

Australian Development Cooperation in a Time of Contestation



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

ACFID Submission to the 2019-20 Federal Budget

January 2019

A. Summary of Headline Recommendations

- ✓ Position Australia towards global leadership in development cooperation through a bipartisan commitment to rebuilding the development cooperation budget by 10 per cent each year for the next 6 years as a minimum first step towards reaching 0.7 per cent of GNI by 2030
- ✓ The Australian Government should ensure that new infrastructure projects are climate-resilient, gender-sensitive and bundled with 'soft infrastructure' or community development initiatives which are funded by grants
- ✓ Design a comprehensive climate change strategy that aligns Australia's domestic and international action with its 2015 Paris Agreement commitments and use public funding to mobilise \$3.2bn per annum from all sources within five years
- ✓ Re-align and increase investments in civil society – at home and overseas – commensurate with the importance placed on democracy, development and stability outlined in the 2017 Foreign Policy White Paper
- ✓ Strengthen the role of Australian civil society in the development cooperation program to deliver the SDGs and maintain democratic gains in the region by increasing funding for the Australian NGO Cooperation Program (ANCP) by \$50m
- ✓ Contribute Australia's fair share of global humanitarian financing by increasing humanitarian program funding to at least \$570m in 2019-20, and at a minimum meet the Foreign Policy White Paper commitment of \$500m per year
- ✓ Increase funding to civil society organisations, including ANGOs and local NGOs and CSOs to at least 20% of DFAT's humanitarian funding
- ✓ Restore budget transparency to Australia's development cooperation program by meeting its obligations under the International Aid Transparency Initiative to the fullest extent and remove the "not for publication" status of Australia's AIFFP and for any future development cooperation program
- ✓ The Australian Government should dedicate sufficient resourcing to overcome major challenges in the proposed formation and rapid expansion of loan-financing mechanisms as part of the development cooperation budget and focus additional loan-financing on poverty reduction and sustainable development
- ✓ Demonstrate leadership in raising public awareness of the benefits of the development cooperation program to the Australian public

B. About ACFID

The Australian Council for International Development (ACFID) is the peak body for Australian non-government organisations (NGOs) involved in international development and humanitarian action. Our vision is of a world where all people are free from extreme poverty, injustice and inequality and where the earth's finite resources are managed sustainably. Our purpose is to lead and unite our members in action for a just, equitable and sustainable world.

Founded in 1965, ACFID currently has 125 members and 22 affiliates operating in more than 92 developing countries. In 2017-18, the total revenue raised by ACFID's membership from all sources amounted to \$1.6bn with 80% coming from non-government sources, including \$889m of which was raised from over 1.6 million Australians. ACFID's members range between large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community-based groups, with a mix of secular and faith based organisations. A list of ACFID member organisations is available at www.acfid.asn.au.

ACFID members must comply with the ACFID Code of Conduct, a voluntary, self-regulatory sector code of good practice that aims to improve international development and humanitarian action outcomes and increase stakeholder trust by enhancing the transparency, accountability and effectiveness of signatory organisations. Covering 9 Quality Principles, 32 Commitments and 90 compliance indicators, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks. The Code has an independent complaints handling process.

Australian NGOs contribute to Australia's public diplomacy and their staff and volunteers are the human face of Australia's values, interests and influence in the places where they work. As civil society grows increasingly adept at addressing the structural and symptomatic elements of poverty and inequality, the work of Australian NGOs has diversified to include many more touchpoints with Australian Government policies.

These policies include those related to Australia's aid and development projects, climate change adaptation and mitigation efforts, and humanitarian responses to disasters and conflicts, across Asia and the Pacific and around the world.



Contribution of ACFID's membership in 2017-18

C. Geopolitical optics at risk of blurring Australia's focus on neighbors' wellbeing

The legitimacy of Australia's Official Development Assistance (ODA) is drawn from its power to transform the lives of people affected by poverty, inequality and human rights violations. It is a unique public resource whose primary purpose should be sustainable, human development.

ACFID holds that Australia's ODA and wider development cooperation budget should be focused on ending extreme poverty by 2030 and meeting the transformative 2030 Agenda for Sustainable Development. In doing so, Australia can show global leadership, build international cooperation and play its role in contributing to common challenges. We reiterate this call in a time when the geopolitical environment is pulling governments to use ODA for short-term security and foreign policy responses and risks losing sight of human development.

Achieving the Sustainable Development Goals (SDGs) represents long-term international strides towards creating more resilient societies where people are free from extreme poverty, persecution, violence, hunger and sickness. Their fulfillment represents gains for humanity, as well as Australia and its foreign policy objectives.

As stated by the Government's 2017 Foreign Policy White Paper: *"no long-term foreign policy objective is more important to Australia than ensuring our region evolves peacefully"*. The fulfilment of the SDGs gives rise to the realisation of this objective.

When livelihoods are decimated through natural disasters and extreme weather; when corruption concentrates power in the hands of the few; when citizens' voices are silenced; and when conflicts drive people from their homes, Australia is less secure.

In focusing on the fulfilment of the SDGs, Australia is putting its focus on the underlying drivers of state fragility, conflict and instability: poverty, inequality and human insecurity. We must recognise that the security of states relies on the security of the individuals who inhabit them. The SDGs provide the guide for boosting the human security and wellbeing of communities at home and in our region.

Consistent with this, ACFID's Federal Budget submission:

- Firstly, (in section E) ACFID outlines **Headline Recommendations** which are considered immediate priorities on focusing the development cooperation program on human development and human security in a time of considerable change and uncertainty; and;
- Secondly, (in section F) ACFID provides **Comprehensive Thematic and Regional Recommendations** and spending priorities for 2019-20 and over the forward estimates which are defined by the universal of fulfillment of human rights; strengthening gender equality and empowerment of women and girls; and ensuring that no one is left behind.

Complementing our recommendations, ACFID holds that strengthening citizen participation and civil society are key drivers for achieving human development outcomes. The Foreign Policy White Paper is also very clear about the strategic importance of civil society within Australian foreign policy, both in building *"greater prosperity and stability in our region through the delivery of development assistance"* as well as creating vibrant democracies, upholding human rights and building people-to-people links.

ACFID holds that the value of civil society – at home and overseas – as a powerful tool for sustainable development and Australian foreign policy goals should be realised and more deeply integrated into Australia's development cooperation program.

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E. Headline Recommendations

1. Rebuild Australia's Development Cooperation Program

Position Australia towards global leadership in development cooperation through a bipartisan commitment to rebuilding the development cooperation budget by 10 per cent each year for the next 6 years as a minimum first step towards reaching 0.7 per cent of GNI by 2030

Australia has the financial capability and a strong interest in becoming a global leader in development cooperation. Through meeting our international commitments, such as the SDGs and Paris Climate Change Agreement, Australia can build the international cooperation that brings benefit to Australia.

- ✓ ***Based on median wealth per adult, Australia is the richest country in the world, yet ranks 19th among aid donors of the OECD Development Assistance Committee (DAC).¹²***

The overall development cooperation spending by OECD DAC countries has increased as Australia's has declined. Australia has sat below the OECD average since 2014-15. In 2018, those international partners publicly called for Australia to "shore-up development aid" and reverse the trend of Australia's falling development cooperation budget to become a strong, reliable global partner.³

- ✓ ***Australia has had the longest run of uninterrupted economic growth in the developed world and is among the lowest indebted countries in the world with net-debt-to-GDP-ratio "projected to fall...reaching 3.8 per cent of GDP by 2028-29."*⁴**

Australia has the capability and scope to increase our development efforts and become a global leader in meeting the SDGs – a catalyst for cooperation and Australia's stability and prosperity.

- ✓ ***Based on previous spending and forward estimates, from 2012-13 to 2021-22 Australian development cooperation spending levels will fall by 32%, while Australia Government spending overall will increase by 31%.*⁵**

Development is an investment in the foundations of Australia's international and regional security and prosperity. While aid cuts have been framed as a saving, they will cost Australia over the long-term in its relationships and its ability to address drivers which undermine stability.

Australia's development cooperation budget remains at an all-time low of 0.22% of Gross National Income (GNI) and is set to decline further to 0.19% according to the Government's forward estimates.⁶ We have reached this low point at precisely the time when our Foreign Policy White Paper lists "an

¹ Credit Suisse, 'Global Wealth Report 2018' <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2018-en.pdf>

² OECD, Development Assistance Committee, 'Complete data tables for 2017 ODA', <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf>

³ OECD, 'Australia needs to shore up development aid to match its reinforced engagement', <http://www.oecd.org/australia/australia-needs-to-shore-up-development-aid-to-match-its-reinforced-engagement.htm>

⁴ Australian Government, The Treasury, 'Budget Strategy and Outlook Budget Paper No. 1, 2018-19' <https://consult.treasury.gov.au/budget-policy-division/2019-20-pre-budget-submissions/>

⁵ Prof. Stephen Howes, Crawford School of Public Policy, ANU College of Asia and the Pacific, Australian National University http://devpolicy.org/Events/2018/Aidbudgetbreakfast0518/2018-19aidbudgetpresentation_StephenHowes.pptx

⁶ Dr Ravi Tomar, Parliamentary Library, 'The ever-shrinking aid budget: Budget Review 2015-16'. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/Aid

open, inclusive, and prosperous Indo-Pacific region” as one of our five “objectives of fundamental importance.”⁷

“Financing Australian development cooperation is in Australia's national interest, unless we think the only way to engage with the region around us is through fear, concern, and suspicion. Australia needs strong relationships with its neighbours, and it needs to invest in its capacity to maintain them.”

John Blaxland – Professor of International Security and Intelligence Studies at the Strategic and Defence Studies Centre (SDSC) at the Australian National University

In addition to the historic decline in the budget, there is risk that increasing securitisation of Australian foreign policy threatens to undermine efforts to build peace and stability and the efforts of our development cooperation program.

The Government’s Foreign Policy White Paper stated that *“no long-term foreign policy objective is more important to Australia than ensuring our region evolves peacefully”*.⁸ The incoherence in Australian foreign policy was exemplified through the \$3.8bn injection to boost the Australian arms trade.⁹

Rather than fuelling a global arms trade that increases the prospect of armed conflict, Australia should be using its position and prosperity to deescalate tension. A strong and effective development cooperation program is vital in achieving this.

Australia’s development cooperation program addresses the root causes of problems that undermine global security and prosperity and should be highly targeted at the underlying drivers of conflict and instability, consistent with the White Paper’s ambition.

“further cuts to aid will diminish Australia's capacity to influence the region”.

