 The DPC also suggested that DFAT should be encouraged to gather feedback from stakeholders such as contractors and NGOs:

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<sup>63</sup> Save the Children, *Submission 7*, pp. 16-17.

<sup>64</sup> Save the Children, *Submission 7*, pp. 16-17.

<sup>65</sup> Development Policy Centre, Australian National University, *Submission 92*, p. 1.

<sup>66</sup> Development Policy Centre, Australian National University, *Submission 92*, pp. 1-3.

<sup>67</sup> Development Policy Centre, Australian National University, *Submission 92: Attachment 1*, pp. 2-3.

<sup>68</sup> Development Policy Centre, Australian National University, *Submission 92*, p. 3.

These are, of course, not the ultimate beneficiaries of Australian aid, and they have their own interests. But they are well-informed, they are trusted by the Australian government with billions of dollars, and their views should be taken account of.<sup>69</sup>

## Contraction of Australia's aid budget

4.73 Finally, a strong theme in evidence was that the contraction of Australia's aid budget had undermined the ambition and effectiveness of the aid program.

4.74 In its peer review of Australia's aid program, the OECD DAC found:

Since 2013, in cumulative terms, the Australian aid budget has been cut by over 30%. Overall budget cuts have affected the scope of both the development and humanitarian programmes. Furthermore, Australian budget projections suggest that the ratio of ODA to gross national income will continue to decline, reaching a historic low of 0.22% in 2017/18.<sup>70</sup>

4.75 The OECD DAC suggested Australia was 'falling behind' other DAC members—while Australia's gross domestic product (GDP) per capita is above the OECD average, its allocation to aid is below the average of DAC members. The OECD DAC also noted that reductions to the aid budget have been made in the context of increasing overall government expenditure.<sup>71</sup>

4.76 The Lowy Institute also noted the 'dramatic contraction' in the aid budget, suggesting that the aid program is 'the least generous it has been in Australia's history'.<sup>72</sup>

4.77 World Vision Australia described the impact of reductions to the aid budget:

Despite the vital role that Australian aid plays in building a safer and more prosperous region, successive aid cuts totalling more than \$11 billion since 2014 have undermined Australia's role as a trusted donor and hampered Australian Government's ability to deliver on the outcomes and intent of its

<sup>69</sup> Development Policy Centre, Australian National University, *Submission 92*, p. 3.

<sup>70</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 23.

<sup>71</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 53.

<sup>72</sup> Lowy Institute, *Submission 88*, pp. 3-4.



2014 aid Policy. ...Since the 2014 aid policy was introduced, Australian aid investments to vulnerable countries have significantly decreased – and unfortunately this has not been as a result of a decreased need for such investment. Reducing the aid budget reduces Australia's impact on poverty reduction and its contribution toward the SDGs, meaning that more people will be left behind.

Not only do cuts to the aid program impact vital poverty reduction and peacebuilding initiatives, they can also damage Australia's credibility as a donor and regional partner.

... For Australia's aid program to be most effective, in both reducing poverty and building Australia's influence across the Indo-Pacific, setting a long term trajectory towards meeting our global commitments on aid allocation will be a crucial step in demonstrating solidarity and support for our regional neighbours.<sup>73</sup>

#### 4.78 ACFID also addressed the impact of reductions to the aid budget:

Punishing cuts on Australian aid over a sustained period have been both a reason for and consequence of a lack of strategic clarity around Australia's ODA.

...The Australian aid cuts did harm communities and developing countries.

Cuts have also meant an overall diminution of Australia's influence overseas – not only is Australia less able to help people affected by conflict and natural disasters, but its ability to tackle emerging threats such as disease pandemics and rising extremism is severely restricted. Australia's capacity to help build more peaceful and prosperous societies is also impeded, as is its capacity and willingness to innovate and take the sort of risks in programming which could potentially pay enormous dividends. Furthermore, geopolitically, Australia's international reputation has not escaped unharmed as a result of the cuts.<sup>74</sup>

#### 4.79 ACFID emphasised the importance of any increase in the aid budget being 'planned, stepped, and predictable':

It is well established that aid is most effective when it is predictable.  
Delivering aid dividends takes time through building relationships with local

<sup>73</sup> World Vision Australia, *Submission 45*, pp. 27-28.

<sup>74</sup> Australian Council for International Development, *Submission 55*, pp. 7-8.

partners and adapting to local contexts. A lack of predictability is hard for recipients to plan around and has been shown to make aid less effective.<sup>75</sup>

4.80 Similarly, Oxfam Australia submitted:

In the absence of commitment and political leadership to maintain aid investment in the long-term, the aid budget remains highly vulnerable to future cuts. Further budget uncertainty and contraction would significantly undermine Australia's aid program ambition, effectiveness and impact, with flow on impacts for Australia's standing in the international community.<sup>76</sup>

4.81 While many stakeholders supported in increase in Australia's aid budget, the Committee is aware of a range of views in relation to an appropriate target. For example:

- World Vision recommended a target of 0.33 per cent of GNI by 2023-24, with a long-term target of 0.7 per cent of GNI;<sup>77</sup>
- ACFID recommended an increase of 10 per cent each year for six years, corresponding to a target of 0.33 per cent of GNI by 2024-25, with a further target of 0.7 per cent of GNI by 2030;<sup>78</sup> and
- Oxfam recommended a target of 0.7 per cent of GNI by 2030.<sup>79</sup>

4.82 Oxfam Australia explained:

DAC donors agreed as far back as 1969 that 0.7 percent of GNI represents a fair benchmark allocation of international aid. The 0.7 commitment was reinforced in 2015 and is a part of the Sustainable Development Goals. Currently Denmark, Germany, Luxembourg, Norway, Sweden and the United Kingdom all have aid budgets at this target or above.

Australia, with one of the highest incomes per capita in the world, should make 0.7 GNI its target.<sup>80</sup>

4.83 As noted earlier in this chapter, the OECD DAC recommended that Australia 're-introduce an ambitious target for increasing ODA against [GNI] and set out a path to meet the target'.<sup>81</sup>

<sup>75</sup> Australian Council for International Development, *Submission 55*, p. 9.

<sup>76</sup> Oxfam Australia, *Submission 2: Attachment 1*, pp. 35-36.

<sup>77</sup> World Vision Australia, *Submission 45*, p. 28.

<sup>78</sup> Australian Council for International Development, *Submission 55*, p. 9.

<sup>79</sup> Oxfam Australia, *Submission 2: Attachment 1*, p. 36.

<sup>80</sup> Oxfam Australia, *Submission 2: Attachment 1*, p. 36.

## Committee comment

- 4.84 Drawing on the evidence set out in this chapter, the Committee encourages DFAT to increase its efforts to monitor the effectiveness of aid activities implemented through private sector and multilateral organisations, commensurate with the increasing role these organisations have in Australia's aid program.
- 4.85 The Committee expects that greater transparency and more rigorous evaluation of these activities will not only assist in identifying inefficiencies and areas for improvement, but will also strengthen stakeholders' confidence in the aid program.
- 4.86 The Committee also encourages the Australian Government to consider approaches to integrate the SGDs in the policy and performance frameworks that underpin the aid program.
- 4.87 In relation to effectiveness more broadly, while not wishing to diminish the considerable achievements of the aid program, the Committee also acknowledges that the declining aid budget has, to some extent, undermined the impact of Australia's aid program.
- 4.88 The Committee considers that there is a clear case for Australia's aid program and supports an increase in Australia's aid budget from current levels.
- 4.89 The Committee is also concerned to see greater stability and certainty in the aid budget going forward. For this reason, the Committee affirms the importance of bipartisan agreement on Australia's aid budget.
- 4.90 The Committee is aware that there has previously been bipartisan agreement for a target of 0.5 per cent of GNI. While noting that some comparable countries have committed to—and, in some cases, achieved—more ambitious targets, the Committee considers that this target is an appropriate starting point for restoring Australia's aid funding, with a view to sustaining further increases in the future.

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<sup>81</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 23.

- 4.91 Beyond this initial target, the Committee considers 0.7 per cent of GNI is an appropriate long-term target for Australia's aid funding, consistent with the SDGs.
- 4.92 The Committee considers that articulation of a clear timeframe for achieving these targets would assist in building broad-based political and community support.

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### Recommendation 3

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- 4.93 **The Committee recommends that the Australian Government, within a year, commit to a set timeframe of no more than five years for increasing Australia's funding for Development Partnerships (aid) to at least 0.5 per cent of gross national income, and to a second set timeframe of no more than 10 years for increasing Australia's funding for Development Partnerships (aid) to at least 0.7 per cent of gross national income.**
- 4.94 As noted above, the Committee is concerned to see greater stability and certainty in the aid budget. In particular, the Committee supports the establishment of a legislated minimum level of aid funding, consistent with the targets set out above.

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### Recommendation 4

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- 4.95 **The Committee recommends that the Australian Parliament, within a year, introduce a legislated floor of 0.5 per cent of gross national income funding for Development Partnerships (aid), to come into effect immediately upon conclusion of the set timeframe of no more than five years, as recommended in Recommendation 3 when 0.5 per cent is reached. In addition, the Committee recommends that the Australian Parliament subsequently introduce a legislated floor of 0.7 per cent of gross national income at the time Development Partnerships (aid) funding reaches this target under the proposed second set timeframe of no more than 10 years. 0.7 per cent should then remain the legislated floor after this period of time.**
- 4.96 In working to increase the overall level of aid funding, the Committee suggests that traditional aid funding could be supplemented with funding allocated from other portfolios, where this is appropriate. This approach would acknowledge the reality that the aid program is a whole-of-government commitment, and that effective aid delivers benefits to

Australia—as well as to recipient countries—across a wide range of areas. This supplementation through other portfolios would also, in the Committee's view, reduce the risk of future reductions in funding for Development Partnerships, particularly for example through the sourcing of Development Partnerships funding through the Defence budget, where funding reductions are largely opposed by the Australian public.

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## Recommendation 5

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- 4.97 The Committee recommends that the Australian Government, in working to reach 0.5 per cent, and then 0.7 per cent, of gross national income for Development Partnerships (aid), supplement the core Development Partnerships funding managed by the Department of Foreign Affairs and Trade portfolio with funding set aside from other portfolios such as Defence, Health, Education and Agriculture (for example, funding for conflict resolution and governance Development Partnerships programs under the Defence budget, which in turn may prevent future Defence expenditure). In doing so, consideration should be given to setting up Development Partnerships units within (or from) each contributing Department, which would then be managed under the core Development Partnerships structure headquartered under the Department of Foreign Affairs and Trade.**
- 4.98 Lastly, in addition to increasing the overall level of aid funding, the Committee is of the view that there is scope to improve the effectiveness of aid expenditure through an increased focus on those who are most in need. In particular, the Committee notes the evidence received by Save the Children and others in relation to improving the geographic targeting of aid at the national and sub-national level.

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## Recommendation 6

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- 4.99 The Committee recommends that the Australian Government implement further measures to improve geographic targeting of aid at the national and sub-national level of recipient countries.**



## 5. Private sector development

- 5.1 As noted earlier in this report, changes to Australia's aid program since 2014 have resulted in an increased focus on the role of the private sector in aid and development.
- 5.2 This chapter considers evidence received in the inquiry on the following aspects of private sector development:
- aid for trade;
  - private sector partnerships; and
  - local procurement.

### Aid for trade

- 5.3 Aid for trade aims to assist developing countries to access international markets by addressing internal constraints to trade, such as lack of private sector capability, weak public sector institutions, and poor infrastructure.<sup>1</sup>
- 5.4 The aid for trade initiative was launched by the World Trade Organisation in 2005.<sup>2</sup>
- 5.5 DFAT submitted that aid for trade is 'central' to Australia's aid program.<sup>3</sup>
- 5.6 In a submission, DFAT explained that aid for trade can 'have a direct and immediate impact on the poor and disadvantaged through the creation of jobs, increased business opportunities and incomes, greater food security and education and training':

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<sup>1</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 8.

<sup>2</sup> World Trade Organisation, 'Aid for Trade', < [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm)>.

<sup>3</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 8.