Former Head of the Office of National Assessments, Allan Gyngell – ‘Defence establishment frowns on proposed Australian aid cuts’ – Australian Financial Review

Accordingly, Australia needs a firm, longstanding, bipartisan commitment to rebuilding Australia’s development cooperation budget. ACFID holds that an achievable and meaningful commitment is rebuilding Australia’s development cooperation budget by 10 per cent each year over the next 6 years and views this as a minimum first step towards reaching 0.7 per cent of GNI by 2030, (consistent with

⁷ Department of Foreign Affairs and Trade: ‘2017 Foreign Policy White Paper’, <https://www.fpwhitepaper.gov.au/>

⁸ Ibid

⁹ EFIC, ‘Defence Export Facility’, <https://www.efic.gov.au/what-we-do/project-corporate-and-buyer-finance/defence-export-facility/>

our international commitment under the SDGs). Meeting this pledge would return Australia to the top half (15th) of rich country aid donors by the end of 2025, based on current international rankings.¹⁰

We welcome efforts already made to build consensus across party lines for the importance of development cooperation, particularly in the Pacific. ACFID will support the creation of a long-term, bipartisan commitment to rebuilding Australia's development cooperation budget and a bipartisan timetable to reach the ambition outlined.

Table showing current aid trajectory based on current forward estimates versus 10% year-on-year trajectory

AID (\$ million)	Forward Estimates	% of GNI	ACFID ask 10%	% of GNI
2018-19	4,161	0.225%	4,161	0.225%
2019-20	4,170	0.216%	4,577.1	0.237%
2020-21	4,000	0.198%	5,034.81	0.249%
2021-22	4,000	0.189%	5,538.29	0.262%
2022-23	N/A	N/A	6,092.12	0.276%
2023-24	N/A	N/A	6,701.33	0.290%
2024-25	N/A	N/A	7,371.47	0.305%

2. Infrastructure for Sustainable Development

The Australian Government should ensure that new infrastructure projects are climate-resilient, gender-sensitive and bundled with 'soft infrastructure' or community development initiatives which are funded by grants

Australia's development cooperation program cannot be driven solely or primarily by geostrategic considerations and must seek to maximise human development and human security.

The shift to loans-financed infrastructure is aimed at countering China's Belt and Road Initiative, yet if it remains primarily a geostrategic tool, it will shift Australia's focus away from good human development outcomes across Asia and the Pacific. Further, loans-financed infrastructure is tainted by the 'debt-trap diplomacy' debate around China, as it may incentivise developing nations to take on too much debt and work against human development outcomes.

ACFID is seeking for the Australian Government to mitigate this risk by ensuring that all new loans-financed infrastructure are climate resilient, gender-sensitive and work in the interests of reducing poverty and inequality.

As set out by the OECD, any "new infrastructure assets should be prioritised, planned, designed, built and operated to account for the climate changes that may occur over their lifetimes."¹¹ This challenge is particularly acute in the Indo-Pacific. Structural and management adaptation measures must be

¹⁰ OECD, Development Assistance Committee, 'Complete data tables for 2017 ODA', <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf>

¹¹ OECD, 'Climate-resilient infrastructure', OECD Environment Policy Paper No.14, <http://www.oecd.org/environment/cc/Climate-resilient-infrastructure-policy-perspectives.pdf>

considered, including additional ongoing costs associated with maintenance (such as training and equipment costs) so new assets do not become obsolete.

Investment in infrastructure can be a powerful tool for gender equality and women's rights. The UK's Gender and Development Network highlights the provision of employment in infrastructure projects as challenging social norms around "women's work", citing projects in India and Ethiopia where large numbers of women have been employed in public construction projects.¹² Infrastructure can also reduce the time burden of unpaid care work, which is disproportionately borne by women, as improved access to clean water, cooking fuels and electricity reduce the time women spend on domestic work.¹³

It is essential that the needs of diverse women and girls are considered at all stages of infrastructure development.

Consistently it is essential that all loans made meet Principle 1 of DFAT's environmental and social safeguards: *do no harm*.¹⁴ This will ensure that the rights, health, safety, and livelihoods of people including, children, women, indigenous peoples, and other vulnerable or disadvantaged groups are protected. This is also fundamental in DFAT's consideration and selection of loan-financed development partners. Favourable loan-financing has the potential to free-up capital for investments contrary to Australia's development goals. Prior to engaging partners, detailed assessments of their investment portfolios should be undertaken.

While questions remain around the Australian Government's approach to loans-funded infrastructure, ACFID is calling for all loans-funded projects to be bundled together with grant-funded "soft" infrastructure projects.

"One thing is for certain: jumping up and down whenever Pacific Island governments turn to China for a piece of infrastructure is not a strategy that will win us friends or influence in the region."

Matthew Dornan - Research Fellow at and Deputy Director of the Development Policy Centre in the Crawford School of Public Policy, June 2018

These investments should include the systems and institutions that support education, health, gender, governance, and climate outcomes. For example, strengthening recipient nations' capacity for good governance and policy-making around loan-financed projects.

Aside from their positive impact on levels of poverty and inequality, such new ways of packing "hard" and "soft" projects together will do more to protect Australia's interest in soft power projection over the long-term as a values-driven, socially responsive and liberal democracy. Emphasis on inclusive development and meeting the Indo-Pacific people's clear and stated development needs – most

¹² UK Gender and Development Network, Briefings – January 2019, 'How social protection, public services and infrastructure impact women's rights',

<https://static1.squarespace.com/static/536c4ee8e4b0b60bc6ca7c74/t/5c34c34cb8a04568549dc77d/1546961742579/How+social+protection%2C+public+services%2C+infrastructure+impact+women%27s+rights.pdf>

¹³ Ibid

¹⁴ DFAT, 'Environmental Protection, Principle 1: Do no harm', <https://dfat.gov.au/aid/topics/aid-risk-management/environmental-protection/Pages/principle-1-do-no-harm.aspx>

notably climate change mitigation and adaptation – will lead to a closer, more long-lasting relationship with Australia.

The announcement of the quadrilateral project for electrification in PNG is very welcome and will have a transformative effect for households, service providers and businesses. The emphasis on the sustainability of the investment, including on “*employment and training opportunities for local contractors and communities*” and “*improved coordination and governance within the energy sector*” is also very welcome. ACFID is seeking for the Australian Government to apply, extend and maintain this approach to all future infrastructure investments.¹⁵

3. A Plan for Climate Change

Design a comprehensive climate change strategy that aligns Australia’s domestic and international action with its 2015 Paris Agreement commitments and use public funding to mobilise \$3.2bn per annum from all sources within five years

In October 2018, the UN’s Intergovernmental Panel on Climate Change (IPCC) concluded that human activities have “*caused approximately 1.0°C of global warming above pre-industrial levels*” and global warming is “*likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate*”.¹⁶ Australia’s response to climate change has been inadequate.

In its 2019 Environmental Performance Review, the OECD concluded that Australia would “*fall short of its 2030 emissions target without a major effort to move to a low-carbon model*” and there was a “*lack of a national long-term vision on sustainable development*.”¹⁷ This is counter to the immediate development interests of our regional partners and Australia’s stability and prosperity.

“...the existential threat faced by some of our low lying atoll states are being faced now. Investment in climate resilience projects such as improving food and water security, climate proofing infrastructure and land reclamation for urban development, will help protect Pacific homelands and cultures, and also reduce migration challenges in the years to come.”

Hon Tuilaepa Sailele Malielegaoi, Prime Minister of Samoa, 30 August 2018

As recognised in the Foreign Policy White Paper, climate change is already disrupting livelihoods and displacing people in vulnerable communities across the Indo-Pacific, especially in Pacific island states and Asian delta cities where livelihoods and infrastructures are threatened by sea level rises.

¹⁵ Prime Minister and Cabinet, Media Release: ‘The Papua New Guinea electrification partnership’, <https://www.pm.gov.au/media/papua-new-guinea-electrification-partnership>

¹⁶ IPCC, ‘Special Report: Global Warming of 1.5C’, Summary for Policymakers, <https://www.ipcc.ch/sr15/chapter/summary-for-policy-makers/>

¹⁷ OECD, ‘Environmental Performance Reviews: Australian 2019’, <http://www.oecd.org/australia/oecd-environmental-performance-reviews-australia-2019-9789264310452-en.htm>

Further testament to Australian Government's recognition of the scale of the issue was its signing of the Boe Declaration which ascribes climate change as *"the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific"*.¹⁸ However, we are yet to see any action which equates to this recognition.

The effects of this disruption are not equally distributed across populations and are exacerbated by a range of factors that heighten vulnerability, the most significant of which is poverty. In addition, climate change is already affecting agricultural cycles, critical urban infrastructures and food, vectors of disease and access to water and energy supplies.

In recognition of the growing scale of climate impacts across the region, the government should allocate a dedicated quantum of at least \$600m per annum in new public funds to financing international climate mitigation and adaptation.

This figure should increase to \$1.6bn, nested within dedicated, multisector initiatives to leverage a matching sum from private sources over the same period. The total quantum mobilised from all sources should reach at least \$3.2bn per annum within five years, a figure which represents 2.4 per cent of the global Roadmap to \$100bn USD. It also represents Australia's fair share of the international goal, as calculated by academics and international aid and development NGO, Oxfam.¹⁹

Presently, Australian Government commitments to climate finance fall far short of these targets – although Australia has committed \$1bn in public climate finance over five years from 2015-20 (amounting to only 0.3 per cent of global climate finance flows), all funding towards this commitment has been drawn from the existing (and already heavily cut) ODA budget.

Australia does not currently have an official strategy to coordinate climate policy and action across its international and domestic spheres. In addition, our efforts in both spheres of action do not appear commensurate with delivering our Paris commitments.

"The real cost of failing on our responsibilities will be measured in further entrenched poverty – through the escalating impacts of climate change and humanitarian disasters, increasing hunger, and deaths and disease caused by pollution."

Helen Szoke, Vice-President of ACFID and CEO of Oxfam Australia, August 2018

¹⁸ Pacific Islands Forum Secretariat, 'Boe Declaration on Regional Security', <https://www.forumsec.org/boe-declaration-on-regional-security/>

¹⁹ Frank Jotzo, Jonathan Pickering & Peter J. Wood. 'Fulfilling Australia's International Climate Finance Commitments: Which Sources of Financing are Promising and How Much Could They Raise?' ANU Centre for Climate Economics and Policy Working Paper 1115, October 2011.

http://www.climateinstitute.org.au/verve/resources/anu_financingoptionspaper_october2011.pdf

See also Oxfam Australia (2016). 'Bringing Paris Home: How Australia Measures up against the New Global Climate Agreement', <https://www.oxfam.org.au/media/files/2016/04/Oxfam-Australia-Bringing-Paris-Home-Report.pdf>

While DFAT began the process of developing a climate change and development strategy in 2016 and most recently confirmed that it was expected to be endorsed in 2018, the completion and publication of the strategy has been delayed and it remains unpublished.²⁰

The government should design and implement such a strategy to unite and amplify climate action efforts. The recommendations of the Office of Development Effectiveness contained within its evaluation of Australia's Climate Change Assistance should assist in guiding the creation of a longer-term strategic direction for climate change as part of Australia's development cooperation.²¹

In the domestic sphere, we should also commit to building no new coal mines to avoid further increases in carbon emissions and aim instead to meet our Paris commitment to carbon reduction, presently to reduce greenhouse gas emissions by 26 to 28 per cent below 2005 levels by 2030.²²

4. The Role of Civil Society in the Development Cooperation Program

Re-align and increase investments in civil society – at home and overseas – commensurate with the importance placed on democracy, development and stability outlined in the 2017 Foreign Policy White Paper

An effective civil society is the fabric of community and connectivity through which norms, ideals, values and leadership is generated and exchanged.

A strong civil society in fragile, developing, and emerging middle-income countries is widely regarded as a key pillar of development, democracy, and a safeguard for stability – its absence can be the opening of floodgates for human rights violations, authoritarian regimes, internal instability and the breakdown of the rule of law – the antithesis of the 2017 Foreign Policy White Paper's commitment to democratic values.

Despite the importance placed on the role of civil society by the Australian Government within the White Paper, in 2017-18 only 10% of Australia's development assistance was directed to Australian and other developing country NGOs (one part of civil society). By comparison, 67% of Australia's development assistance was directed through multilateral organisations and commercial suppliers collectively.²³

Australian civil society and the developing country civil society with whom we have relationships – through special interest groups, sporting networks, faith-based initiatives, community services, media outlets, diaspora communities, fundraising groups, support networks and youth centres – are examples of a wide and growing range of non-government and non-market organisations through which people organise themselves to pursue shared interests or values in the public domain.

²⁰ DFAT, Office of Development Effectiveness, 'Investing in the Future: Evaluation of Australia's Climate Change Assistance', <https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/evaluation-of-australias-climate-change-assistance.pdf>

²¹ Ibid

²² Sophie Power, Parliamentary Library, 'Paris climate agreement: a quick guide', https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/Quick_Guides/ParisAgreement

²³ DFAT, 'Australia's Official Development Assistance, Statistical Summary 2017-18', <https://dfat.gov.au/about-us/publications/Documents/australias-official-development-assistance-statistical-summary-2017-18.pdf>

Aside from the services they provide, the uncoerced nature of civil society action supports and enables citizens to collaborate and advocate around social and economic problems. Civil Society Organisations (CSOs) extend and deepen social capacity to build more inclusive institutions; analyse and monitor the actions of state and market actors and participate in multi-sector partnerships. CSOs can hold, or have potential to hold, governments and the private sector to account in all countries.

OECD figures show a sharp and declining trajectory of Australian Official Development Assistance budget channelled to and through civil society organisations. Between 2014-16 alone, Australia reduced this spend by 32% (\$152m USD) at the very same time as the United States of America, Switzerland, New Zealand, EU Institutions and Germany all made increases.²⁴

This reduction jeopardises the effectiveness and strategic rationale for Australia's development cooperation program as a powerful tool for creating peace, stability and connectivity in our region. A strong civil society is crucial in Australia's region where there are structural limitations of nations to provide services for its citizenry. The relative strength of civil society in the Pacific, specifically the *"cultural strengths, including the bonds of family, community and church"*, are an invaluable asset which Australia should bolster.²⁵

Strengthening civil society in the Pacific provides Australia with the opportunity to build more viable states less vulnerable to their geographic, climatic, economic and political contexts – creating stability; building buffers to political and economic shocks; and creating more resilient democracies and societies. This can be achieved by building firmer partnerships and institutional arrangements between Australian CSOs and Pacific local CSOs through capacity-building, mentoring and professional exchange, and supporting and fostering relationships between local CSOs and local Governments.

A failure to invest in the future of state-civilian relations in our region undermines development objectives and is a missed opportunity in maximising our development cooperation program's effectiveness at a time where there is an acute need to re-orient the program towards generating strong and enduring relationships.

Australian civil society institutions (including Australian international development NGOs) have a comparative advantage in the delivery of development results, value for money, relationship building and soft power gains for Australia.

The breadth and span of domestic and international networks harnessed by civil society is significant, and the projects and relationships held by civil society institutions in our region are both a positive expression of Australian values and an effective way to build security and prosperity in the region.

While ACFID welcomes recent initiatives under the Pacific step-up, such as the Church Partnerships Program, enhancing media and sporting links and the Friendship Grants scheme, the Australian Government must re-align and increase investments in civil society commensurate with the importance placed on democracy, development and stability outlined in the 2017 White Paper.

ACFID recommends the establishment of a civil institutions expenditure target (of a similar nature to the gender investment or private sector target) and associated integration of civil society engagement in the design, management, and performance of the Australian Development Cooperation Program.

²⁴ OECD, 'Aid for Civil Society Organisations', (Jan 2018), <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Aid-for-Civil-Society-Organisations-2015-2016.pdf>

²⁵ Lowy Institute – Stewart Firth, 'Instability in the Pacific Islands: A Status Report', June 2018, <https://www.lowyinstitute.org/publications/instability-pacific-islands-status-report>

Strengthen the role of Australian civil society in the development cooperation program to deliver the SDGs and maintain democratic gains in the region by increasing funding for the Australian NGO Cooperation Program (ANCP) by \$50m

Australian NGOs (ANGOs) are experts – they’re accredited by ACFID and DFAT in many cases; are quality-checked, and supported by the Australian public. Australian NGOs play a vital role in the delivery of the Australian development cooperation program, building capacity within local organisations and systems, and providing essential services to underserved communities.

Civil society actors such as, ANGOs connect Australia with a global “third sector” that plays an increasingly important social and economic role in societies around the world. Worth at least \$2.2 trillion USD, this global sector runs a range of important human services including welfare and health care providers while promoting inclusive social innovation by state and market partners.

Community support for ANGOs is also a crucial asset for Australia. It connects the Australian community with the rest of the world and through their financial support provides substantial added value to Australian development cooperation. In 2017-18, 1.6 million individuals from the Australian community donated \$889m to ACFID’s members allowing them to deliver international projects in 92 countries worth \$1.1bn.²⁶ In many countries, this means staff and volunteers of NGOs are the human face of Australia’s values, interests and influence.

The latest (2016-17) Australian NGO Cooperation Program (ANCP) Aid Program Performance Report confirms that the 54 ANCP-funded NGOs delivered effective programs, improving the lives of 12.8 million people and working with 2,113 partners to implement 507 projects in 58 countries. It stated that the:

“ANCP continues to provide value for money through the NGO match, use of local systems and capacity building of in-country staff, and effective results on the ground.”²⁷

Based on DFAT’s Partner Performance Assessments (PPAs) made in 2016-17, NGOs also outperformed multilateral organisations (despite 34% more of Australian development assistance being channeled through multilateral organisation, compared to NGOs).²⁸

In a 2015 Review, the Office of Development Effectiveness described the ANCP has “one of the best-performing programs”, reporting that the ANCP delivered 18.2 per cent of DFAT’s aggregate development results for only 2.7 per cent of overall ODA.²⁹

These achievements were made despite an increasingly constricted environment for NGOs in many countries in our region, challenging their ability to hold governments accountable while also providing critical services such as healthcare, education and humanitarian aid. Partnerships with ANCP-funded Australian NGOs also strengthen these regional CSOs, advancing Australia’s interest in a democratic Indo-Pacific.

²⁶ ACFID, ‘Annual Report 2017-18’, https://acfid.asn.au/sites/site.acfid/files/ACFID_Annual_Report_2017-2018%20-%20WEB.pdf

²⁷ DFAT, ‘Aid Program Performance Report 2016-17 – Australian NGO Cooperation Program’, November 2017, <http://dfat.gov.au/about-us/publications/Documents/anpcr-2016-17.docx>.

²⁸ DFAT, ‘Performance of Australian Aid 2016-17’, <https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf>

²⁹ DFAT, Office of Development Effectiveness, ‘Evaluation of the Australian NGO Cooperation Program Final Report’, (August fail) <https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/ode-evaluation-australian-ngo-cooperation-program-final-report.pdf>

Australian NGOs also create and maintain effective channels for discretionary programming to develop sectors and markets that advance Australia's regional development priorities. These priorities include advancing the SDGs through projects that increase access to medicines, financial services, safe water and basic sanitation, and educational outcomes like better teacher training.

A \$50m per annum increase in the ANCP's budget would support Australian NGOs to develop more and deeper partnerships, aim to provide more services, and improve their capacity to assist regional CSOs to play their critical role alongside state and market forces. This capacity is essential to their work in maintaining democratic gains in partner nations across Asia and the Pacific – an aim Australia shares.

5. Australia's Fair Share of Global Humanitarian Financing

Contribute Australia's fair share of global humanitarian financing by increasing humanitarian program funding to at least \$570m in 2019-20, and at a minimum meet the Foreign Policy White Paper commitment of \$500m per year

The United Nations predicts that funding of \$21.9bn USD will be required in 2019 to deliver humanitarian assistance to 93.6 million people out of a total of 131.7 million people in need in 42 countries across the globe.³⁰ The number of people in need of humanitarian assistance continues to rise, with humanitarian crises lasting longer, affecting more people,³¹ and contributing to unprecedented levels of displacement.

Humanitarian financing has not kept pace with growing global needs. Despite humanitarian financing reaching unprecedented levels in 2018 (\$13.9bn USD received in 2018, compared to \$10.6bn USD in 2014), the humanitarian financing gap remained at 44% with unmet requirements equaling \$11.01bn USD (up from a \$0.7 bn USD gap in 2007).³²

As a prosperous country – with neighbors prone to natural disasters and as a middle power trying to assert the value and continuation of an effective multilateral system of cooperation – Australia should commit its fair share of global humanitarian financing by increasing humanitarian funding to at least \$570m in 2019-20. This figure represents Australia's fair share of the global call as calculated by sharing the total figure across High and Upper Middle-Income Nations according to their GNI, as defined by the World Bank.

At a minimum, Australia must honour its Foreign Policy White Paper commitment to increasing global humanitarian funding to \$500m per annum in 2019-20, in line with the Foreign Policy White Paper priority to reduce global poverty and respond to humanitarian crises.³³

The increase in humanitarian spending must comprise one component of an increasing development cooperation budget and must not displace funding from longer-term development programs that address the root causes of crises.