To realise these benefits, it is critical to build the capacity of the private sector. Aid for trade can help establish conditions that make it easier and cheaper to do business. This is essential as the private sector generates 90 per cent of jobs and funds more than 60 per cent of investment in developing countries. However, trade alone is not sufficient to achieve sustainable economic growth or to reduce poverty. Complementary factors, such as macro-economic stability, the application of the rule of law and presence of developed financial systems, are also crucial.<sup>4</sup>

- 5.7 In 2015, the then Minister for Foreign Affairs and the then Minister for Trade launched the *Strategy for Australia's Aid for Trade Investments*.<sup>5</sup>
- 5.8 The strategy established a framework for aid for trade investments to ensure they are 'effective, meet the needs of developing country partners, and align with Australia's interests'.<sup>6</sup>
- 5.9 In 2014, the Australian Government set a strategic target to increase aid for trade investments from 13 per cent of the total aid budget to 20 per cent by 2020. This target was achieved in 2016-17, when aid for trade investments reached \$941.0 million, which was 23.3 per cent of the total aid budget for that year.<sup>7</sup>
- 5.10 In addition to investments in trade facilitation and international competitiveness, DFAT highlighted the aid program's commitment to infrastructure development in the Indo-Pacific region. In 2016-17, approximately \$397.3 million (40 per cent of Australia's aid for trade investments) was dedicated to infrastructure. Of this amount, approximately \$103.2 million was dedicated to the Pacific region.<sup>8</sup>
- 5.11 World Vision cautioned against overstating the increased proportion of investment in aid for trade, noting that this increase has occurred in the context of a declining aid budget.<sup>9</sup>

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<sup>4</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 8-9.

<sup>5</sup> Department of Foreign Affairs and Trade, *Strategy for Australia's Aid for Trade Investments*, July 2015, <<https://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-aid-for-trade-investments.pdf>>.

<sup>6</sup> Department of Foreign Affairs and Trade, *Strategy for Australia's Aid for Trade Investments*, July 2015, p. 5.

<sup>7</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 11.

<sup>8</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 12.

<sup>9</sup> World Vision Australia, *Submission 45*, p. 7.



- 5.12 Also noting the declining aid budget, the Development Policy Centre pointed out that an increased focus on aid for trade comes at the expense of other activities:

In the case of Australian aid, it has been at the expense of education and health. ...Whether or not this shift was worth it, it is important to be aware of the trade-offs.<sup>10</sup>

- 5.13 DFAT noted that the aid for trade target was included in the review of aid program targets currently underway.<sup>11</sup>
- 5.14 The Committee sought evidence on the appropriateness of the current aid for trade target. The Export Council of Australia recommended that Australia continue and expand its aid for trade program, but did not make a specific recommendation in relation to the target.<sup>12</sup> The Global Trade Professionals Alliance recommended that the target remain at its current level.<sup>13</sup>

## Effectiveness of aid for trade

- 5.15 The Committee received a range of evidence on the effectiveness of Australia's aid for trade investments and the aid for trade initiative more generally.
- 5.16 The Export Council of Australia expressed strong support for the aid for trade component of Australia's aid program, claiming that the program is delivering 'positive outcomes for recipient countries and Australia'.<sup>14</sup>
- 5.17 In its peer review of Australia's aid program, the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) noted Australia's efforts to have a clear strategy for aid

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<sup>10</sup> Development Policy Centre, Australian National University, *Submission 92*, pp. 7-8. See also: Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 9.

<sup>11</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 11. See also: Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 9.

<sup>12</sup> Export Council of Australia, *Submission 14*, p. 1.

<sup>13</sup> Global Trade Professionals Alliance, *Submission 53*, pp. 3-4.

<sup>14</sup> Export Council of Australia, *Submission 14*, p. 1.

for trade and its ‘rapid scale up’ of aid for trade.<sup>15</sup> The OECD DAC referred to a 2016 evaluation of Australia’s aid for trade investments, conducted by the DFAT’s Office of Development Effectiveness.<sup>16</sup>

5.18 The evaluation report stated:

DFAT investments in trade facilitation have been effective in addressing capacity issues, have the potential to make significant impacts to poverty reduction, and contain many elements of good global practice.<sup>17</sup>

5.19 However, the evaluation report also noted the challenge of ‘demonstrating results and attributing impacts’ to aid for trade investments.

The DFAT investments evaluated exemplified this challenge. They demonstrated a range of results that had the potential to generate positive economic and development gains, however, attributing quantifiable impacts to interventions is currently limited.<sup>18</sup>

5.20 While acknowledging the strong evidence that aid for trade investments have contributed to increasing exports and improving the investment conditions in developing countries, a number of stakeholders raised questions about the relationship between aid for trade and poverty reduction.<sup>19</sup>

5.21 For example, the Australian Council for International Development (ACFID) submitted:

International trade and markets, as key drivers of job creation, can be both powerful enablers of economic growth and transformative tools for large-scale poverty reduction. However, many communities, especially those living in poverty, currently lack the capacity to fully realise the benefits of markets and trade.

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<sup>15</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, pp. 19, 32; Organisation for Economic Co-operation and Development, *Submission 74*, p. 3.

<sup>16</sup> Department of Foreign Affairs and Trade, *Gearing up for Trade: Australia’s support for trade facilitation programs*, April 2016, <<https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/gearing-up-for-trade-report.PDF>>.

<sup>17</sup> Department of Foreign Affairs and Trade, *Gearing up for Trade: Australia’s support for trade facilitation programs*, April 2016, p. xi.

<sup>18</sup> Department of Foreign Affairs and Trade, *Gearing up for Trade: Australia’s support for trade facilitation programs*, April 2016, p. 26.

<sup>19</sup> For example, see: Oxfam Australia, *Submission 2: Attachment 1*, p. 10.

... After a decade of continued investment, global aid for trade has certainly been effective at improving the exports and trade performance of developing countries. However, its effect on poverty reduction and inclusive growth is less evident.<sup>20</sup>

5.22 Similarly, International Justice Mission Australia submitted:

It is widely accepted that Aid for Trade (AfT) achieves macro-level growth indicators in the long-term. However, there is evidence indicating that under certain conditions, these benefits will not reach the poor, and that AfT can have negative effects in the short to medium term.<sup>21</sup>

5.23 The Australian Disability and Development Consortium noted the 'increasing recognition that the progress achieved through trade is not distributed equally within countries and communities':

A recent Asian Development Bank report noted that vulnerable groups are often excluded from the benefits of trade, as they do not have access to the means to exploit entrepreneurial and employment opportunities.<sup>22</sup>

5.24 Fairtrade Australia New Zealand suggested that, while there was 'considerable value' in Australia using its power to create markets:

... it would be misguided to over-rely on the private sector and the aid for trade program to address the asymmetries of power that keep hundreds of millions in the region in poverty and at the margins of the global economy.

Trade and the more liberal flow of private investment are frequently seen as the main drivers of growth and poverty alleviation. However, aggregate measures of growth can mask stark inequities within countries, including gender inequality. The foundations of sustainable development, such as gender equality, protection of children, and environmental sustainability, are too often treated in isolated from trade agreements and programs, and hence decoupled from economic activity. This risks promoting unsustainable, unfair growth.<sup>23</sup>

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<sup>20</sup> Australian Council for International Development, *Submission 55*, pp. 12-13.

<sup>21</sup> International Justice Mission Australia, *Submission 13*, p. 11.

<sup>22</sup> Australian Disability and Development Consortium, *Submission 25*, p. 11.

<sup>23</sup> Fairtrade Australian New Zealand, *Submission 27*, pp. 13-14.

- 5.25 Speaking to the Committee in Sydney, Ms Alina Bain, Chief Executive Officer of the Export Council of Australia, addressed some of the criticisms of aid for trade:

There has been some criticism that aid for trade delivers economic growth while potentially exacerbating inequality and without bringing development benefits to the poor. We believe there is nothing about aid for trade that means that this outcome is inevitable. Indeed, with the right focus it can achieve outcomes in very targeted areas, such as gender equality and reducing inequality.<sup>24</sup>

### **‘Aid for inclusive trade’**

- 5.26 It was put to the Committee that aid for trade investments should be more explicitly linked to the objective of reducing poverty.

- 5.27 For example, World Vision Australia submitted:

The Australian Government should clarify that the primary purpose of aid for trade is to reduce poverty through trade. In the context of aid for trade, trade is a means to an end (poverty reduction), rather than an end in itself. ...the first test for aid for trade investments should be whether they empower families and individuals to lift themselves out of poverty, and considerations such as whether those investments meet the needs of developing country partners or align with Australian interests should be secondary.<sup>25</sup>

- 5.28 Similarly, ACFID suggested it was crucial that that aid for trade initiatives ‘explicitly link their actions to measurable outcomes for those living in poverty’:

Government donors are rightly accountable for ensuring their activities achieve not just macro-level growth, but development outcomes for those living in poverty.<sup>26</sup>

- 5.29 In addition, it was suggested that Australia should adopt a more inclusive approach to its aid for trade investments.<sup>27</sup>

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<sup>24</sup> Ms Alina Bain, Chief Executive Officer, Export Council of Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 35.

<sup>25</sup> World Vision Australia, *Submission 45*, p. 6.

<sup>26</sup> Australian Council for International Development, *Submission 55*, pp. 12-13.

<sup>27</sup> For example, see: World Vision Australia, *Submission 45*, p. 8; Fairtrade Australian New Zealand, *Submission 27*, p. 9.

### 5.30 ACFID explained:

In their 2017 review of global aid for trade the World Trade Organisation and OECD called for a greater focus on ‘aid for inclusive trade’ and emphasised connecting SME’s to international markets as a development priority.

... Australia’s range of market-based development programming, including aid for trade, should have a more intentional focus on reaching non-market ready individuals, including people living in poverty, women, youth, ethnic minorities and/or other marginalised groups, who are often excluded from traditional market systems.<sup>28</sup>

### 5.31 Similarly, Oxfam Australia submitted:

Investments should focus on enhancing the capacity and resources available to poor communities and marginalised groups within them, particularly women, to access markets (through increased physical and digital connectivity as well as removing trade barriers). Programs should also aim to increase the benefits flowing from trade to poor communities, for example through increased employment.<sup>29</sup>

### 5.32 A number of organisations, including ACFID, World Vision Australia, and Fairtrade Australia and New Zealand, emphasised the importance of building the productive capacity of small-to-medium-sized enterprises, including small-holder farmers.<sup>30</sup>

### 5.33 For example, World Vision Australia submitted:

Building the productive capacity of local communities living in poverty is the most direct and immediate way to help poor communities in developing countries to engage in trade.

By contrast, the benefits from aid for trade investments in regulatory reform and economic infrastructure often take a long time to materialise, and they often disproportionately favour larger businesses and producer groups operating in the formal sector, rather than supporting informal and semi-formal financial intermediaries or businesses.<sup>31</sup>

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<sup>28</sup> Australian Council for International Development, *Submission 55*, pp. 12-13.

<sup>29</sup> Oxfam Australia, *Submission 2: Attachment 1*, p. 10.

<sup>30</sup> Australian Council for International Development, *Submission 55*, pp. 12-13; World Vision Australia, *Submission 45*, p. 8; Fairtrade Australia and New Zealand, *Submission 27*, p. 5.

<sup>31</sup> World Vision Australia, *Submission 45*, p. 8.

- 5.34 The Australian Disability and Development Consortium highlighted the importance of aid for trade investments to support women in accessing markets, suggesting that a similar approach is required to enable ‘the approximately one in five people in developing countries who live with disabilities’ to access the benefits of trade.<sup>32</sup>
- 5.35 World Vision Australia suggested that, to assist in future evaluations, indicators should be developed to measure the inclusiveness of Australia’s aid for trade investments.<sup>33</sup>
- 5.36 Similarly, CARE Australia suggested that DFAT conduct an evaluation of the effectiveness of its aid for trade portfolio, giving consideration to the impact of investments for small producers, including women.<sup>34</sup>

## Other views

- 5.37 The Development Policy Centre gave evidence on the role of aid for trade investments in the Pacific region, suggesting that a focus on labour mobility would be more appropriate given the particular circumstances of the region:

The Pacific is not a trading region. Remittances are much more important for the Pacific (and Timor Leste) than trade. Remittances are the first or second source of foreign currency for Fiji, Timor Leste, Tonga, Samoa and Vanuatu, and possibly for other Pacific island countries as well. These countries are too remote and isolated to be competitive in the trade of goods.