Increase funding to civil society organisations, including ANGOs and local NGOs and CSOs to at least 20% of DFAT's humanitarian funding

³⁰ UNOCHA, 2019. 'Global Humanitarian Overview 2019', <https://www.unocha.org/sites/unocha/files/GHO2019.pdf>

³¹ *ibid*

³² *ibid*

³³ Australian Government, '2017 Foreign Policy White Paper' <https://www.fpwhitepaper.gov.au/>

In 2016, DFAT's Australian Humanitarian Partnership (AHP) Investment Design Document recommended an increase in the proportion of humanitarian financing channelled through ANGOS from 10% to 18-20%.³⁴

This recommendation was in recognition of the speed in which Australian funding to ANGOS can be received on the ground in the aftermath of a disaster, the effective and unique role that NGOs play in humanitarian response due to their local connections and relationships, and the more effective bureaucratic approach in gaining time and financial efficiencies in directly funding NGOs rather than channelling funds to multilaterals who often subcontract implementation back through international or local NGOs.

While the OECD DAC average for humanitarian programming through NGOs remains at 20%, Australia's reporting to the Financial Tracking Service (FTS) for 2018 shows that funding for NGOs remains at approximately 10% of Australia's humanitarian financing.³⁵

Australia's allocation to Australian and local NGOs thus continues to fall significantly short compared to the OECD DAC average, and should be increased to 20% of humanitarian financing in the 2019-2020 financial year.

Because of the relationships and operating models NGOs have with delivery partners and their local affiliates in developing countries, this increase would go some way towards contributing to Australia's commitment on localisation through the Grand Bargain to channel at least 25 per cent of funding to local and national actors as directly as possible by 2020.³⁶

The Grand Bargain acknowledges that national and local actors are first responders in crises and have the greatest knowledge of local contexts. For this reason, it outlines that such actors should be enabled to lead humanitarian responses.

For localisation to move from rhetoric to reality, a major reallocation of power and resources to national and local actors, including NGOs and CSOs, must occur. The 2018 Global Humanitarian Assistance Report outlines that in 2017 only 2.9 per cent of humanitarian financing was given directly to local and national actors, and only 0.8 per cent of humanitarian financing was provided directly to local and national NGOs.³⁷

Australian NGOs are able to assist with the localisation agenda through transferring response funding to local NGOs and CSOs, ensuring accountability to donors and meeting the Grand Bargain commitment to transfer funds to local and national actors 'as directly as possible'.³⁸

6. Improving Transparency and Aid Effectiveness

Restore budget transparency to Australia's development cooperation program by meeting its obligations under the International Aid Transparency Initiative to the fullest extent and remove the "not for publication" status of Australia's AIFFP and for any future development cooperation program

³⁴ Australian Humanitarian Partnership, 'Investment Design Document: 11 May 2016' <https://dfat.gov.au/about-us/business-opportunities/Documents/investment-design-document-for-the-australian-humanitarian-partnership.pdf>

³⁵ UNOCHA Financial Tracking Service, 'Government donor snapshot for 2018', <https://fts.unocha.org/donors/4391/summary/2018>

³⁶ IASC, 'Grand Bargain', https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf

³⁷ <http://devinit.org/wp-content/uploads/2018/06/GHA-Report-2018.pdf>

³⁸ IASC, 'Grand Bargain', https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf

The Government has stated that the \$2bn AIFFP consists of \$1.5bn in loans and \$500m in grants taken from within the existing development cooperation budget.³⁹ While it still remains very unclear (due to its ‘not for publication’ status) how the \$1.5bn loans will be financed, a statement from the Foreign Minister indicates that there will be an “*an extra \$1 billion in callable capital to EFIC*” to complement the AIFFP.⁴⁰ This is a sea-change in the scale, quantum, rationale and transparency of Australia’s development cooperation activity.

The Australian Government has offered very limited detail on what proportion of its new Pacific commitments – if any – the loans component will fund. Nor has it announced what programs and projects will be funded from the ODA component of the AIFFP, or what other programs and projects will need to be discontinued to fund the ‘Pacific step-up’. The role of EFIC in the management of infrastructure lending is also unclear and is exempt from the Freedom of Information Act when it comes to pertinent aspects of its operations.

There is now no way to determine what proportion of Australia’s development cooperation program will be used for human development, and how much will be utilised for the construction of ‘hard’ infrastructure as part of Indo-Pacific cooperation. Furthermore, the opaque nature of the AIFFP raises uncertainty about how future initiatives, such as those likely to be announced under the South Asian Regional Infrastructure Connectivity initiative, will be structured and funded. This has a knock-on effect in the coherence and strategic direction of Australia’s development program.

The Australian Government is signatory to the International Aid Transparency Initiative (IATI).⁴¹ As a signatory to IATI, Australia has committed to providing detailed and timely aid information that is in accordance with IATI standards.

Publish What You Fund’s 2018 Aid Transparency Index currently rates the Department of Foreign Affairs and Trade as ‘Fair’ against IATI indicators, rating it 23 out of 45 donors.⁴² It states that there is “*room for improvement in the provision of forward-looking budgets, as Australia-DFAT provides a total organisation budget for one-year forward only and disaggregated budgets and project budgets are two of the lowest scoring indicators.*”⁴³ The lack of transparency and predictability of development cooperation are key impediments to the effectiveness of investments.

The lack of transparency in the Government’s Pacific step-up and how it is to be funded is a cause for grave concern. The Government should provide greater visibility of aid programming decisions within the development cooperation program and fully meet its commitments under IATI. This should include publishing data on all aid expenditures by other government departments, and agencies such as EFIC, in addition to DFAT; and access to detailed information and performance reviews of individual activities.

The Australian Government should dedicate sufficient resourcing to overcome major challenges in the proposed formation and rapid expansion of loan-financing mechanisms as part of the development

³⁹ Australian Government, The Treasury, ‘Mid-Year Economic and Fiscal Outlook 2018-19’, (December 2018)

https://www.budget.gov.au/2018-19/content/myefo/download/MYEFO_2018-19.pdf

⁴⁰DFAT, Minister for Foreign Affairs, Marise Payne, Joint Media Statement, (8 November 2018)

https://foreignminister.gov.au/releases/Pages/2018/mp_mr_181108.aspx?w=E6pq%2FUhzOs%2BE7V9FFYi1xQ%3D%3D

⁴¹ DFAT, ‘International Aid Transparency Initiative (IATI) data’,

<https://dfat.gov.au/about-us/corporate/transparency/Pages/iati-data.aspx>

⁴² Publish What You Fund, ‘The 2018 Aid Transparency Index’, <http://www.publishwhatyoufund.org/the-index/2018>

⁴³ Ibid.

cooperation budget and focus additional loan-financing on poverty reduction and sustainable development

The Australian Government has made a marked shift to develop closer cooperation with the Pacific by enabling loans-financed infrastructure.

Offering loan-financed infrastructure development support in the Pacific is an important contribution to the suite of options for Australian development cooperation; provides Pacific nations with further choice in how they utilise development assistance from donors; and there is a globally recognised need to mobilise new forms of development finance to accelerate progress to achieving the SDGs.

However, Australia must practice responsible lending, consistently act in Pacific nation's interests and retain focus on poverty reduction and sustainable development.

The speed and scale of Australia's response to geopolitical competition in the region heightens the risk for detrimental consequences for Australia's development cooperation program. The predictability of the scale, geography and sectoral focus of the development cooperation program is in flux, and studies by the OECD have shown that aid effectiveness is jeopardised when it is delivered in an unpredictable or volatile matter.

"...unpredictability devalues aid through its negative impact on growth and on public financial management. As a consequence, unpredictable aid undermines donors' and partner countries' efforts to achieve development results...there needs to be improved understanding...that predictability is a combined result of aid being both 1) transparent and 2) reliable."

OECD, Aid Predictability - Synthesis of Findings and Good Practice, 2011

Working from an already shrunken ODA program due to successive cuts; recent resourcing for the rapid realignment of initiatives to the Pacific which have been siphoned from country programs and multilateral support elsewhere; is indicative of the risks we foresee. 'Robbing Peter to pay Paul' is a shortsighted way to manage relationships and ensure effective aid.

The rapid realignment of bilateral ODA funds from existing programs to fund the Coral Sea broadband cable between Australia, PNG and the Solomon Islands from the development cooperation program is a recent example. Between 2018 and 2020, \$130m of DFAT's bilateral programs to PNG and Solomon Islands will be used to part-fund the Coral Sea cable.⁴⁴ This represents a significant realignment of programs and activities in a short period of time. Indonesia's bilateral aid allocation was also reduced

⁴⁴ Parliament of Australia, Foreign Affairs, Defence and Trade – Supplementary Budget Estimates 2019-2020, Question on Notice – 017, <https://www.aph.gov.au/api/qon/downloadattachment?attachmentId=5323af8e-2586-4b4b-a639-472e87a58894>

by \$29.6m in 2018-19 to help fund the cable which delayed pre-planned Indonesian programs and activities.⁴⁵

Given the allocation of \$500m from the grant-based program to part-fund the AFFIP, our concerns are heightened.

ACFID is concerned that the Government has not determined how the loan facility will operate and there remain questions over its viability, value for money and its long-term impact. Major challenges have already been indicated in the AIFFP's feasibility study and which will need substantial investment to overcome.⁴⁶

The Australia-Indonesia Partnership for Reconstruction and Development was created in 2005 to support Indonesia's reconstruction and development efforts following the Boxing Day tsunami which included a \$500m grant assistance program and a \$500m concessional loan program.⁴⁷ Of its time, this was the biggest single aid contribution ever made by Australia.

While there were notable successes in building the relationship between Australia and Indonesia, a 2006 audit report by the National Audit Office concluded that the disbursement of loan funds presented "*substantial administrative challenges*", that the identification of risks had "*not been timely or sufficient*", establishing a Partnership Loan Agreement with Indonesia had "*proven to be particularly difficult*" and subsequently, the period of disbursement of loans had to be extended.⁴⁸

Given the resource depletion following the merger of AusAid into DFAT, it is crucial that sufficient time is granted to assessing fraud and corruption risks in the operation of the loan facility and loan-financing and sound monitoring and reporting arrangements are in place prior to any loans being disbursed.

As part of the Mid-Year Economic and Fiscal Outlook 2018-19, the Government specified that the costs of the enhanced engagement in the Southwest Pacific and the establishment of the AIFFP were "*not for publication*".⁴⁹ The shortfall in information about how the facility will operate and a lack of transparency does not provide confidence – to the public or the development sector – that we are on the right track.

ACFID holds there is a series of criteria which the Australian Government should fulfil in its use of a loan facility and overall loan-financing:

- a) Any loan-financing should be in the recipient country's interests and fulfil the goals of poverty reduction and sustainable development;
- b) A detailed assessment of recipient country's capacity to absorb new loans should be made based on: its level of existing indebtedness; its capacity to manage and repay loans; and that servicing the Australian debt does not remove public resources for supporting essential services which could threaten the country's sustainable development;

⁴⁵ Parliament of Australia, Foreign Affairs, Defence and Trade – Supplementary Budget Estimates 2019-2020, Question on Notice – 030 <https://www.aph.gov.au/api/qon/downloadestimatesquestions/EstimatesQuestion-Committeeld5-EstimatesRoundld4-Portfoliold11-QuestionNumber30>

⁴⁶ Ben Packham, The Australian, 'DFAT to run Pacific bank despite doubts', <https://www.theaustralian.com.au/national-affairs/foreign-affairs/dfat-to-run-pacific-bank-despite-doubts/news-story/b1e2d002068e1c9a64ed0fac1b8ee63>

⁴⁷ Minister for Foreign Affairs, Hon. Alexander Downer MP, Australia Indonesia Partnership for Reconstruction and Development - Joint Ministerial Statement, https://foreignminister.gov.au/releases/2005/jointms170305_au-ind.html

⁴⁸ Australian National Audit Office, 'Arrangements to Manage and Account for Aid Funds Provided Under the Australia-Indonesia Partnership for Reconstruction and Development', <https://www.anao.gov.au/work/performance-audit/arrangements-manage-and-account-aid-funds-provided-under-australia-indonesia>

⁴⁹ 'Mid-Year Economic and Fiscal Outlook 2018-19 – December 2018', https://www.budget.gov.au/2018-19/content/myefo/download/MYEFO_2018-19.pdf

- c) Administrators of Australia's loan facility have the proven requisite skills, expertise and frameworks to effectively operate a concessional loan scheme and sufficient time must be granted in the creation of the facility to duly mitigate risk;
- d) Any loan facility the Australian Government creates should be in addition to existing grant funding in the development cooperation program, not siphoned from it;
- e) An assessment that an Australian bilateral loan would be more effective in addressing poverty reduction and sustainable development; better value for money; and furthers the interests of the recipient country than existing, established avenues for concessional loans which Australia already supports, such as the World Bank and Asian Development Bank; and
- f) There is clear and transparent reporting mechanism in place for the facility and all loan-financing, and the proportion of the loans which are non-ODA-eligible and ODA-eligible is clearly and publicly reported.

Demonstrate leadership in raising public awareness of the benefits of the development cooperation program to the Australian public

Fostering more informed public debate about, and more community engagement with Australia's development cooperation program is both necessary and appropriate and will improve the confidence of the public in Australia's strategic objectives and the value of the Government's development assistance program.

We remain concerned by the lack of official efforts to communicate the benefits of the development cooperation program and consider that the administration of the program is left exposed by the absence of a communications strategy.

ACFID calls on the Australian Government to promote transparency in the use of public funds, by developing and disseminating information to the Australian public about the operation and impact of the development cooperation program.

Communicating the benefits of Australia's development cooperation budget should also be supported by capturing and clearly presenting the evidence of the quality and outcomes of the development cooperation program.

ACFID recommends exploring and investing in new initiatives:

- a) An external communications strategy for Australian development cooperation, designed and instrumented by DFAT;
- b) An accompanying investment in communications staff within DFAT to support its implementation;
- c) The establishment of a parliamentary exposure program, like the Australia Defence Force Parliamentary Program and the Bill and Melinda Gates Foundation funded program with Save the Children Australia;
- d) That under the ANCP, communication activities falling under the broad heading of "development awareness" be supported as eligible expenditure where they support one or more of the three following objectives:

- i. Promoting transparency in the use of public funds, by developing and disseminating information to the Australian public about the operation and impact of NGO development activities, including ANCP-funded activities, with a view to increasing community understanding of Australia's contribution to international development;
- ii. Enhancing development effectiveness, by analysing, producing and disseminating information, particularly within the Australian NGO sector and its broader international network, which promotes effective practices and lessons learned through the design and delivery of international development activities;
- iii. Increasing public understanding of development issues, by undertaking education and knowledge-sharing activities within the Australian community that contribute to an improved level of understanding of the nature and complexity of international development challenges, with a particular focus on poverty, gender inequality, maternal and child health, education, water and sanitation and other issues bearing on the achievement of the Sustainable Development Goals.

F. Comprehensive Thematic and Regional Recommendations

1. Develop a coherent Pacific Aid Strategy (2020-2030) to provide a strategic framework to guide Australian aid investments in the region

ACFID welcomes the resumption of Australian investment in the Pacific but expects this investment to be coordinated in line with the evidence base on development best-practice; developed in partnership with Pacific communities; and with due consideration of OECD DAC guidelines on what spending can be classified as Official Development Assistance. Climate adaptation should be one of the top priorities for this strategy, which should also integrate with a broader development cooperation strategy for all the developing nations of Asia and the Pacific.

2. Invest in Boosting Aid Effectiveness

2.1 Reinvest in recruiting development experts to DFAT to rebuild development skills across the Department

In 2015, the ANU Development Policy Centre's Australian Aid Stakeholder Survey found that while the aid program remained effective despite the impact of budget cuts, the perception of effectiveness was no longer as widely shared by aid experts as in the previous survey. Experts consulted cited concerns around the program's loss of strategic purpose, the realism of its expectations, and a loss of aid expertise in DFAT after the AusAid-DFAT merger.

The survey also raised concerns that development expertise was not as highly valued inside the newly merged DFAT as diplomatic knowledge. This concern was compounded by the tendency to no longer publish relevant data to assist stakeholders in monitoring aid effectiveness.⁵⁰

Employing a cohort of development experts to manage Australia's aid program inside DFAT – as well as addressing any remaining cultural biases around the value of development expertise – remains critical to ensuring capacity to deliver Australian aid for maximum impact.

2.2 Elevate the importance of development internally within DFAT, with similar priority and weight to diplomacy and trade

Australian international aid and development NGOs make a significant contribution to Australian public diplomacy in the Indo-Pacific region. Staff and volunteers are the human face of Australia's values, interests and influence in the countries in which Australia's aid program is active. The priority of delivering sustainable and inclusive growth across this region, founded on a basis of addressing inequality, promoting multilateralism and defending human rights, is as important to Indo-Pacific prosperity as Australia's formal diplomatic efforts around trade and national security.

Development partners are understood to be critical to Australia's soft power efforts in the Foreign Policy White Paper, and NGOs are recognised as a crucial conduit with vulnerable groups. Development assistance is a critical form of Australian soft power, and non-state actors such as NGOs can project Australia's influence before audiences no other soft power partners can reach.

⁵⁰ Wood, Terence, Burkot, Camilla and Howes, Stephen. "Australian Aid: Signs of Risk," in *DevPolicyBlog*, 2016. <http://devpolicy.org/australian-aid-signs-of-risk-20160211/>

3. Embed the Sustainable Development Goals (SDGs) throughout – and beyond – the Development Cooperation Program

3.1 Make eliminating poverty and achieving the SDGs the primary purpose of Australia’s development cooperation program

In 2015, Australia committed to the 2030 Agenda, including the 17 SDGs, alongside the Addis Ababa Action Agenda on Financing for Development. In 2018, Australia delivered its first Voluntary National Review (VNR) on progress towards the 2030 Agenda to the United Nations High Level Political Forum.

To fulfil Australia’s commitment to the SDGs, it is vital that our development cooperation program is aligned with their objectives. Efforts to produce this alignment must consider not only the 17 individual goals, but the interconnectedness inherent in the foundational principles of the 2030 Agenda. These principles are transformational change, multisector collaboration, leaving no one behind, and the triple bottom line approach to development.

Only in this way will nations like Australia move away from a donor/grantee relationship with partners towards a collaborative approach that brings skills, knowledge, assets and access together in new and stronger ways. To achieve this, Australia’s development cooperation program needs to build its skills in catalysing, brokering, convening and collaborating, not just in setting policy and managing contracts.

The Australian Government should ensure that the SDGs are affirmed in the purpose of Australia’s development cooperation program, and integrated across its thematic and geographic policies, programs, reporting and performance benchmarks.

3.2 Develop a whole of government, national strategy to implement the SDGs across all government policies

The SDGs apply equally to all nations, so Australia’s contribution to their achievement will extend beyond the Australian development cooperation program, covering innovation and economic growth, urban planning and infrastructure, carbon reduction and energy security, and sustainable consumption. In short, the SDGs touch on all facets of the Australian Government’s work, and it should develop a whole of government strategy to implement them.

To build on the baseline that was established by the 2018 VNR, Australia must develop a plan for implementing the SDGs and the related Addis Ababa Action Agenda including:

- our domestic efforts to meet the goals for all Australians, including Aboriginal and Torres Strait Islander communities;
- aligning our development cooperation policy and program to the SDGs and increasing our ODA investment to 0.7 per cent of GNI;
- ensuring policy coherence for development across all aspects of our international engagement, including trade, migration diplomacy, and tax cooperation; and
- meeting our carbon and climate finance commitments under the Paris Agreement.

In addition, reporting on the development cooperation program’s approach to SDG implementation, including any achievements or lessons learned, should be included and resourced in the mandate of the Office of Development Effectiveness and for the program’s annual reporting to Parliament.

3.3 Establish a multisector reference group to the 2030 Agenda Inter-Departmental Committee

The Australian Government established an inter-departmental committee (IDC) to oversee Australia's implementation of the SDGs, convened by DFAT and the Department of Prime Minister and Cabinet (PM&C).

The 2030 Agenda relies on a collaborative, whole-of-community approach to achieving its aims, and the Australian Government should ensure that the IDC is accessing key stakeholders – including civil society, the private sector, and universities – as a regular, ongoing feature of its work.

To create an enabling environment for such multi-stakeholder collaboration, the government should establish a multisector reference group to the IDC.

It should also seek to establish an independent body to assess policies and provide advice on the degree to which risks to national and regional achievement of the SDGs and associated agendas are being adequately addressed, with special attention paid to cross-cutting issues including gender equality, inclusion and partnership. This body could report to the interdepartmental committee and its reports should be made public.

3.4 Invest \$2m over 5 years in a “Leave No One Behind” Incentive Fund

Underpinning the SDGs is the commitment to “leave no one behind.” This commitment recognises that not everyone has benefited equally from development efforts to date, and that aggregate measures of progress often fail to capture those who are furthest behind.

To achieve the SDGs' vision of ending poverty and injustice for all, we need to accelerate efforts to reach those who are hardest to reach – such as people with disabilities or indigenous populations, for example – and those with intersecting forms of disadvantage. Our overall delivery of the 2030 Agenda will likely be enhanced by understanding the limitations of current practice in reaching these hardest to reach populations.

It will also be assisted by incentive funds that trial agile and flexible funding approaches to overcome these limitations. A Leave No One Behind Incentive Fund would provide a unique opportunity to pilot such new approaches, allowing Australia to capture and scale up demonstrated good practice.