... In the Pacific, therefore, aid for trade should mean aid for migration or aid for labour mobility. As with aid for trade, this means facilitating a private-sector activity but in this case one involving the movement of people rather than goods.<sup>35</sup>

- 5.38 The DPC made suggestions to assist people in the Pacific to access existing pathways to Australia (including the Seasonal Worker Programme and the Pacific Labour Scheme), and also suggested reducing the cost of remittances and promoting school quality.<sup>36</sup>

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<sup>32</sup> Australian Disability and Development Consortium, *Submission 25*, p. 11.

<sup>33</sup> World Vision Australia, *Submission 45*, p. 9.

<sup>34</sup> CARE Australia, *Submission 66*, pp. 1-2.

<sup>35</sup> Development Policy Centre, Australian National University, *Submission 92*, p. 6.

<sup>36</sup> Development Policy Centre, Australian National University, *Submission 92*, pp. 6-7. See also: Australian Council for International Development, *Submission 55*, p. 13.

- 5.39 International Justice Mission Australia (IJM) recommended that investments to strengthen domestic public justice systems be included as part of the aid for trade program.<sup>37</sup> Mr Josiah Fajardo, Research and Policy Associate for IJM, told the Committee:
- ... strengthening public justice systems ... forms part of the infrastructure of trade to have a strong justice system where property rights are enforced and people can enforce contracts. That's part of the mechanisms of trade just as much as a bridge or a road to facilitate the transfer of goods.<sup>38</sup>
- 5.40 Mr Fajardo suggested that reform of public justice systems was needed 'to ensure that the benefits of trade are actually transferred to the poor'.<sup>39</sup>
- 5.41 IJM also recommended that trade agreements secured as part of aid for trade 'incorporate appropriate regulatory safeguards that secure the labour rights of vulnerable groups in global value chains'.<sup>40</sup>

## Private sector partnerships

- 5.42 In addition to the role of Australia's aid program in improving access to markets, the Committee received evidence about the aid program's relationship with the private sector more generally.
- 5.43 As noted earlier in this report, Australia is committed to the *Addis Ababa Action Agenda*, which recognises the funding gap required to achieve the Sustainable Development Goals. The agenda calls for the mobilisation of public and private finance, beyond traditional forms of overseas development assistance, to address this gap.<sup>41</sup>
- 5.44 Consistent with this commitment, changes to Australia's aid program since 2014 have resulted in an increased focus on engagement with the private sector.

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<sup>37</sup> International Justice Mission Australia, *Submission 13*, pp. 11-15.

<sup>38</sup> Mr Josiah Fajardo, Research and Policy Associate, International Justice Mission Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 24.

<sup>39</sup> Mr Josiah Fajardo, Research and Policy Associate, International Justice Mission Australia, *Committee Hansard*, Sydney, 2 July 2018, p. 24.

<sup>40</sup> International Justice Mission Australia, *Submission 13*, pp. 11-15.

<sup>41</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 31.

- 5.45 The performance framework for Australia's aid program, released in 2014, includes a strategic target that 'all new investments will explore innovative ways to promote private sector growth or engage the private sector in achieving development outcomes'. This includes:
- ... engaging the private sector in: the design or delivery of investments; innovative approaches to project financing; public-private partnerships; improving the regulatory environment for private sector participants; or addressing other constraints to economic growth.<sup>42</sup>
- 5.46 In 2015, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, released the statement, *Creating shared value through partnership*, which invited the private sector to collaborate with the aid program on implementing sustainable solutions to address development challenges.<sup>43</sup>
- 5.47 Also in 2015, the Australian Government release the *Strategy for Australia's aid investments in private sector development*, which provided guidance on how the aid program could most effectively improve the growth and inclusiveness of the private sector in recipient countries.<sup>44</sup>
- 5.48 DFAT submitted that it has a range of programs for incentivising collaboration with the private sector, including:
- Business Partnerships Platform (BPP);
  - Scaling Frontier Innovation;
  - Investing in Women;
  - Pacific Readiness for Investing in Social Enterprises Facility;
  - Emerging Markets Impact Investment Fund (EMIIF); and
  - Market Development Facility<sup>45</sup>
- 5.49 DFAT explained that the BPP, launched in 2015, is the 'principal initiative through which the department collaborates with business':

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<sup>42</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, <<https://dfat.gov.au/about-us/publications/Documents/framework-making-performance-count.pdf>>, pp. 6-7.

<sup>43</sup> Department of Foreign Affairs and Trade, *Creating shared value through partnership: Ministerial statement on engaging the private sector in aid and development*, August 2015, <<https://dfat.gov.au/about-us/publications/aid/Documents/creating-shared-value-through-partnership.pdf>>.

<sup>44</sup> Department of Foreign Affairs and Trade, *Strategy for Australia's aid investments in private sector development*, October 2015, <<https://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-investments-in-private-sector-development.pdf>>.

<sup>45</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 31.



It brings in the expertise and competitive advantage of the private sector in contributing to development through matched co-investment (up to A\$500,000 at a minimum 1:1 investment ratio from business). [The BPP] has leveraged A\$14.32 million in private sector funding from Australia's A\$7.6 million contribution. ...Improving the economic empowerment of women and girls is one of four key criteria for assessing BPP applications.<sup>46</sup>

5.50 Speaking to the Committee in Canberra, Ms Beth Delaney, Assistant Secretary of Development Economics in the Private Sector and Agriculture Branch of DFAT, provided an example of a BPP project that involved AVI and Intrepid Travel working with DFAT to support small and medium enterprises in the tourism sector in Myanmar.<sup>47</sup>

5.51 DFAT also explained that the EMIIF, announced in 2017, is a \$40 million 'fund of funds' for investing in small and medium enterprise (SME) investment funds, and for providing technical assistance to investment funds and underlying SMEs. The EMIIF is designed to support businesses that 'benefit poor communities through their products, services, supply chains or employment practices'.<sup>48</sup>

5.52 In its *Performance of Australian Aid 2016-17* report, DFAT stated that its strategic target in relation to engaging the private sector had been met:

The number and diversity of partnerships formed at corporate, country and investment levels and the value of private resources mobilised has increased. In 2016, nearly three quarters of monitored investments engaged with one or more private sector partners.<sup>49</sup>

5.53 However, the report also noted that, at the investment level, engagement had been 'more straight-forward in some sectors than others'. The report

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<sup>46</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 31.

<sup>47</sup> Ms Beth Delaney, Assistant Secretary, Development Economics, Private Sector and Agriculture Branch, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, pp. 6-7. See also: Department of Foreign Affairs and Trade, 'Promoting inclusion of Myanmar small and medium enterprises in the tourism industry', <<https://dfat.gov.au/aid/who-we-work-with/private-sector-partnerships/bpp/Pages/promoting-inclusion-of-myanmar-small-and-medium-enterprises-in-the-tourism-industry.aspx>>.

<sup>48</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 31.

<sup>49</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, <<https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf>>, pp. 7-8; Department of Foreign Affairs and Trade, *Submission 8*, p. 31.

also identified a need for a more strategic approach to working with the private sector and for capacity building for DFAT staff.<sup>50</sup>

## Stakeholder views

- 5.54 In its peer review of Australia's aid program, the OECD DAC noted that, since 2014, Australia has placed a greater emphasis on leveraging finance from the private sector:

Australia is increasingly using blended finance models including in its work with multilateral banks. For example, Australia is a member of the Private Infrastructure Development Group, which leverages Australian aid for private sector investment. Australia has used ODA to support the development of infrastructure projects designed to attract finance from the private sector, other donors and multilateral organisations. An example is the Tina River hydropower plant in Solomon Islands. Australia spent AUD 9.7 million in ODA to develop the project, which has attracted more than USD 145 million in additional finance...<sup>51</sup>

- 5.55 Prospr, a for-profit joint venture involving Save the Children Australia, submitted that DFAT did not have a specific strategy to leverage private sector capital directly to target development outcomes.<sup>52</sup>

- 5.56 Prospr stated that DFAT's existing private sector partnership models 'have tended to be small scale and to be at a business transaction and partnership level'.<sup>53</sup> It went on to suggest there is a 'missing opportunity' for donors such as DFAT to partner directly with larger private sector organisations:

... to share capital and risk in business projects which directly reach those most in need providing job and income opportunities, and/or life changing goods and services.

One of the potential benefits of this approach, compared with traditional aid for trade investment approaches, would be to increase accountability. Greater direct investments into business projects creating tangible, measurable development impact means that a direct line can be drawn between the

<sup>50</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, pp. 8-9.

<sup>51</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 30

<sup>52</sup> Prospr, *Submission 43*, p. 8.

<sup>53</sup> Prospr, *Submission 43*, p. 10.

[overseas development assistance] investments and impact so donors can report more reliably on the value of capital allocated, and can more readily make evidence based choices about investment decision.<sup>54</sup>

5.57 Dr John Marsh, Director of Prospr, told the Committee that DFAT's private sector engagement should 'extend to more strategic partnerships and shared investment with selected firms from selected target sectors'. Dr Marsh nominated agriculture, digital, and energy as target sectors.<sup>55</sup>

5.58 Specifically, Prospr recommended a *Digital Economy Aid Investment Strategy* focusing on the Pacific, which would 'support existing service providers - public, private and civil society - to innovate and accelerate digital inclusion and high impact services including financial and insurance services, e-government, e-learning, e-health as well as enabling empowerment, transparency and democracy'.<sup>56</sup>

5.59 Dr Marsh expanded on opportunities in the digital sector:

... investment in the acceleration of the digital economy is critical for the Pacific given its unique development challenges, such as isolated populations spread over large distances. For example, evidence shows that increasing mobile phone penetration in low-income countries by 10 per cent can give a bump to GDP of 0.8 to 1.2 per cent ongoing. That's across the whole economy. Improved internet access transforms the way that people receive health, education and other services and improves participation in democratic processes.

... From our point of view, deeper, more strategic partnerships with the likes of Digicel, which is the largest telco in PNG and the Pacific, needs to elevate to a more mature and sophisticated level to enable DFAT and other donors to leverage Digicel's capital and resources to achieve these broader development outcomes.<sup>57</sup>

5.60 World Vision Australia suggested that the EMIIF be complemented by a \$100 million 'Sustainable Development Impact Fund', which would provide

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<sup>54</sup> Prospr, *Submission 43*, pp. 8-10.

<sup>55</sup> Dr John Marsh, Director, Prospr, *Committee Hansard*, Melbourne, 10 August 2018, p. 29. See also: Prospr, *Submission 43*, p. 12.

<sup>56</sup> Prospr, *Submission 43*, pp. 1, 4.

<sup>57</sup> Dr John Marsh, Director, Prospr, *Committee Hansard*, Melbourne, 10 August 2018, p. 29.

finance to the private sector ‘for investments that promote sustainable development in Australia and in aid recipient countries’.<sup>58</sup>

- 5.61 Oxfam Australia submitted that private partners are not subject to the same degree of scrutiny as other partners:

While Australian NGOs go through a rigorous accreditation process before being able to deliver Australian aid, private sector partners do not appear to be held to the same standard.

Contracting out large parts of the aid program to private entities without appropriate safeguards carries risks of aid profiteering and poor ethical practice.<sup>59</sup>

- 5.62 Oxfam recommended development of a ‘standardised system of safeguards and minimum standards on human rights and environmental performance’ for all private sector partnerships, ‘to ensure these projects deliver on people-centred and sustainable development outcomes’.<sup>60</sup>
- 5.63 In addition, the Committee received more general evidence on the role of the private sector in aid and development. Note that much of this evidence echoed evidence outlined in the previous section on aid for trade investments.
- 5.64 International Justice Mission Australia submitted that the ‘growth of the private sector has been responsible for much of the poverty alleviation that has occurred in recent decades’, noting the recent experience of China. However, IJM cautioned it was critical that efforts to enhance private sector activity be accompanied by efforts to ensure that the benefits of growth are transferred to the general population.<sup>61</sup>
- 5.65 IJM made suggestions including assisting developing countries to design tax and regulatory policies, assisting the provision of social services, and promoting partnerships involving local rather than multinational companies.<sup>62</sup>

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<sup>58</sup> World Vision Australia, *Submission 45*, pp. 22-23.

<sup>59</sup> Oxfam Australia, *Submission 2: Attachment 1*, pp. 36-37.

<sup>60</sup> Oxfam Australia, *Submission 2: Attachment 1*, p. 37.

<sup>61</sup> International Justice Mission Australia, *Submission 13*, p. 7.

<sup>62</sup> International Justice Mission Australia, *Submission 13*, pp. 7-8.