4. Transform Gender Relations to Unlock Further Development

4.1 Strengthen mechanisms to transform unequal gender relations and assess the way in which all investments address gender equality

Measures should include:

- 4.1.1 Returning to gender responsive budgeting and reporting across the whole of government, with adequate resourcing and training in gender budget analysis
- 4.1.2 Maintain the target that at least 80% of investments will effectively address gender issues in their implementation and set a complementary target that at least 80% of investments will identify 'principle' or 'significant' gender equality objectives at their inception (as per the OECD DAC gender marker). By 2030, at least 15 per cent of investments which list gender equality as a principal objective should identify adolescent girls as their primary beneficiaries.
- 4.1.3 Setting a target to increase expenditure on aid investments which target women's equality organisations and institutions. We recommend a target of 3 per cent by 2020 and 4 per cent by 2025
- 4.1.4 Strengthening existing mechanisms to ensure that all humanitarian investments effectively address gender issues through initial Aid Investment Plans and ongoing Aid and Humanitarian Response Aid Quality Checks (AQC's and HAQC's)
- 4.1.5 Establishing a budget allocation (outside ODA allocations) to support Australia's foreign affairs and trade portfolio to undertake systematic analysis of women's rights within Australia's trade agreements and bilateral investment treaties
- 4.1.6 Strengthening accountability for investment in gender equality, including by mandating the Minister for Foreign Affairs to present an Annual Gender Equality Report to Parliament

Gender inequality remains a persistent challenge for the global community. Addressing its symptoms – such as physical violence, political exclusion, and economic insecurity – requires addressing power structures that disadvantage women and girls in every part of the world.

The Australian Government recognises the operation of these structures, and the Government's aid policy framework considers empowering women and girls both a standalone and cross-cutting priority for the aid program. This focus on gender equality has supported the effectiveness of Australia's aid program.

The most recent Performance of Australian Aid Report 2016-17 (published 2018) reports that investments where gender equality was either a principal or significant objective performed better in effectiveness, efficiency and sustainability, and monitoring and evaluation.⁵¹ Gender equality also contributed to *"stability, security and prosperity as well as greater effectiveness of development efforts"*.⁵²

While it is disappointing that the 80% target for investments addressing gender issues has not yet been met, it is critical to note the vital role of DFAT's gender specialists who *"helped to ensure the robustness of the improved gender ratings and generate more realistic baseline performance data for many*

⁵¹ DFAT, 2018, Performance of Australian Aid 2016-17, pp 14

⁵² *ibid.*, p. 11

programs.”⁵³ ACFID commends the efforts of DFAT to apply rigorous standards to the gender equality target and recommends continued work towards this aim, supported by a new, complementary target that at least 80% of investments identify principle or significant gender equality objectives at their inception (currently, 62% based on most recent available data).⁵⁴ This new target will help accelerate progress on gender equality, generate new investments, and contribute to overall aid effectiveness.

Additionally, targeted investments in programs that contribute to women’s rights are critical to achieving gender equality. Research in 70 countries across four decades found that the mobilisation of women’s organisations and movements is more important for tackling violence against women and girls than a nation’s income, progressive political parties, or the representation of women in politics.⁵⁵

Access to flexible, long-term, core funding is vital for these organisations to sustain the long-term movement building work that underpins progress towards gender equality.⁵⁶ Despite this, Australia contributed just 1.48 per cent of sector allocable aid to women’s equality organisations and institutions (according to OECD DAC preliminary data for 2017).⁵⁷

Looking outside the development cooperation program, commitments under DFAT’s 2016 gender equality and women’s empowerment strategy apply across all foreign policy, economic diplomacy and development efforts.

Progress towards implementing the strategy, however, is uneven across the department. Establishing a budget allocation (outside ODA allocations) to support Australia’s foreign affairs and trade portfolio to undertake systematic analysis of women’s rights within Australia’s trade agreements and bilateral investment treaties would help accelerate efforts towards gender equality across all areas of DFAT’s work.

4.2 Re-invest in sexual and reproductive health rights programming by setting an investment target of \$50m per annum.

Globally, 214 million women and girls have an unmet need for modern contraception, and more than 800 women and girls die every day from preventable pregnancy and childbirth-related causes.

Australia has a critical role to play in reversing this situation, as outlined in DFAT’s Gender Equality and Women’s Empowerment Strategy. Sexual and reproductive health services and education can help break down the barriers to women and girls’ gender inequality and provide the conditions to access education and economic empowerment.

Despite this, Australia’s investment in family planning through the development cooperation program was halved between FY2013-14 and FY2015-16 financial years. ACFID has welcomed subsequent funding announcements which have committed much needed funds to sexual and reproductive

⁵³ DFAT, 2018, Performance of Australian Aid 2016-17, <https://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2016-17.pdf>

⁵⁴ Ibid.

⁵⁵ Htun, M. and Weldon, L, 2012, “The Civic Origins of Progressive Policy Change: Combating Violence against Women in Global Perspective, 1975–2005.” American Political Science Review, Cambridge University Press and the American Political Science Association

⁵⁶ Association for Women’s Rights in Development (AWID), 2013, *Women Moving Mountains: The Collective Impact of the Dutch MDG3 Fund*, https://issuu.com/awid/docs/wmm_final

⁵⁷ OECD. (2018), ‘QWIDS Query Wizard for International Development Statistics’, <https://stats.oecd.org/qwids/#?x=1&y=6&f=2:262,4:1,7:1,9:85,3:280,5:3,8:85&q=2:262+4:1+7:1+9:85+3:51,301,280+5:3+8:85+1:2,3+6:2012,2013,2014,2015,2016,2017> 9

health,⁵⁸ however the total of \$32.9m in 2016-17 still falls far short of the \$50m commitment made in 2012.⁵⁹

The Australian Government should restore this investment and allocate \$50m per annum for family planning assistance. The Australian Government should also commit to investing in aid and development organisations working in the sexual and reproductive health sector that have links with communities in the Indo-Pacific.

4.3 Resource the implementation of the Second National Action Plan (NAP) on Women, Peace and Security (2019) including ongoing civil society engagement.

Direct relevant line agencies should allocate resourcing, including for:

- 4.3.1 Implementing, monitoring and evaluating actions under the Second NAP
- 4.3.2 Supporting a whole-of-government secretariat to coordinate the Second NAP
- 4.3.3 Assessing the feasibility of a Secretariat for the Australian Civil Society WPS Coalition as recommended by the independent interim review of the Australian National Action Plan on Women, Peace and Security 2012-2018

Australia's first National Action Plan (NAP) on Women, Peace and Security (2012 – 2018) demonstrates the Australian Government's ongoing support for the United Nations Women, Peace and Security (WPS) agenda. The NAP sets out Australia's domestic and international priorities to integrate a gender perspective into its peace and security efforts; protect the human rights of women and girls; and promote their participation in all aspects of conflict prevention and resolution.

Australia's approach to WPS should focus on the long-term prevention of conflict and violence. The way countries treat women is the best available indicator of prospects for conflict. Developing a Second NAP on WPS would support the objectives of the Foreign Policy White Paper, which recognises that gender inequality undermines global prosperity, stability and security, while contributing to poverty, weak governance, conflict and violent extremism.

4.4 Do more to improve the position of adolescent girls

Adolescent girls are largely invisible in Australia's key strategic policy documents including the Gender Equality Strategy where the focus is strongly on women with little recognition of the unique challenges for and interventions that benefit adolescent girls.

Australia's development cooperation program should:

- 4.4.1 Develop a stand-alone action plan for achieving gender equality for adolescent girls
- 4.4.2 Include the language and commitments of the plan in a high-level strategic policy to reflect a clear commitment across portfolios and priorities to achieve gender equality for girls

Australia's Gender Equality Strategy, policies, program designs, investments, and evaluation tools must recognise the unique challenges and interventions required to keep adolescent girls safe from violence. The principles of this strategy should be embedded in:

⁵⁸ ACFID, Media Release: 'Bishop counters US approach on sexual and reproductive health', Feb 2017, <https://acfid.asn.au/media-releases/bishop-counters-us-approach-sexual-and-reproductive-health>

⁵⁹ ACFID, CARE & IWDA, 2018, 'Mixed Results and Skewed Priorities: Gender equality, development, defence and the Australian Government Budget 2018-2019': <https://iwda.org.au/assets/files/IWDA-Care-ACFID-Gender-Analysis-of-ODA-and-DFAT-expenditure-final.pdf>

- 4.4.3 Aid Investment Plans and Annual Program Performance Benchmarks, with the benefits of the investment communicated via:
- 4.4.4 Annual Program Performance Reports that tell the story of how Australia's bilateral aid is benefiting adolescent girls.
- 4.4.5 Additionally, build DFAT's expertise on adolescent girls both in Australia and at post through training, focal points and guidelines,
- 4.4.6 Work with Australian Embassies to increase the visibility of adolescent girls in their country-specific Gender Action Plans,
- 4.4.7 Develop guidance to ensure that adolescent girls are included as part of program designs, and
- 4.4.8 Increase investment in Pacific Girl (as part of Pacific Women) to grow and strengthen the regional focus on adolescent girls in the Pacific

In recognition of Pacific Women's strong focus on women, rather than girls, a new Pacific Girl program has been created with an investment of \$3m dollars over three years to strengthen programming and research. This is a strong example of how Australia's aid investments can begin to respond to the unique challenges that girls face.

5. Invest in Climate Action, Adaptation and Resilience to Enhance Human Development and Human Security

(These recommendations are in addition to the headline recommendations contained above.)

5.1 Dedicate around 60 per cent of all climate finance mobilised from public and private sources to adaptation projects and programs

As part of this larger financial mobilisation of \$3.2bn per annum, around 60 per cent of funds (or \$1.92bn per annum) should be directed into climate adaptation efforts that are unlikely to attract either private investment or investment from the GCF.

In addition to this total, all other aid programming should also be assessed for its contribution to climate mitigation and adaptation, so that the whole aid budget is climate-proofed. This step would help to redress the current shortfall in adaptation funding, as most private investment to date has prioritised mitigation projects, on which capital might expect to make a reasonable return.

Parties to the Paris Agreement have acknowledged that finance flowing to mitigation should be balanced by finance flowing to adaptation. In 2013-14, however, only \$4-8bn USD flowed specifically to climate adaptation, far short of the cost in developing countries, which is projected to range from \$140-300bn USD a year by 2030, and \$280-500bn USD a year by 2050.

5.2 Reestablish a program of community adaptation grants for use in the Indo-Pacific, through which assistance should be targeted to the most vulnerable

The Australian Government should restore the Community-Based Climate Change Action Grants (CBCCAG) program. CBCCAG was piloted as part of Australia's \$599m "fast start" commitment in 2010-13, with a funding allocation of \$16.9m over three years.

CBCCAG's achievements represented a major step forward in Australian climate adaptation support for vulnerable communities in our region, as confirmed by an independent study.⁶⁰ Its projects were

⁶⁰ Griffin NRM, 'Independent evaluation of the Community-based Climate Change Adaptation Grants Program', <https://dfat.gov.au/about-us/publications/Documents/community-based-climate-change-action-grants-independent-review-2016.pdf>

enabled by successful partnerships and consortia between NGOs, other sectors, and local partners. The program also filled an important funding gap, given that most international climate finance flows into mitigation projects.

The Australian Government should ensure that a similar – and scaled-up – program is created to build and improve on CBCCAG’s success, in recognition that such work is unlikely to be funded by either private investors or the GCF. This work should acknowledge the intersecting sources of vulnerability that amplify climate impacts, including gender, youth, poverty and geography.

Restoring a program like CBCCAG would allow the international aid and development sector to begin reinvesting in programs and projects that specifically target the vulnerable.

5.3 Perform a climate risk assessment for all aid investments, especially infrastructure investments

As the Australian Government transforms its approach to development cooperation to resume financing infrastructure, including through loans, ACFID calls for all investments, whether funded by loans or grants, to be subject to a climate risk assessment. In a region so prone to climate-related and other natural disasters, all new infrastructure financed by Australia should be climate-proofed.

6. Invest in Humanitarian Effectiveness

(These recommendations are in addition to the headline recommendations contained above.)

6.1 Within the fair share total, allocate at least \$200m per annum for multi-year funding commitments to protracted crises in at least 5 countries or regions

The 2019 Global Humanitarian Overview (GHO) shows that conflict will continue to drive the majority of humanitarian need over the coming year. It also states that crises are lasting longer: the average humanitarian crisis now lasts over nine years.⁶¹

Given that over 89 per cent of humanitarian funding from OECD DAC countries is spent in responding to protracted crises – and that the average inter-agency humanitarian appeal lasts 7 years – responses to protracted crises should be planned and financed on a multi-year basis.⁶²

Multi-year funding allows for more responsive and effective programming, decreases administrative costs, and allows for linkages between humanitarian, development and peace-building agendas to achieve collective outcomes including building resilience and addressing the drivers of conflict.⁶³

To meet growing needs and to respond more effectively to protracted crises, the Government should increase multi-year funding to protracted crises to at least \$200m per annum from the 2019-20 fiscal year.

In endorsing the Grand Bargain, the Australian Government and other aid organisations committed to increasing collaborative, multi-year planning and funding. They also made a specific commitment to support multi-year planning and funding for humanitarian action in at least five countries.⁶⁴

⁶¹ UNOCHA, 2019. ‘Global Humanitarian Overview’, <https://www.unocha.org/sites/unocha/files/GHO2019.pdf>

⁶² UNOCHA 2015. ‘Fit for the Future Series: An end in sight: Multi-year planning to meet and reduce humanitarian needs in protracted crises’, https://docs.unocha.org/sites/dms/Documents/OCHA_TB15_Multiyear%20Planning_online.pdf

⁶³ IASC, 2016. ‘The Grand Bargain – A Shared Commitment to Better Serve People in Need’, https://agendaforhumanity.org/sites/default/files/resources/2018/Jan/Grand_Bargain_final_22_May_FINAL-2.pdf

⁶⁴ Ibid

The Australian Government has already made the welcome commitment to multi-year funding for protracted crises in Syria and Iraq. We recommend that a second phase of multi-year programming is developed for both countries. We also recommend that the Government develop additional multi-year packages for countries or regions experiencing protracted crises, such as Yemen which remains the ‘*worst humanitarian crisis in the world*’ with approximately 24 million people in need of humanitarian assistance⁶⁵, South Sudan and the Democratic Republic of the Congo where needs ‘*remain exceptionally high*’⁶⁶ and in Myanmar/Bangladesh to address our region’s worst refugee and displacement crisis.

The Australian Government should work with humanitarian partners, including Australian NGOs, to select and design these packages, and ensure that the selection of crises is based on humanitarian need, as per Good Humanitarian Donorship principles, rather than Australia’s strategic geo-political interests.

In addition to providing humanitarian assistance to respond to protracted crises, Australia must step up and work with the international community to determine political solutions to protracted crises, including in Myanmar, Syria, Yemen and South Sudan.

6.2 Within the fair share total, increase the Humanitarian Emergency Fund to \$250m per annum

Australia is well regarded for its fast and effective humanitarian action and has traditionally been one of the most generous donors for humanitarian assistance. However, in recent years, Australia’s ranking as one of the top humanitarian donors has been in decline. The Global Humanitarian Assistance (GHA) report ranks the top 20 humanitarian donors by percentage of GNI. Australia has slipped from 12th place in 2009 to 17th place in 2017.⁶⁷

On average, natural disasters affect 350 million people a year and cost billions of dollars in damage.⁶⁸ Home to seven out of the ten most “at risk” countries,⁶⁹ the Indo-Pacific is the most disaster-prone region in the world.⁷⁰ The region accounts for 84 per cent of individuals affected by natural disasters in any given year. Increasing the Emergency Fund by \$100m, bringing the total to \$250m, will allow the Australian Government to respond flexibly and rapidly to spikes in humanitarian need or sudden-onset disasters, including those in our region where Australia is best placed to respond.

6.3 Increase investment in disaster risk reduction programming to at least 5 per cent of ODA, in addition to Australia’s humanitarian program funding

Despite the well-known impacts of disasters on individuals, communities and economies across the Indo-Pacific, investments in disaster risk reduction remain a small fraction of international aid finance, and largely remain activity-based, rather than focusing on comprehensive planning to reduce disaster risk. The United Nations International Strategy for Disaster Reduction suggests that progress has favoured improvements in early warning systems, disaster preparedness and response, with less

⁶⁵ UNOCHA, ‘Global Humanitarian Overview 2019’, <https://www.unocha.org/sites/unocha/files/GHO2019.pdf>

⁶⁶ Ibid

⁶⁷ Development Initiatives, ‘Global humanitarian assistance report 2018’, <http://devinit.org/wp-content/uploads/2018/06/GHA-Report-2018.pdf>

⁶⁸ UNOCHA Global Humanitarian Overview <https://www.unocha.org/sites/unocha/files/GHO2019.pdf>

⁶⁹ Bündnis Entwicklung Hilft, ‘World Risk Report 2017’, https://reliefweb.int/sites/reliefweb.int/files/resources/WRR_2017_E2.pdf

⁷⁰ UNOCHA, ‘Major Natural Hazards in Asia and the Pacific’, https://reliefweb.int/sites/reliefweb.int/files/resources/OCHA_ROAP_Hazard_Oversize_2017.pdf

progress in reducing underlying risk factors through addressing poverty, environmental degradation, poor governance, rapid urbanisation and unsustainable land use practices.⁷¹

Australia has been recognised as a leader in DRR policy and practice. Over the past six years, however, Australia's level of DRR investment has been largely static at two to three per cent of a diminishing development cooperation budget. DRR funding is also insufficiently reported, making it more difficult to identify DRR finance allocations and the outcomes of these investments.

To safeguard development gains in the region, the Australian Government should increase investment in DRR programming to at least 5 per cent of ODA, in addition to Australia's humanitarian program funding. Investments to reduce underlying risk factors should also be supported through long-term development assistance.

In addition, the government should increase the transparency of DRR funding by separating the DRR budget allocation from the category of "preparedness and response," and reporting annually on Australia's overall investment in DRR from both humanitarian and development programs.

6.4 Ensure that children, especially girls, do not suffer from a loss of access to education during humanitarian crises

In 2017, over 75 million children had their schooling disrupted by humanitarian crises⁷², not only affecting their current well-being but also their opportunities for the future.⁷³ Most children affected live in conflict zones, with girls 2.5 times more likely to miss out on schooling than boys.⁷⁴ Education systems need to be flexible and respond to children's – especially girls' – needs during humanitarian crises. Funding for girl-friendly information and services around mental health issues, and sexual and reproductive health and rights, must be a priority, and access to these services should be provided to all children. The Australian Government should ensure that funding for education during humanitarian crises is prioritised, including for displaced girls and boys.

7. Invest in Education to Reduce Inequality

Education is a vital human right – enshrined in the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child – and it plays a key role in human, social, and economic development. Globally, participation in education provides girls and boys with access to employment opportunities; better health; and fuller democratic participation; which acts to reduce poverty, boost economic growth and reduce gender inequality.

Investing in education is critical to the success of all 17 SDGs and is the specific focus of SDG 4. Investing in the quality of education systems, as well as good quality, better-educated teachers, is vital to equalising access to education.

7.1 Top-up Australia's 2018 Global Partnership for Education commitment by \$50m and allocate \$200m for the 2021-23 period

The Global Partnership for Education (GPE) is a fund initiated by the United Nations, dedicated solely to strengthening education systems in the world's poorest countries. The GPE brings together national

⁷¹ UNISDR, 'UN Secretary-General: Sendai Framework is essential to achieving the SDGs', <http://www.unisdr.org/archive/55482>

⁷² UNOCHA, 'Global Humanitarian Overview', <https://www.unocha.org/sites/unocha/files/GHO2019.pdf>

⁷³ *ibid*

⁷⁴ *ibid*

governments, donor countries, multilateral agencies, intergovernmental organisations, the private sector and civil society to mobilise technical and financial resources for education.

The last GPE Financing Conference, hosted by France, was held in Dakar, Senegal in 2018. It sought to raise \$3.1 bn USD in donor government contributions from 2018 to 2020, with complementary increases in domestic financing by developing country governments and contributions by foundations and the private sector. It fell short of its target, raising \$2.3bn. Subsequently, the United States, Denmark, Germany and the Netherlands have announced additional funding for GPE equal to almost \$250m USD.

To assist in closing the remaining gap, ACFID suggests that Australia commits an additional \$50m for GPE over 2019 and 2020 in addition to the amount already pledged in February 2018. In 2021 to 2023 period Australia should pledge \$200m to the GPE to support both expanded access to and increased quality of education. This would complement Australia's support for education systems through bilateral assistance.

7.2 Address the barriers that stop disadvantaged girls from completing secondary education

The Australian Government should earmark funds within existing schemes to address the barriers that stop the most disadvantaged girls from completing upper secondary education.

This approach would mark a positive change from Australia's existing focus on primary and post-secondary education, despite the low rates of enrolment for adolescent girls in upper secondary education, particularly in the Pacific. In 2016-17, approximately \$10m was allocated to secondary education compared with \$126m for primary education, \$22m for higher education and \$315m in scholarships.