5.66 Similarly, Professor Juliet Willetts, Research Director of International Development at the Institute of Sustainable Futures at the University of Technology Sydney, emphasised that private sector engagement alone would not address inequalities and that a systemic approach, including changes to governance and regulatory settings, was required. Professor Willetts went on to illustrate this point:

Our research showed in Vietnam that poor households were being systematically excluded from piped water services and, similarly, supply chains for sanitation. In Indonesia, there were much higher costs in more remote areas.<sup>63</sup>

5.67 The University of Queensland submitted that current use of the term ‘private sector’ is ‘specific and limiting’:

It does not acknowledge the multitude of actors engaged in Australian aid beyond a binary public-private divide, nor the complex interrelationships between actors across sectors.<sup>64</sup>

5.68 Professor Mark Moran, Group Leader of Development Effectiveness at the Institute for Social Science Research at the University, expanded on this point at a public hearing:

... it’s really important to understand that the private sector is quite a complex sector. ...There are a lot of people who are in the business of implementing. Then there’s the private sector in a broader sense in terms of industrials and bankers and mining companies, who are not necessarily in the business of delivering development but are nonetheless increasingly making investment in development.<sup>65</sup>

5.69 The University’s submission went on:

... To ensure the innovation inherent within the private sector is maximised for the benefit of Australia’s regional aid programs, the multiplicity of actors engaged in international development needs to be acknowledged and understood in policy terms.<sup>66</sup>

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<sup>63</sup> Professor Juliet Willetts, Research Director, International Development, Institute of Sustainable Futures, University of Technology Sydney, *Committee Hansard*, Sydney, 2 July 2018, p. 13.

<sup>64</sup> The University of Queensland, *Submission 40*, p. 7.

<sup>65</sup> Professor Mark Moran, Group Leader of Development Effectiveness, Institute for Social Science Research, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, p. 2.

<sup>66</sup> The University of Queensland, *Submission 40*, p. 7.

## *Food and agriculture*

- 5.70 As noted earlier in this Chapter, the Committee heard evidence on opportunities to build the productive capacity of small-holder farmers through private-sector partnerships.
- 5.71 More broadly, DFAT submitted that the aid program leverages Australia's expertise in agriculture to support growth in the region's agriculture sector:
- Through the aid program, as well as agricultural research (driven by the [Australian Centre for International Agricultural Research]), Australia is helping link thousands of poor smallholder farmers to more profitable agricultural value chains. As well as raising incomes and creating jobs, our investments are increasingly seeking to build the resilience of smallholder farmers to climate-related shocks and promote more nutritious food systems.<sup>67</sup>
- 5.72 In a submission to the inquiry, the Australian Centre for International Agricultural Research (ACIAR) provided a range of case studies demonstrating its contribution to promoting more productive and sustainable agricultural systems, for the benefit of developing countries and Australia, through agricultural research partnerships.<sup>68</sup>
- 5.73 In particular, ACIAR outlined its involvement in private-sector partnerships with 'partners from large multinational companies to local large, medium, small and microenterprises'.<sup>69</sup>
- 5.74 The Committee observed widespread support among stakeholders for the work of ACIAR and its role in the development sector.<sup>70</sup>
- 5.75 The University of New England recommended increased private sector involvement in ACIAR projects to improve the changes of long-term adoption of project outputs.<sup>71</sup>

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<sup>67</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 13.

<sup>68</sup> Australian Centre for International Agricultural Research, *Submission 44*.

<sup>69</sup> Australian Centre for International Agricultural Research, *Submission 44*, p. 8. See also: The Crawford Fund, *Submission 24*.

<sup>70</sup> For example, see: The University of Queensland, *Submission 40*, p. 22; The University of New England, *Submission 34*, p. 3.

<sup>71</sup> The University of New England, *Submission 34*, p. 4.

- 5.76 While noting ACIAR's increased focus on small-scale producers and women, Oxfam recommended that food security and sustainable agriculture and fisheries be given greater priority in the aid program.<sup>72</sup>

## Local procurement

- 5.77 The Committee sought evidence on the role of local procurement in Australia's aid program. The Committee was interested in the impact that procurement of goods and services from local entities could have on economic sustainability in the countries in which Australia provides development assistance.
- 5.78 As an example, in the book *Dead Aid*, Dambisa Moyo discusses the case of an African manufacturer of mosquito nets that is put out of business when similar products are brought in and distributed from another overseas supplier, instead of sourcing nets from that local supplier.<sup>73</sup>

## Stakeholder views

- 5.79 The Committee observed general support among stakeholders for the principle of local procurement and, more generally, encouraging local entrepreneurship.
- 5.80 Mr Gilling, First Assistant Secretary, Contracting and Aid Management Division at DFAT, stated that 'having good-quality local providers creates added value'.<sup>74</sup>
- 5.81 In response to a question from the Committee which referred to the book *Dead Aid*, noted above, Mr Gilling suggested that 'damaging by-products of aid' identified in the book 'reflect a lack of attention to [the] issue of do no harm':

Do no harm can apply at the personal level and at the social level as well as at the economic level, and that's one of the things that's brought to bear when we

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<sup>72</sup> Oxfam Australia, *Submission 2: Attachment 1*, pp. 27-28.

<sup>73</sup> Dambisa Moyo, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*, Farrar, Straus and Giroux, 2010.

<sup>74</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 58.

do peer reviews of these designs. It's a core part of what we do, and the principle is do no harm.<sup>75</sup>

- 5.82 Ms Joanne Choe, Board Director of the International Development Contractors Community (IDCC), outlined to the Committee the benefits of working with local providers:

I think we definitely look at it in terms of not only the hard asset that you're getting at the end of the project—what's built in an infrastructure program, for example—but also the soft assets

... We operate on the ground. We have offices and staff on the ground. We engage and contract local companies. We use local materials. Through that process of working for years with local providers, there are absolutely huge benefits in employment in terms of skills upgrades and the transfer and sharing of capacity. I think there would be big benefit in looking at the impact of not only the hard infrastructure but also those soft skills and the skills and capacities that are being developed as a result of that infrastructure when you operate in that way.<sup>76</sup>

- 5.83 Dr Cameron Hill, also representing the IDCC, explained:

There is a myth that, when a contract gets signed, the money goes to the contractor and that is it. But there's a whole downstream of flow-on benefits—subgranting, employment and skills building—that happens at the local level.<sup>77</sup>

- 5.84 Mr Sheldon Yett, Representative for Pacific Island Countries for the United Nations Children's Fund (UNICEF), also supported the principle of local procurement:

Whenever possible we try to get local services, for obvious reasons: by doing that, you're building capacity; you're partnering them with others; and it's much cheaper for us to do that. It's killing two birds with one stone.<sup>78</sup>

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<sup>75</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 3.

<sup>76</sup> Ms Joanne Choe, Board Director, International Development Contractors Community, *Committee Hansard*, Canberra, 15 November 2018, p. 14.

<sup>77</sup> Dr Cameron Hill, Member Representative, International Development Contractors Community, *Committee Hansard*, Canberra, 15 November 2018, p. 15.

<sup>78</sup> Mr Sheldon Yett, Representative for Pacific Island Countries, United Nations Children's Fund, *Committee Hansard*, Canberra, 15 November 2018, p. 24.



5.85 However, Mr Yett cautioned:

Obviously UNICEF ... and other agencies are always interested in working hard to ensure the best bang for the buck, so to speak. Of course, we also keep a very close eye on ensuring that we don't undercut local markets and that we provide opportunities for local business whenever possible, but I think we also have to ensure we're getting the highest quality supplies and the best return.<sup>79</sup>

5.86 Mr Yett went on to explain that there were circumstances where it was not possible to use local suppliers—for example, when purchasing immunisation supplies.<sup>80</sup>

5.87 The Committee heard from other organisations about their approaches to procurement. For example, Ms Molly Olson, Chief Executive Officer of Fairtrade Australia and New Zealand, told the Committee:

We don't go in and say, 'We think you need rice. We think you need water. We think you need a school. Here, let us help you. Have some money for a road—whatever it is.' We work with them and they identify their path for development. ... What that does is it puts the communities into the driver seat, and if they see that there's a need for a market in onions or something they then can create that.

So local procurement from our perspective is about local empowerment...<sup>81</sup>

5.88 Dr Greta Nabbs-Keller from the University of Queensland explained that the University seeks to partner with local entities in its international development work:

In terms of local procurement, we often work with local consultancies in the provision of logistics. For example, in Islamabad recently, we've been using a local consulting company. We also, obviously, use local venue hire and local translation services. The other point I'd make is particularly in our courses, particularly if there's a private sector component ...we will bring local

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<sup>79</sup> Mr Sheldon Yett, Representative for Pacific Island Countries, United Nations Children's Fund, *Committee Hansard*, Canberra, 15 November 2018, p. 24.

<sup>80</sup> Mr Sheldon Yett, Representative for Pacific Island Countries, United Nations Children's Fund, *Committee Hansard*, Canberra, 15 November 2018, p. 24.

<sup>81</sup> Ms Molly Harriss Olson, Chief Executive Officer, Fairtrade Australia and New Zealand, *Committee Hansard*, Melbourne, 10 August 2018, pp. 3-4.

corporate entities into those programs where possible as presenters and experts.<sup>82</sup>

- 5.89 Professor Mark Moran, also from the University of Queensland, suggested that there is often the capacity in low- and middle-income countries to participate in the procurement process:

Many of the students coming to the University of Queensland aspire to careers in aid and they go back to their low- and middle-income countries and they're looking for opportunities to be working in that procurement process, actually in aid programming in addition to the procurement of the construction contracts and a whole broad range of things.<sup>83</sup>

## Procurement process

- 5.90 Mr Gilling explained that the DFAT did not have any obligation to procure from local entities. Mr Gilling emphasised that the Department has a commitment to deliver value for money.<sup>84</sup>
- 5.91 DFAT's website states that contractual arrangements entered into by the Department are conducted in accordance with the *Public Governance, Performance and Accountability Act (2013)*, Commonwealth Procurement Rules, and other departmental policies.<sup>85</sup>
- 5.92 DFAT has developed eight value-for-money principles relating to economy, efficiency, effectiveness, and ethics, which are used to guide decision making and maximise the impact of investments.<sup>86</sup>
- 5.93 Mr Gilling noted:

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<sup>82</sup> Dr Greta Nabbs-Keller, Manager Indonesia and Southeast Asia, UQ International Development Unit, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, p. 8.

<sup>83</sup> Professor Mark Moran, Group Leader of Development Effectiveness, Institute for Social Science Research, The University of Queensland, *Committee Hansard*, Brisbane, 4 September 2018, p. 8.

<sup>84</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 57.

<sup>85</sup> Department of Foreign Affairs and Trade, 'DFAT Procurement Policy', <<https://dfat.gov.au/about-us/business-opportunities/Pages/dfat-procurement-policy.aspx>>.

<sup>86</sup> Department of Foreign Affairs and Trade, 'Value for Money principles', <<https://dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles.aspx>>.

... The value-for-money concept ... is actually quite sophisticated and takes us beyond that short-term financial obligation. Value for money doesn't actually mean the cheapest. It does mean the outcome that can deliver best for us.<sup>87</sup>

- 5.94 In its peer review of Australia's aid program, the OECD DAC noted the strong focus on value for money in the aid program:

A new set of value for money principles is being applied across the aid programme life cycle with the aim of maximising the impact of aid investments. This focus is reinforced through one of the strategic targets ... which is expressed in the directive that at least 85% of aid investments must meet high standards of value for money through investment quality reporting. Where standards are not met and improvements are not achieved within one year, investments will be cancelled.<sup>88</sup>

- 5.95 Mr Gilling also explained that there is an obligation within DFAT's procurement process to demonstrate where Australia benefits:

Often you'll find within the aid contracting that companies are asked to focus on how the money that we are giving them to spend in Indonesia has an impact in Australia. So there is in fact a legislative requirement for people to look in a different direction.<sup>89</sup>

- 5.96 Coffey, which described itself as one of the aid program's largest managing contractors, stated that it 'purposefully works ... to provide commercial and investment opportunities for small to medium local enterprises, especially those owned by women, to improve livelihoods, sustainability and economic growth in the region':

Coffey supports local businesses and non-government organisations through transparent, inclusive local procurement processes and by disbursing aid and investment grants. Where appropriate, Coffey encourages smaller local entities to tender for the supply of goods and services, so that they have a

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<sup>87</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 57.

<sup>88</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 69.

<sup>89</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 58.

critical mass to deliver community based development outcomes and grow their businesses.<sup>90</sup>

### ***Measuring procurement from local entities***

- 5.97 The Committee heard evidence from DFAT about the difficulty in determining the proportion of goods and services that are procured from local entities.
- 5.98 DFAT submitted that, in order to maximise efficiency and value for money, it tended to enter into fewer (but larger) funding arrangements, with procurement at the local level taking place at the secondary and tertiary level through sub-grants and sub-contracts.<sup>91</sup>
- 5.99 Mr Gilling explained that DFAT lacked a mechanism to capture information about secondary and tertiary contracts.<sup>92</sup>
- 5.100 However, the Committee was told that DFAT was undertaking analysis on the supply chains in the aid program to better understand local procurement and was finalising a new ‘contract reporting framework’ to be launched in January 2019 that would facilitate this work.<sup>93</sup> At the time of writing, the Committee had no further information about these initiatives.

### **Suggested approaches**

- 5.101 The Committee sought suggestions for how to encourage local procurement within Australia’s aid program. However, while the Committee observed general support for the principle of local procurement (see above), suggestions were limited.
- 5.102 Mr Gilling suggested to the Committee it would ‘very hard and possibly counterproductive ... to identify specific amounts of money that we need to spend within partner countries’. He suggested that, given the importance of

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<sup>90</sup> Coffey, *Submission 50*, p. 2.

<sup>91</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 34.

<sup>92</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 3.

<sup>93</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 34; Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 3.

the ‘core value-for-money requirement’, dedicated projects to strengthen local businesses would be the preferred approach.<sup>94</sup>

5.103 In a submission, the School of Archaeology and Anthropology at the Australian National University raised the impact of Australia ‘untying’ its aid program.<sup>95</sup> In 2006, the Australian Government lifted previous eligibility criteria restrictions thereby allowing organisations to bid for Australian aid program contracts regardless of the basis of their origin.<sup>96</sup>

5.104 The School suggested that there was a question as to whether or not this change disadvantaged Australia and its development partners:

Other donor countries tend to tie their aid to their own suppliers to varying degrees. China, for example, ties its aid to the provision of Chinese goods and services to a very high degree, but similar tying of aid can be found in ... most other donors. The question here is whether the Australian government approach disadvantages us, and our development partners vis a vis those that use tied aid more directly.<sup>97</sup>

5.105 The School recommended that the practice of tying aid be revisited ‘so that local contractors and Australia based contractors are not disadvantaged’:

There is a case to be made that preference be given to local country providers first and then Australian providers.<sup>98</sup>

5.106 The Committee was made aware of two policy changes that may lead to an increase in local procurement in Australia’s aid program.

5.107 Firstly, DFAT is attempting to reduce barriers to entry to its supply chain by launching a ‘sub procurement portal’ in early 2019 to increase local firms’ awareness of opportunities in their area.<sup>99</sup>

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<sup>94</sup> Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 15 November 2018, p. 58.

<sup>95</sup> School of Archaeology and Anthropology, Australian National University, *Submission 37*, p. 3.

<sup>96</sup> Department of Foreign Affairs and Trade, ‘DFAT Procurement Policy’, <<https://dfat.gov.au/about-us/business-opportunities/Pages/dfat-procurement-policy.aspx>>.

<sup>97</sup> School of Archaeology and Anthropology, Australian National University, *Submission 37*, p. 3.

<sup>98</sup> School of Archaeology and Anthropology, Australian National University, *Submission 37*, p. 3.

<sup>99</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 34.

- 5.108 Secondly, DFAT is also introducing a requirement that ‘all tenders for major aid contracts will have to demonstrate commitment to a range of diversity matters, which will increasingly make it easier for local suppliers and personnel to participate’:

There is good anecdotal evidence of the increasing rate of local staff members being placed in senior roles in Australian aid program-funded activities. This is instrumental in ensuring capacity built through these activities remains in-country.<sup>100</sup>

- 5.109 The Committee is also aware of an initiative within the Department of Defence to ensure that local businesses (in the vicinity of Defence bases, facilities, and training areas) are considered and provided the opportunity to compete in Defence procurement. In select pilot projects launched in 2017, tenderers bidding for major projects were required to state clearly how they had engaged with local industry, and how local industry would be involved in the project.<sup>101</sup>

## Committee comment

- 5.110 In relation to Australia’s aid for trade program, the Committee acknowledges the importance of assisting developing countries to access international markets. The Committee notes the evidence that aid for trade investments improve economic conditions in recipient countries, and considers that this outcome aligns with the wider objective of Australia’s aid program.
- 5.111 The Committee notes that the strategic target to increase Australia’s aid for trade investments to 20 per cent of the total aid budget by 2020 has been achieved ahead of schedule. The Committee also notes that the target is subject to review, along with other strategic targets.
- 5.112 The Committee is concerned that a further increase in the percentage of aid for trade investments could compromise other outcomes of the aid program. For this reason, the Committee does not at this stage support an increase in the target and instead recommends that the target remain at its current level. However, in the context of an increasing aid budget, as is envisaged in the

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<sup>100</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 34.

<sup>101</sup> Senator the Hon. Marise Payne, Minister for Defence, ‘Strengthening opportunities for local industry’, *Media release*, 31 August 2017, <<https://www.minister.defence.gov.au/minister/marise-payne/media-releases/strengthening-opportunities-local-industry>>.

recommendations made earlier in this report, the Committee would support an increase in the percentage of aid for trade investments.

- 5.113 In either case, the Committee is keen to ensure that future aid for trade investments are, in so much as possible, effective in contributing to improved development outcomes in recipient countries.
- 5.114 The Committee therefore suggests that the criteria for aid for trade investments be narrowed to investments that explicitly seek to improve market access for poor and marginalised groups, including but not limited to small- and medium-sized enterprises, small-holder farmers, women, minorities, and people with disabilities. Alternatively, the Committee suggests that appropriate sub-targets, within the overall target, be established for these groups (see Recommendation 16).
- 5.115 In this way, the Committee hopes that the Australia's aid for trade investments can more effectively contribute to sustainable economic growth and poverty reduction.

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## Recommendation 7

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- 5.116 **The Committee recommends that the strategic target for aid for trade investments remain at its current level of 20 per cent of Australia's aid budget for now, while the aid budget remains at current funding levels (so as not to take away from other non-aid for trade programs). However, the Committee recommends that with a timeframe set to increase Development Partnerships funding to 0.5 per cent of gross national income (as per Recommendation 3), the aid for trade program target should concurrently gradually increase to 25 per cent of the Development Partnerships budget (but such that non-aid for trade program funding is not impacted). Concurrently, aid for trade investments should be more explicitly linked to the objective of reducing poverty.**
- 5.117 Beyond the aid for trade program, the Committee notes the increased focus of Australia's aid program on partnering with the private sector.
- 5.118 The Committee considers that this increased focus is appropriate and reflects the important role of the private sector in supporting economic growth and achieving the Sustainable Development Goals.
- 5.119 However, the Committee acknowledges concerns—outlined in this chapter and also earlier in the report—that private-sector partners are not subject to the same standards as NGOs. The Committee also acknowledges concerns

about the difficulty of assessing the effectiveness of aid delivered with private-sector partners.

- 5.120 The Committee encourages DFAT to ensure that all organisations involved in the delivery of Australian aid are subject to consistent safeguards and standards.
- 5.121 In particular, the Committee reiterates its previous recommendations in relation to orphanage trafficking and modern slavery, noting the intersection between these issues and the aid program more generally.

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## Recommendation 8

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- 5.122 The Committee recommends that the Australian Government urgently implement the recommendations of Chapter 8 of the Committee’s Final Report for the Inquiry into Modern Slavery, issued December 2017, noting the potential for misuse of aid, Australian donations, and Australian volunteerism, plus the potential negative impact on the effectiveness of Australian’s aid program, if action is not taken to limit Australian donations and volunteerism to only legitimate orphanages and residential institutions for children.**

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## Recommendation 9

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- 5.123 The Committee recommends that the Australian Government should implement Recommendation 28 of the Committee’s Final Report for the Inquiry into Modern Slavery, issued December 2017, to fund through its Development Partnerships (aid) program further measures to better address the drivers of modern slavery.
- 5.124 In relation to local procurement, the Committee notes evidence of the considerable benefits to communities in recipient countries of incorporating local suppliers into the aid supply chain.
- 5.125 The Committee considers that, when determining how aid is delivered, greater consideration should be given to using local suppliers where appropriate and, equally, ensuring that local suppliers are not adversely impacted in the procurement process.
- 5.126 The Committee notes that DFAT is working to improve its understanding of the role of local procurement in the aid supply chain and also to raise awareness about opportunities for local suppliers. While the Committee supports these initiatives, the Committee recommends broader changes



to the procurement process to ensure that local suppliers are prioritised in guidelines, grants, tenders and contracts.

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## **Recommendation 10**

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- 5.127** The Committee recommends that the Australian Government enhance and develop clearer local procurement guidelines and reporting mechanisms—that prioritise purchase of goods and/or services within, in or within the region of, Development Partnerships (aid) recipient countries where possible—for use by entities including the Department of Foreign Affairs and Trade, other Departments working in the Development Partnerships space, recipients of Development Partnerships funding (including contractors), and businesses, contractors, or individuals employed or engaged by Development Partnerships recipients to assist them in the provision of goods and/or services.

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## **Recommendation 11**

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- 5.128** The Committee recommends that the Department of Foreign Affairs and Trade introduce to their procurement processes, tenders, and contracts, a requirement for recipients/contractors in receipt of Development Partnerships funding to first prioritise procuring locally in the recipient country, where possible (where the goods or services can be provided locally, can be provided at a sufficient quality standard locally, are not excessively more expensive than via procurement elsewhere and/or can be provided within the required project timeframes locally).

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## **Recommendation 12**

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- 5.129** The Committee recommends that the Australian Government eliminate any remaining forms of tied aid, and informal aid tying, where there are conditions that some or all purchases are made from, or from entities from, the donor country (Australia). Goods or services supplied to and/or in recipient countries should only be supplied from Australia or non-regional entities where the goods or services cannot be provided locally, cannot be provided at a sufficient quality standard locally, are being offered at an excessive cost locally to what can be procured elsewhere and/or cannot be provided within the required project timeframes locally.

## Recommendation 13

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- 5.130 The Committee recommends that the Australian Government use recipient country procurement systems as the default option, where possible, and invest Development Partnerships funding to support recipient countries to improve their procurement systems and accountability safeguards.**
- 5.131 The Committee endorses the recommendation received by Prospr and Save the Children in relation to a *Digital Economy Aid Investment Strategy* focused on the Indo-Pacific, namely honing in on the ‘missed opportunity in the private sector partnership component of DFAT’s aid for trade policy, and the opportunity that exists for DFAT to share risk and investment with selected large firms from strategically significant sectors’ and using their ‘own capital to create specific incentives in the market to leverage private sector capital directly to target development challenges and SDG outcomes’.<sup>102</sup>

## Recommendation 14

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- 5.132 The Committee recommends that the Australian Government introduce a Digital Economy Aid Investment Strategy, as recommended by Prospr and Save the Children (noting that local procurement should remain the first priority under this recommendation, as per Recommendations 10-12).**
- 5.133 Lastly, drawing on evidence received in the inquiry, the Committee is of the view that food and agriculture should have a greater focus in the aid program, with a particular emphasis on enabling partnerships with the private sector.

## Recommendation 15

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- 5.134 The Committee recommends that the Australian Government increase funding both in real terms and as a proportion of an increased Development Partnerships (aid) budget to agricultural, food, agribusiness and food security initiatives, including through the Australian Centre for International Agricultural Research (ACIAR), particularly targeted at better enabling private sector partnership opportunities through the**

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<sup>102</sup> Prospr, *Submission 43*, pp. 1, 8.

**Development Partnerships program. In doing so, the Australian Government should look to the United States Agency for International Development (USAID) Model for private partnerships to assist in creating better and more private sector partnership opportunities, as well as other successful models internationally.**



## 6. Empowering women and girls

- 6.1 As outlined in the *Foreign Policy White Paper*, the empowerment of women and girls is a priority of Australia's foreign policy.<sup>1</sup>
- 6.2 This chapter considers evidence received on the strengthened focus within Australia's aid program on investments to improve outcomes for women and girls.

### Focus on improving outcomes for women and girls

- 6.3 As noted earlier in this report, 'gender equality and empowering women and girls' is one of six priority areas introduced in the Australian Government's aid policy released in 2014.<sup>2</sup>
- 6.4 The policy acknowledged the persistence of gender inequality in the Asia-Pacific region, nominating limited access to employment and educational opportunities, under-representation in parliaments, and high rates of violence and abuse as issues affecting women and girls in the region. The policy went on:

The evidence is clear—gender equality is critical to development, and must be a key part of aid programming.<sup>3</sup>

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<sup>1</sup> Australian Government, *2017 Foreign Policy White Paper*, November 2017, <<https://www.fpwitepaper.gov.au>>, p. 93.

<sup>2</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, <<https://dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf>>, p. 25.

<sup>3</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 25.

- 6.5 The policy committed Australia to ‘being at the forefront of efforts to empower women and girls and promote gender equality in the Indo-Pacific region’.<sup>4</sup>
- 6.6 In the Australian Government’s aid performance framework, also released in 2014, the government committed to a strategic target of more than 80 per cent of investments, regardless of their objectives, effectively addressing gender issues in their implementation.<sup>5</sup>
- 6.7 As explained in the framework:
- This might mean ensuring women participate in decision-making throughout implementation, identifying and pursuing opportunities for women to be employed through an investment, or addressing particular challenges to implementation such as violence or social norms that exclude women.<sup>6</sup>
- 6.8 In 2016, the then Minister for Foreign Affairs, the Hon. Julie Bishop MP, released the *Gender equality and women’s empowerment strategy*.<sup>7</sup> The strategy established three priorities to guide the Australian Government’s work on gender equality:
- enhancing women’s voice in decision-making, leadership and peace-building;
  - promoting women’s economic empowerment; and
  - ending violence against women and girls.<sup>8</sup>
- 6.9 The strategy included a commitment to invest in gender equality through Australia’s aid program, ‘recognising that women’s empowerment is a key driver of sustainable economic growth, development and stability’.<sup>9</sup>

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<sup>4</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p. 25.

<sup>5</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, <<https://dfat.gov.au/about-us/publications/Documents/framework-making-performance-count.pdf>>, p. 8.

<sup>6</sup> Department of Foreign Affairs and Trade, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*, June 2014, p. 8.

<sup>7</sup> Department of Foreign Affairs and Trade, *Gender equality and women’s empowerment strategy*, February 2016, <<https://dfat.gov.au/about-us/publications/Documents/gender-equality-and-womens-empowerment-strategy.pdf>>.

<sup>8</sup> Department of Foreign Affairs and Trade, *Gender equality and women’s empowerment strategy*, February 2016, p. 5.

- 6.10 The strategy explained that Australia's aid program employs the Organisation for Economic Development (OECD) Development Assistance Committee (DAC) gender equality policy marker, which requires program managers to record whether an investment has a 'principal' or 'significant' gender equality objective or is not targeted at gender equality.<sup>10</sup>
- 6.11 In a submission to the inquiry, DFAT outlined initiatives to increase women's economic empowerment and reduce violence against women and girls.<sup>11</sup> For example, DFAT referred to the *Pacific Women Shaping Pacific Development* initiative, Australia's 'flagship' gender investment in the Pacific, which commenced in 2013 and supports women in 14 countries to participate in political, economic, and social life:
- In its first five years, the initiative has seen 10,605 women take on leadership roles at the community, provincial and national level; 5,964 women access financial literacy training and financial services; and more than 526,000 people participate in community awareness sessions on violence against women.<sup>12</sup>
- 6.12 While DFAT emphasised that significant progress had been made, it also acknowledged that the strategic target in relation to empowering women and girls had not yet been achieved. During 2016-17, 77 per cent of aid investments had been determined to have effectively address gender equality in their implementation, slightly below the target of 80 per cent.<sup>13</sup>
- 6.13 The *Performance of Australian Aid 2016-17* report notes that the strategic target in relation to empowering women and girls is the only one of ten targets that is yet to be achieved.<sup>14</sup> However, the report also stated that the target reflects

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<sup>9</sup> Department of Foreign Affairs and Trade, *Gender equality and women's empowerment strategy*, February 2016, p. 5.

<sup>10</sup> Department of Foreign Affairs and Trade, *Gender equality and women's empowerment strategy*, February 2016, pp. 19-20. See also: Organisation for Economic Co-operation and Development, 'The DAC gender equality policy marker', <<http://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm>>.

<sup>11</sup> Department of Foreign Affairs and Trade, *Submission 8*, pp. 23-24.

<sup>12</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 24.

<sup>13</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 22.

<sup>14</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, <<https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf>>, pp. 6, 11-15.

Australia's 'global leadership in this area and is widely acknowledged by development partners as progressive and influential'.<sup>15</sup>

- 6.14 The report noted that progress towards achieving the target was uneven, by region and also by sector:

Investments in the Pacific faced multiple challenges in addressing gender equality, and will require strong leadership to improve their gender performance. Investments in South East and East Asia, the Middle East and Africa performed well, while gender equality results from investments in South and West Asia were close to the 80 per cent target.

... There is also a variable story by sector ... In particular, the evidence suggests that it is more challenging to undertake gender analysis, develop gender informed designs and demonstrate tangible gender equality results in investments that work to improve systems rather than delivering direct benefits for people.<sup>16</sup>

- 6.15 DFAT summarised some of the lessons of its aid programming in relation to empowering women and girls:

Retrofitting gender equality is difficult – development initiatives that intend from the outset to promote gender equality are far more successful. Considering gender equality in early (investment/concept) stages leads to better gender equality outcomes. Effective interventions need to respond to existing power structures and complex influences and pick the right partners – host governments, civil society organisations, the private sector or religious organisations can all play a role.

Efforts to advance gender equality must be based on strong analysis of the issues facing women and girls in any given context; this is integral to longer-term success. Moving into 'non-traditional' sectors like economic reform, trade and investment, infrastructure and security requires new skills and innovative approaches to effectively address gender equality. Entering these sectors, particularly in middle-income countries, often involves different delivery models working with new partners with less exposure to gender equality principles and commitments.<sup>17</sup>

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<sup>15</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, p. 11.

<sup>16</sup> Department of Foreign Affairs and Trade, *Performance of Australian Aid 2016-17*, May 2018, pp. 11, 13.

<sup>17</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 22.



## Stakeholder views

- 6.16 Evidence to the Committee indicated that there is broad support for the Australian Government's approach to empowering women and girls through the aid program.
- 6.17 For example, a number of submitters referred to the OECD DAC 2018 peer review of Australia's aid program, which described Australia's approach to gender equality as 'exemplary'.<sup>18</sup>
- 6.18 The review noted Australia's 'strong commitment to mainstreaming gender' and also the comprehensive nature of its approach:
- A dedicated strategy, performance targets, financial resources and political leadership underpin this commitment, enabling Australia to make gender equality a genuinely cross-cutting issue.<sup>19</sup>
- 6.19 The review found that, in 2015, 54 per cent of Australia's bilateral allocable aid had gender equality as a principal or significant objective, compared with the DAC country average of 36.3 per cent.<sup>20</sup>
- 6.20 The OECD DAC suggested that Australia's achievements with respect to mainstreaming gender in the aid program could inform a similar approach to mainstreaming environment and climate change.<sup>21</sup>
- 6.21 The United Nations (UN) Women National Committee Australia stated that '[t]he increased emphasis on the outcomes for women and girls is a signal achievement of the aid program in recent years'.<sup>22</sup>

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<sup>18</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 42. See also: Organisation for Economic Co-operation and Development, *Submission 74*, p. 4.

<sup>19</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 19

<sup>20</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 45

<sup>21</sup> Organisation for Economic Co-operation and Development, *OECD Development Co-operation Peer Reviews: Australia 2018*, OECD Publishing, Paris, <<http://dx.doi.org/10.1787/9789264293366-en>>, p. 24

<sup>22</sup> United Nations Women National Committee Australia, *Submission 39*, p. 4.

6.22 While noting broad support for the existing approach, the Committee is also aware of a range of suggestions for improving the effectiveness of aid programming in relation to empowering women and girls.

6.23 For example, the Institute for Sustainable Futures (ISF) at the University of Technology Sydney suggested that '[i]nvolving women in private sector development is an obvious and important opportunity for the aid program'.<sup>23</sup> The ISF went on:

Our literature review across Cambodia, Indonesia and Laos shows the key barriers experienced by female entrepreneurs include regulatory barriers, limited access to finance, limited access to business development services, socio-cultural and religious norms which limit women's educational and economic independence, limited access to networks and networking which support business development, lack of education and training and informal fees and taxes. Aid programs seeking to involve and benefit women need to develop strategies that address these issues. Potential strategies that should be considered include supporting women's social networks in relation to entrepreneurship work, socialisation processes with husbands and family towards engendering a supportive environment for women to engage, technical training and education programs that are gender sensitive and account for child care duties, financial barriers and limited mobility issues, as well as provision of financial support in the form of low-interest loans and financial management training.<sup>24</sup>

6.24 Further evidence in relation to private sector development is considered in the previous chapter.

6.25 The ISF also noted that initiatives to empower women can sometimes result in backlash.<sup>25</sup> Speaking to the Committee in Sydney, Professor Juliet Willetts, Research Director, International Development, at the ISF explained:

We can't just assume that the effects are positive for women; we actually need to ask them, and we need systems in place to do that. ... When you change gender dynamics there will be resistance and may be negative consequences.

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<sup>23</sup> Institute for Sustainable Futures, University of Technology Sydney, *Submission 16*, pp. 7-8.

<sup>24</sup> Institute for Sustainable Futures, University of Technology Sydney, *Submission 16*, pp. 7-8. See also: Professor Juliet Willetts, Research Director, International Development, Institute for Sustainable Futures, University of Technology Sydney, *Committee Hansard*, Sydney, 2 July 2018, pp. 13, 17-18.

<sup>25</sup> Institute for Sustainable Futures, University of Technology Sydney, *Submission 16*, p. 7. See also: Dr Nicole George, School of Political Science and International Studies, University of Queensland, *Submission 38*, p. 1.

We need to expect that, be aware of that and build in ways of mitigating that and ways to deal with it when it actually happens. For instance, it's making sure that in this case the civil society organisations and in-country partners are prepared enough, have the skills to deal with these situations and are going in with eyes open rather than closed.<sup>26</sup>

- 6.26 Similarly, the International Women's Development Agency (IWDA) recommended support through aid delivery partners and women's rights organisations to 'mitigate and respond to backlash and threats related to opposition to gender equality'.<sup>27</sup>

## Adolescent girls

- 6.27 World Vision Australia submitted that, despite the stated focus of the aid program on both women and girls, 'the reality has been that the specific challenges, needs and opportunities of girls have been neglected to date'.<sup>28</sup> World Vision explained:

Girls experience (dis)empowerment and (in)equality differently than adult women. In addition, to achieve lasting change, Australia's aid investments must address both boys and girls from the outset to ensure wider and early intervention in programs that seek cultural, attitudinal and [behavioural] change.<sup>29</sup>

- 6.28 World Vision recommended the development of a 'strategy for mainstreaming the rights and needs of boys and girls across Australian aid' and the establishment of a section or branch within DFAT dedicated to child rights.<sup>30</sup>
- 6.29 Similarly, Plan International Australia noted the 'unique challenges for girls aged 10 to 19 in the areas of gender based violence, sexual and reproductive health, secondary education, economic empowerment, humanitarian emergencies and leadership'.<sup>31</sup>

<sup>26</sup> Professor Juliet Willetts, Research Director, International Development, Institute for Sustainable Futures, University of Technology Sydney, *Committee Hansard*, Sydney, 2 July 2018, pp. 17-18.

<sup>27</sup> International Women's Development Agency, *Submission 61*, pp. 12, 15.

<sup>28</sup> World Vision Australia, *Submission 45*, p. 12.

<sup>29</sup> World Vision Australia, *Submission 45*, p. 12.

<sup>30</sup> World Vision Australia, *Submission 45*, p. 14.

<sup>31</sup> Plan International Australia, *Submission 36*, p. 1.

- 6.30 Plan International noted the large numbers of adolescent girls—in developing countries and particularly in the Asia-Pacific region—and suggested there is growing evidence that ‘the key to unlocking a country’s economic prosperity sits with adolescent girls’:

When girls are educated, empowered and treated as equals, they hold the key to breaking the intergenerational cycle of poverty and driving progress for everyone – for themselves, their families, communities and countries.<sup>32</sup>

- 6.31 Plan International’s recommendations included the development of a ‘stand-alone action plan on achieving gender equality for adolescent girls through Australia’s foreign policy, trade, aid and development’, similar to the US Government’s 2016 *Global Strategy to Empower Adolescent Girls*.<sup>33</sup>

- 6.32 Speaking to the Committee in Melbourne, Ms Hayley Cull, Plan International’s Executive Director of Advocacy and Community Engagement, explained:

... Australia really needs to strengthen its strategic policy focus on adolescent girls. We believe a very strong way of doing this is to set out an action plan, specifically, to address those very unique and complex challenges that only adolescent girls face—such as child marriage and the barriers to education and work, gender based violence and the way that girls are experiencing these differently from other groups.<sup>34</sup>

- 6.33 Plan International also recommended the establishment of a stand-alone target for investments targeting adolescent girls in the context of Australia’s broader efforts on gender equality.<sup>35</sup>

## Intersectionality

- 6.34 In discussing the effectiveness initiatives to improve outcomes for women and girls, some stakeholders emphasised the importance of considering how different factors (including gender) compound or intersect.
- 6.35 For example, the IWDA submitted:

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<sup>32</sup> Plan International Australia, *Submission 36*, p. 3.

<sup>33</sup> Plan International Australia, *Submission 36*, pp. 4-5.

<sup>34</sup> Ms Hayley Cull, Executive Director of Advocacy and Community Engagement, Plan International Australia, *Committee Hansard*, Melbourne, 10 August 2018, p. 37.

<sup>35</sup> Plan International Australia, *Submission 36*, p. 6.

Women and girls are not a single, homogenous group. Their needs and interests also vary across the life course and with rural/urban location. Discrimination on the basis of disability, sexual orientation, identity and expression, age, religion or ethnicity can intersect to deepen marginalisation.

Frameworks for analysis, policy development, programming and implementation, and for assessing outcomes and impacts, need to consider and incorporate the diverse, intersecting factors that shape the lives of women and girls. This will improve programming supported by the aid budget, ensuring it is responsive to women and girls' diverse needs and circumstances, and that progress on gender equality benefits all women and girls.<sup>36</sup>

6.36 Similarly, World Vision submitted:

... compounding vulnerability and discrimination can result from a multitude of factors (including having a disability or being a member of a minority ethnic or religious group) and, with this in mind, World Vision encourages DFAT to ensure that aid initiatives are grounded in a thorough vulnerability analysis and equipped with an appropriate inclusion strategy.<sup>37</sup>

6.37 The Australian Disability and Development Consortium (ADDC) highlighted the importance of improving outcomes for women and girls with disabilities:

... women with disabilities often experience double discrimination on account of their disability and their gender. This makes them more vulnerable to poverty and social exclusion, and restricts their access to opportunities such as education, employment and social participation, and basic services. Women with disabilities also experience sexual and physical violence at rates two to three times higher than women without disabilities. This means that all aid program efforts aimed at empowering women must include strategies to ensure women with disabilities are included equally. It also means there is a need for targeted programs to specifically reach and empower women with disabilities.<sup>38</sup>

6.38 Ms Lucy Hodson, Executive Officer of the ADDC, emphasised that disability and gender were 'cross-cutting issues':

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<sup>36</sup> International Women's Development Agency, *Submission 61*, p. 15.

<sup>37</sup> World Vision Australia, *Submission 45*, p. 11.

<sup>38</sup> Australian Disability and Development Consortium, *Submission 25*, p. 3.

All gender programs need to be disability sensitive, just as all disability programs need to be gender sensitive.<sup>39</sup>

- 6.39 The ADDC's recommendations included the establishment of a strategic target for disability inclusion—mirroring the existing strategic target for gender equality—and better reporting of data in relation to the performance of investments relating to disability inclusion.<sup>40</sup>
- 6.40 The ADDC went on to outline a series of initiatives to empower women and girls with disabilities that are supported by Australia's aid program.<sup>41</sup>
- 6.41 Ms Amy Haddad, Assistant Secretary of DFAT's Gender Equality Branch, explained that DFAT is considering the intersection of strategies to address different issues across the aid program:

... we have strategies for both gender inclusion and disability inclusion, and the challenge we have is how we bring those together so that when we're delivering aid programs we're making sure that we're being as inclusive as we can be, and those policies do talk to each other. ... What we're seeking to do is deepen our capacity to consider all different kinds of recipients of our aid programs and to make sure we've got the analysis there so that when we're developing those programs we're reaching out to those people who are disabled, people who are women, and people who are women and who are also disabled. It's a bit of a buzz word—intersectionality—but that's what we're looking at in terms of the inclusion of the aid program.<sup>42</sup>

## Water, sanitation, and hygiene and health issues

- 6.42 While not canvassed in detail in this report, the Committee heard evidence on particular issues affecting women and girls, including water, sanitation, and hygiene (WASH), menstrual health, and sexual and reproductive health, as well as the intersections between these and other issues.<sup>43</sup>

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<sup>39</sup> Ms Lucy Hodson, Executive Officer, Australian Disability and Development Consortium, *Committee Hansard*, Melbourne, 10 August 2018, p. 45.

<sup>40</sup> Australian Disability and Development Consortium, *Submission 25*, pp. 13-14.

<sup>41</sup> Australian Disability and Development Consortium, *Submission 25*, pp. 4-6.

<sup>42</sup> Ms Amy Haddad, Assistant Secretary, Gender Equality Branch, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 21 June 2018, p. 11.

<sup>43</sup> For example, see: Mr Luke James Lovell, Learning and Documentation Advisor, WaterAid Australia; Miss Nicole Teggelove, International Program Adviser, Australasian Society for HIV, Viral Hepatitis and Sexual Health Medicine; and Mr Chris Turner, Executive Officer, Marie Stopes International Australia, *Committee Hansard*, Melbourne, 10 August 2018, pp. 9-18.

6.43 For example, WaterAid Australia submitted:

... challenges in managing reproductive health pose significant barriers to educational attainment for women and girls, limiting social and economic prospects and perpetuating gender inequality. Adolescent pregnancy remains a leading cause of death and disability for girls aged 15-19 and is a major contributing factor to poor school attendance and completion. Similarly, an inability for girls to manage menstruation in hygienic and dignified ways, or to access quality and affordable sanitary products, contributes to poor health and social outcomes, including school absenteeism.<sup>44</sup>

6.44 Similarly, Professor Willetts explained:

[Water and sanitation] is an absolute basic human necessity day in, day out, particularly for women and girls, including for issues such as menstrual hygiene, which has now become an issue which is way more discussed and talked about in terms of, for instance, girls going to school. If schools don't have toilets then the girls are more likely not to go to school, and we now have research based evidence that proves that. So we know it's an area that needs to be addressed.<sup>45</sup>

6.45 A discussion paper prepared by WaterAid and Marie Stopes International Australia considered the 'often-overlooked intersection between menstrual and sexual and reproductive health' and highlighted the importance of 'scaled-up investment in holistic, cross-sectoral projects, in which women and girls are at the centre of solutions'.<sup>46</sup>

6.46 Adjunct Professor Ann Brassil, Chief Executive Officer of Family Planning NSW, emphasised that reproductive and sexual health are significant issues particularly in the Pacific region:

Women die of cervical cancer [in the Pacific] at 13 times the rate of women in Australia, and that's simply because they don't have access to cervical cancer screening programs. Young women are getting pregnant at really high rates, and they only have about 28 per cent of the access to contraception that we have in Australia. Without the ability to time and space your children, you don't get access to education, you don't get access to jobs, it lowers your income, it lowers your ability to control the number of children you have, it increases your mortality, and women die because of the multiple numbers of

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<sup>44</sup> WaterAid Australia, *Submission 22*, p. 1.

<sup>45</sup> Professor Juliet Willetts, Research Director, International Development, Institute for Sustainable Futures, University of Technology Sydney, Committee Hansard, Sydney, 2 July 2018, p. 15.

<sup>46</sup> WaterAid Australia, *Submission 22*, p. 1; Water Aid Australia, *Submission 22: Attachment 1*.

births that they have. Women in the Pacific require access to contraception, and they're not getting it.<sup>47</sup>

- 6.47 More broadly, DFAT submitted that 'inadequate access to clean water and poor sanitation and hygiene in [low and middle-income] countries results in yearly economic losses of US\$260 billion, largely due to increased health care costs and decreased productivity'.<sup>48</sup>

## Committee comment

- 6.48 The Committee endorses the Australian Government's clear commitment to gender equality and empowering women and girls through the aid program, and commends DFAT for its efforts to date to give effect to this commitment.
- 6.49 The Committee notes the strong support among stakeholders for the continuation of this approach.
- 6.50 Drawing on suggestions received in evidence to the inquiry, the Committee makes the following recommendations intended to strengthen the aid program's focus on women and girls.

## Recommendation 16

- 6.51 The Committee recommends that, within the aid for trade program (noting Recommendation 7) and other Development Partnerships (aid) investments, the Australian Government better prioritise seeking to improve market access for poor and marginalised groups in recipient countries, in particular women and girls, adults and children living with a disability, and disabled women and girls. As noted in Recommendation 7, aid for trade investments should be more explicitly linked to the objective of reducing poverty, in particular for women and girls, those living with a disability and/or other marginalised groups.**

## Recommendation 17

- 6.52 The Committee recommends that the Australian Government provide more funding for local-led water, sanitation, and hygiene (WASH)**

<sup>47</sup> Adjunct Professor Ann Brassil, Chief Executive Officer, Family Planning NSW, *Committee Hansard*, Sydney, 2 July 2018, pp. 1-2. See also: Family Planning NSW, *Submission 18*.

<sup>48</sup> Department of Foreign Affairs and Trade, *Submission 8*, p. 17.



initiatives to communities most at need, particularly given the impact of a lack of safe drinking water, wash facilities, rest rooms, and sewerage disposal on the advancement and safety of women and girls in particular.

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## Recommendation 18

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- 6.53 The Committee recommends that the Department of Foreign Affairs and Trade work through the Development Partnerships (aid) program to further develop, prioritise and fund community-led localised initiatives proposed and developed by women and girls, women and girls with a disability, people with a disability, and other disadvantaged or marginalised groups within localised areas within each recipient country.

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## Recommendation 19

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- 6.54 The Committee recommends that the Australian Government provide greater assistance and funding for holistic menstrual health programs, holistic breastfeeding programs, micro-nutrient investments, and nutrition initiatives before, during, and after pregnancy within an increased Development Partnerships (aid) budget, including through the provision of more funding for water, sanitation, and hygiene (WASH) initiatives to communities most at need (see Recommendation 17).
- 6.55 The Committee also encourages DFAT to consider whether its approach in relation to empowering women and girls could serve as a model for mainstreaming other priority issues within the aid program.
- 6.56 In particular, building on the aid program's commitment to gender equality and empowering women and girls, the Committee endorses recommendations made by the Australian Disability and Development Consortium in relation to ensuring that people with disabilities (including women and girls) are included in aid and development efforts.<sup>49</sup>

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## Recommendation 20

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- 6.57 With respect to use of Development Partnerships (aid) to assist people living with a disability in recipient countries, in particular women and girls, the Committee recommends that the Department of Foreign Affairs and Trade:

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<sup>49</sup> Australian Disability and Development Consortium, *Submission 25*, pp. 13-14.

- include data on disability-inclusion investment performance by investment priority area in future *Performance of Australian Aid* reports (as occurred in the 2014-15 and 2015-16 reports);
- establish a new strategic target that an ambitious percentage of investments, regardless of their objectives, will effectively address disability inclusion in their implementation. This target should be determined according to the latest baseline data available, including the most recent Aid Quality Checks data;
- integrate disability analysis, including disaggregated data, identification of barriers for women/people with disabilities, and strategies for inclusion and empowerment of women/people with disabilities in investments targeted towards women's empowerment and aid for trade; and
- in responding to the Office of Development Effectiveness' report, *Development for All: Evaluation of Progress Made in Strengthening Disability Inclusion in Australian Aid*, implement the agreed recommendations as expeditiously as possible.

6.58 Similarly, the Committee endorses recommendations made by Plan International Australia, outlined in its *Half a Billion Reasons: How investing in adolescent girls can change the world* report, in relation to the potential of aid and development efforts targeted at adolescent girls.<sup>50</sup>

## Recommendation 21

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6.59 The Committee recommends that the Department of Foreign Affairs and Trade, in the context of increasing Development Partnerships funding (as per Recommendations 3-5):

- build on its commitment to achieving gender equality globally by developing a stand-alone action plan for adolescent girls, similar to the US Government's 2016 *Global Strategy to Empower Adolescent Girls*; and

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<sup>50</sup> Plan International Australia, *Submission 36*, p. 2.

- set a target that at least 15 per cent of all investments under Development Partnerships with the principal or significant objective of advancing gender equality, identify adolescent girls as the primary beneficiaries by 2030.

## **Continuation of the inquiry**

### **Recommendation 22**

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- 6.60 The Committee recommends that this inquiry be continued in the next Parliament.**

**Senator the Hon Ian Macdonald  
Chair**

**Mr Chris Crewther MP  
Chair**

**Joint Standing Committee on  
Foreign Affairs, Defence and Trade**

**Foreign Affairs and Aid  
Sub-Committee**

**2 April 2019**



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- 7 Save the Children Australia
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- 11 Mary Ward International Australia
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- 13 IJM Australia
- 14 Export Council of Australia
- 15 Inter-Congregational Voice on Climate Change and the Pacific Islands
- 16 Institute for Sustainable Futures - University of Technology Sydney
- 17 RESULTS International Australia

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- 18 Family Planning NSW
  - 19 International Development Contractors Community
  - 20 Burnet Institute
  - 21 Cross & Co Lawyers
  - 22 WaterAid Australia
    - Attachment 1
  - 23 ASHM International
  - 24 Crawford Fund
  - 25 Australian Disability and Development Organisation
  - 26 Prof Jennifer Corrin
  - 27 FAIRTRADE ANZ
  - 28 Prof Aman Malik
  - 29 Dr Babar Bajwa
  - 30 Dr Shahid Malik
  - 31 Dr Zulfiqar Ali
  - 32 Refugee Council of Australia
  - 33 United Nations Papua New Guinea
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  - 35 World Bank Group
  - 36 Plan International Australia
  - 37 School of Archaeology and Anthropology
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  - 41 Institute for Human Security and Social Change, La Trobe University
  - 42 Marie Stopes International Australia
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  - 44 Australian Centre for International Agricultural Research

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- 45 World Vision Australia
- 46 Pakistan Council of Research in Water Resources
- 47 Food and Agriculture Organization of the United Nations (FAO)
- 48 Vision 2020 Australia
- 49 Oaktree
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- 50 Coffey International
- 51 World Food Programme (WFP)
- 52 eWater - Australian Water Partnership
- 53 Global Trade Professionals Alliance (GTPA)
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- 55 Australian Council For International Development (ACFID)
- 56 CSIRO
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- 71 United Nations Development Programme - Viet Nam
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- 77 KEMITRAAN – Partnership
- 78 Indonesian Finance Minister
- 79 The Vice President of Indonesia
- 80 Council for the Development of Cambodia (CDC) and Ministry of Economy and Finance (MEF)
- 81 Cambodian Ministry of Health
- 82 The World Bank
- 83 Global Partnership for Education
- 84 The Human Rights Council of Australia Inc
- 85 Ministry of Natural Resources and Environment (MONRE) - Viet Nam
- 86 ASEAN
- 87 Asian Development Bank
- 88 Lowy Institute
- 89 Government of Kiribati
- 90 Minister for National Development Planning - Indonesia
- 91 Government of Mongolia
- 92 Development Policy Centre, ANU
- 93 QLD Dept Ag & Fisheries
- 94 NT Government
- 95 Gavi
- 96 CEMA - Viet Nam
- 97 MoST - Viet Nam



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- 98** MPI - Vietnam
- 99** MARD - Viet Nam
- 100** United Nations Capital Development Fund United Nations Capital  
Development Fund
- 101** Minister of International Development - Canada



## B. List of exhibits

- 1 *Images presented by Ms Chi-Fang, Ms Chi-Fang*
- 2 *Providing further details on Australia Awards: Women Trading Globally 2017 program, Ms Alina Bain*
- 3 *Our Shared Prosperous Future: An agenda for values-led trade, inclusive growth and sustainable jobs for the Commonwealth, UK All Party Parliamentary Group for Trade out of Poverty*
- 4 *It's Our Time, Achieving gender equality for adolescent girls through Australia's aid program, Plan International*
- 5 *Graph of aid delivery partner changes from 2013-14 to 2016-17, International Development Contractors Community (IDCC)*



## C. List of public hearings

### Thursday, 21 June 2018 - Canberra

*Department of Foreign Affairs and Trade*

- Mr Rob Christie, Assistant Secretary, Pacific Regional Economic Branch
- Ms Beth Delaney, Assistant Secretary, Development Economics, Private Sector and Agriculture Branch
- Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division
- Ms Amy Haddad, Assistant Secretary, Gender Equality Branch
- Ms Julie Heckscher, First Assistant Secretary, Southeast Asia Division
- Dr Sarah Pearson, Chief Innovation Officer
- Mr Peter Versegi, First Assistant Secretary, Development Policy Division
- Ms Clare Walsh, Deputy Secretary, Global Cooperation, Development and Partnerships Group
- Mr Paul Wood, Chief Financial Officer

### Monday, 2 July 2018 - Sydney

*Australian Federation of AIDS Organisations*

- Adjunct Associate Professor Darryl O'Donnell, Chief Executive Officer

*Family Planning NSW*

- Adjunct Professor Ann Brassil, Chief Executive Officer
- Ms Anne Stuart, Director, Planning, Education and International Program

*Institute for Sustainable Futures - University of Technology Sydney*

- Professor Juliet Willetts, Research Director

*Diplomacy Training Program, UNSW*

- Professor David Dixon, Chair
- Mr James Fitzgerald, Board Member

*International Justice Mission Australia*

- Ms Caroline Best, Interim Director, Corporate and Legal
- Mr Josiah Fajardo, Research and Policy Associate
- Ms Skye Kakoschke-Moore, Special Advisor

*Inter-Congregational Voice on Climate Change and the Pacific Islands*

- Sister Lynne Crilley, Member
- Sister Janice Ruff, Member
- Mrs Maria Tiimon Chi-Fang, Pacific Outreach Officer

*Export Council of Australia*

- Ms Alina Bain, Chief Executive Officer
- Mr Heath Baker, Head of policy

*RESULTS International Australia*

- Ms Maree Nutt, Chief Executive Officer
- Mr Mark Rice, Policy and Advocacy Manager

**Friday, 10 August 2018 - Melbourne***Business for Development*

- Mr Mark Ingram, Chief Executive Officer

*Fairtrade Australia and New Zealand*

- Ms Molly Harriss Olson, Chief Executive Officer

*Water Aid Australia*

- Mr Luke James Lovell, Learning and Documentation Advisor

*Marie Stopes International Australia*

- Mr Chris Turner, Executive Officer

*ASHM International*

- Miss Nicole (Nikki) Teggelove, International Program Adviser

*Oxfam*

- Ms Katie Greenwood, Associate Director, Advocacy and Strategy

*Refugee Council of Australia*

- Dr Louise Olliff, Senior Adviser, Policy and Community Engagement
- Mr Hadi Zaher, Member (individual)

*Save the Children Australia*

- Ms Majella Hurney, Head of Policy and Advocacy
- Mr Paul Ronalds, Chief Executive Officer

*Prospr*

- Dr John Marsh, Director

*Plan International Australia*

- Ms Hayley Cull, Executive Director of Advocacy and Community Engagement

*Oaktree*

- Ms Christine Deng, Head of International Engagement
- Ms Kiev Gavin, Policy Officer

*International Women's Development Agency*

- Dr Caroline Lambert, Director, Research, Policy and Advocacy

*Australian Disability and Development Consortium*

- Ms Lucy Hodson, Executive Officer

*Vision 2020 Australia*

- Ms Tricia Keys, Global General Manager, Brien Holden Vision Institute; and Member
- Ms Maureen O'Keefe, Chief Executive Officer, Australian College of Optometry; and Deputy Chair
- Ms Danielle Williams, Manager, Policy and Advocacy

*Burnet Institute*

- Prof Michael Toole, AM, Senior Adviser

*Professor Matthew Clarke**Institute for Human Security and Social Change, La Trobe University*

- Associate Professor Christopher John Redmond Roche, Director

**Tuesday, 4 September 2018 - Brisbane***The University of Queensland*

- Professor Robert Cramb, Professor of Agricultural Development, and Deputy Head of School, School of Agriculture and Food Sciences
- Associate Professor Damian Hine, Director, Australian Institute for Business and Economics, Faculty of Business, Economics and Law
- Professor Mark Moran, Group Leader of Development Effectiveness at the Institute for Social Science Research, Faculty of Humanities and Social Sciences
- Dr Greta Nabbs-Keller, Manager Indonesia and Southeast Asia UQ International Development and Research Fellow Centre for Policy Futures, Faculty of Humanities and Social Sciences
- Associate Professor Jacinta O'Hagan, Director, Graduate Centre in Governance and International Affairs, School of Political Science and International Studies, Faculty of Humanities and Social Sciences

*Dr Nicole George, Private capacity**Prof Jennifer Corrin, Private capacity**Global Development Group*

- Mr Geoffrey Armstrong, Executive Director

*Outland Denim*

- Mrs Sally Townsend, Partnerships Manager



**Thursday, 15 November 2018 - Canberra***ACFID*

- Ms Rebecca Hamilton, Policy and Advocacy Adviser
- Ms Bridi Rice, Director of Policy and Advocacy

*World Vision Australia*

- Mr Teige Cahill, Head of Program Management
- Dr Dane Moores, Senior Economic Development Policy Adviser

*International Development Contractors Community*

- Ms Joanne Choe, Board Director
- Dr Cameron Hill, Member Representative

*Abt Associates Australia*

- Ms Jacqui De Lacy, Managing Director
- Dr Reiko Take, Program Manager

*Australian National University*

- Dr Patrick Kilby, Senior Lecturer, School of Archaeology and Anthropology
- Associate Professor Sango Mahanty, Resources, Environment and Development Group

*The Human Rights Council of Australia Inc*

- Mr Andrew Naylor, Chairperson

*United Nations Children's Fund*

- Mr Sheldon Yett, Representative for Pacific Island Countries

*UN Women National Committee Australia*

- Ms Catherine Walker, Non-executive Director
- Ms Janelle Weissman, Executive Director

*Global Trade Professionals Alliance (GTPA) (via teleconference)*

- Ms Lisa McAuley, Chief Executive Officer

*eWater - Australian Water Partnership*

- Mr David Dreverman, Executive Director

*Crawford Fund*

- Dr Colin Chartres, Chief Executive Officer
- Ms Rebecca Cotton, Committee Member, Researchers in Agriculture for International Development

*Asia Pacific Journalism Centre (APJC)*

- Mr John Wallace, Board Member
- Mr Jack Waterford, Board Member and Chairman

*Australian Broadcasting Corporation*

- Ms Jo Elsom, International Development Lead
- Mr David Hua, Head, International Strategy

*CSIRO*

- Ms Juliet Anne Bell, Executive Manager, Global

*Australian Centre for International Agricultural Research*

- Dr Michael Battaglia, Research Director, Agriculture and Global Change, Agriculture and Food
- Ms Eleanor Dean, General Manager, Outreach and Capacity Building
- Dr Peter Horne, General Manager, Country Programs
- Dr Peter John Wallbrink, Senior Principal Research Scientist, Land and Water

*Department of Foreign Affairs and Trade*

- Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division
- Ms Beth Delaney, Assistant Secretary, Pacific Regional Economic Branch
- Mr David Dutton, Assistant Secretary, Southeast Asia Regional Engagement Branch
- Mr James Gilling, First Assistant Secretary, Contracting and Aid Management Division
- Mr Ravi Kewalram, Assistant Secretary, Multilateral Trade Policy Branch
- Dr Cate Rogers, Assistant Secretary, Development Policy and Education Branch
- Mr Chris Tinning, First Assistant Secretary, Multilateral Development and Finance Division
- Mr Peter Versegi, First Assistant Secretary, Development Policy Division