The success of achieving gender parity and high rates of enrolment at a primary level is of little value if girls are not able to continue their secondary education.

8. Reinvest in Bilateral Health Programming

Many effective bilateral health programs have been axed as part of cuts to Australia's development cooperation program. To complement the Indo-Pacific Health Security Initiative, ACFID is calling for a substantial reinvestment in health systems strengthening at a country-level and maximizing responses to countries' identified health needs.

Further, we should be leveraging Australia's unique strengths in health including applying the lessons of previous successful health interventions such as, combatting HIV and AIDS in PNG and the Avoidable Blindness Initiative that supported eye health and vision care in Asia and the Pacific. Smart bilateral investments add to the health security and well-being of our neighbours and Australia.

Australia should also explore further opportunities of working with other donors in trilateral programs to improve health outcomes in specific countries. Trilateral programs such as those between China and Australia to combat malaria in PNG have the power to create effective interventions and grow cooperation and new partnerships in areas of shared interests.

In 2017-18, 13% of Australia's ODA was spent on health. ACFID holds that each year over the forward estimates spending on health should increase by 1% of total Australian ODA to meet these objectives.

9. Develop a Youth Strategy for the Development Cooperation Program

Developing nations across the Indo-Pacific are experiencing a “youth bulge” of considerable proportions, amounting to a mass force of working-age individuals who will need to be fully employed in productive activities, included in political decision-making, and consulted at every stage of the aid project cycle.

The conventional approach to this demographic phase is to improve the job-readiness of young people, yet the scale of the present challenge will also require a considerable demand-side intervention. This should consist of stimulating demand for young people’s labour through sustainable and inclusive development.

The development of a new structural economics is essential to mitigating risks and capitalising on opportunities presented by the present youth bulge.⁷⁵

9.1 Review current approaches and total spend on youth participation across the development cooperation program

Youth participation refers to the inclusion of young people in decision-making and implementation through the program cycle, particularly for programs that affect them, rather than simply engaging young people as passive beneficiaries.

Youth-oriented NGO, Oaktree, has developed a framework for this form of inclusion, and the Australian Government should adopt this framework to identify the extent to which the development cooperation program is currently empowering young people to consult, partner or lead in programming.

Further, there is at present no breakdown of spending on youth programs, or programs that target young people as a proportion of the beneficiary population. Only an estimation can be made regarding current spending on youth from breakdowns in other thematic policy or program areas such as education.

An accurate breakdown of current spending on youth should be developed to support the development cooperation program program to better allocate resources for maximising the opportunities of youth participation.

9.2 Pilot mainstreaming youth participation in existing programs, as a first step towards developing a youth strategy for the development cooperation program

Following the review and prior to developing a youth strategy, the Australian Government should pilot participatory approaches within existing programs that aim to target young people. Insights from the pilot should inform a strategy intended to expand the scale of youth engagement within the development cooperation program. The strategy should support a twin track approach to youth engagement and should provide guidance for working with youth as core stakeholders across the program cycle.

10. Realise Children’s Rights

The 2030 Agenda has confirmed that ending all forms of violence and exploitation of children is a priority for global development efforts. SDG 16 and related goals and targets provide a framework for

⁷⁵ Lin, Justin Yifu, ‘Youth Bulge: A Demographic Dividend or Demographic Bomb in Developing Countries?’ *Let’s Talk Development*, World Bank, <https://blogs.worldbank.org/developmenttalk/youth-bulge-a-demographic-dividend-or-a-demographic-bomb-in-developing-countries>

responding to the pervasive and devastating levels of violence and exploitation affecting children. Worldwide, an estimated one billion children under 15 years old experience regular physical punishment, while neglect and exploitation of children are widespread with severe impacts, particularly for children without parental care, street children, children engaged in hazardous work and those who are trafficked.⁷⁶

Within Indo-Pacific nations, estimates across the region are that 17-35 per cent of low income children are subject to physical violence, 11-22 per cent of girls experience sexual abuse, up to 40 per cent of children are emotionally neglected or abused, and nearly 1 in 10 children are engaged in child labour. Problems of early marriage, online exploitation, unsafe migration and trafficking are amongst the highest of any region.⁷⁷

Neglect in early childhood can have lifelong adverse effects such as poor physical and mental health, developmental delay and learning difficulties. Children who are regularly exposed to violence are at greater risk of homelessness, mental illness and becoming perpetrators and victims of crime. Once reaching adulthood, a failure to develop necessary life skills, particularly parenting abilities, can mean that the cycle of violence continues for another generation.⁷⁸

10.1 Commit \$10m over 3 years to realising children's rights

Australian development cooperation spending on initiatives aimed at ending child violence totaled \$92m in 2015, whereas Canada, the best performer in this area, spent three times that amount at \$319m, the United States spent \$211m and Sweden spent \$191m.⁷⁹

Increasing Australia's spending by an additional \$10m would enhance Australia's commitment to key issues such as divesting from the institutionalization of children – an area in which the government has already acted – and banning orphanage tourism and modern slavery.

Further, to date, no specific monetary allocation has been made to educating the Australian public or supporting NGOs to transition away from institutional care models in their overseas development programs. Additional funds could be allocated, for example, to the Re-Think Orphanages Network and/or its member agencies.

10.2 Strengthen protection systems for children in conflict with the law

Most children in conflict with the law come from marginalised communities, whose exposure to crime often reflects a failure of states to protect or provide for them. Many such children need protection from the impacts of homelessness, mental illness and involvement in sex work, yet find that their conduct is instead criminalised.

Investment in protection, instead of criminalisation, would contribute towards strengthening the social position of children, including by easing access to education and socio-economic mobility.

⁷⁶ UNICEF, 'A Post-2015 World Fit for Children, An Agenda for Every Child',
https://www.unicef.org/agenda2030/files/P2015_issue_brief_set.pdf

⁷⁷ United Nations Children's Fund, Violence against Children in East Asia and the Pacific: A Regional Review and Synthesis of Findings, Strengthening Child Protection Series, No. 4, UNICEF EAPRO, Bangkok, 2014,
https://www.unicef.org/eapro/Violence_against_Children_East_Asia_and_Pacific.pdf

⁷⁸ For more information, refer to the Bucharest Early Intervention Project, 2017,
<http://www.bucharestearlyinterventionproject.org/>

⁷⁹ ChildFund Alliance, Save the Children, SOS Children's Villages International, World Vision International, and Development Initiatives, 2017, 'Counting Pennies: A review of official development assistance to end violence against children',
<https://reliefweb.int/sites/reliefweb.int/files/resources/Counting%20Pennies%20Report%20Web.pdf>

10.3 Set a benchmark that ensures 20 per cent of aid programming directly addresses children's rights and make child protection a thematic priority in emergencies

There is no comprehensive mechanism to quantify the allocation of Australian aid to children's rights (such as a relevant DAC codes). DFAT should adopt an approach to tracking and reporting expenditure on child rights programming within the development cooperation program.

To do this, and to ensure consistency of programming goals and outcomes, it should also expand the existing Child Protection and Compliance Section. This section should have a mandate to focus on child rights programming; engage with partners and stakeholders in delivering such programming; and support child rights mainstreaming within Australia's aid programming in line with the SDG target 16.2. This target's focus is on ending abuse, exploitation and trafficking, along with all forms of violence and torture against children.

The issue of child protection in emergencies should be more directly considered in the Australian Humanitarian Partnership and in Australia's other humanitarian funding relationships. ACFID's Humanitarian Reference Group has advocated for this inclusion, and DFAT's Child Safeguarding Policy and Child Safeguarding Risk Management tools reflect this position. Nevertheless, there is no official, strategic emphasis on the protection of children in Australia's emergency responses to date.

10.4 Establish a Child Rights Unit to support the mainstreaming of children across the development cooperation program

Consistent with our membership's assessments and priorities, ACFID supports the calls for the Australian Government to put children at the centre of development by establishing a unit to oversee the mainstreaming of children's rights across all thematic areas of its development cooperation program and to account for and help to track DFAT's spend on children.

Children are a fast-growing segment of the global population and constitute half of the world's poor".⁸⁰ World Vision Australia has noted (in their Federal Budget submission 2019-20) that 1.3 billion people globally live in poverty - half of them are children aged 0 – 17 years. This means one out of every three children in the world are poor.⁸¹

It follows then, that children make up half of the world's poor, yet none of DFAT's performance metrics directly target children as key stakeholders nor measure progress made in the realisation of their economic, cultural, social and political rights. As a result, Australian development cooperation is failing to directly account for half its target constituency of 'the poor' in the countries it is trying to pull out of poverty.

The establishment of a Child Rights Unit is value for money for the Australian development cooperation program because mainstreaming children's rights across the aid programme signals early intervention in reducing poverty and inequality, alongside other rights violations that can impact negatively in children's lives and in adulthood.

⁸⁰ DFAT, 'Strategic Framework for Australia's Overseas Aid Program', https://dfat.gov.au/about-us/publications/Documents/wp_framework.pdf

⁸¹ University of Oxford, Oxford Poverty and Human Development Initiative, [Multidimensional Poverty Index](#), 2018

11. Reinvest in Africa

Australian aid and development NGOs report a sense of active divestment by the Australian Government from supporting African programs.

This sense is borne out by tracking the decline in the proportion of ANCP funding that is devoted to Africa – a proportion that has fallen from 20.4 per cent in 2015-16 to 14 per cent in 2017-18. Additional divestments are also apparent. For example, Africa has also been ruled ineligible in the Water4Women funding round, and a dedicated African development program through the Australia Africa Community Engagement Scheme (AACES) has been terminated.

Yet due to economic and geopolitical change in Asia over several decades, Africa is now home to the greatest number of people living in extreme poverty (less than \$1.90 per day). By 2025, Africa will house half of the world's extreme poor. Humanitarian crisis assistance remains urgent and important, yet the Australian Government should invest in enhancing crisis resilience to address the root causes of humanitarian crises on the continent.

11.1 Rebuild Australian aid to Africa to at least \$100m per annum over five years

The Australian Government's divestment from African aid flies in the face of development need, demographic and economic changes in Australia, and Australian public sentiment.

People to people and business connections between Australia and the African continent are increasing. In 2017 the value of two-way trade was \$7.6bn,⁸² while there were more than 8,000 Sub-Saharan African students studying in Australian universities in 2015-16. Additionally, there are currently around 6,000 African alumni of Australian Government scholarships, including the Australia Awards.⁸³ More than 330,000 Australians were born in sub-Saharan Africa and another 51,450 in North Africa. Australian mining investment in Africa is estimated to be worth around \$30bn.⁸⁴

There is strong Australian public support for NGO poverty alleviation work in Africa, in addition to the ad hoc support received for humanitarian crises.

The government should end its divestment and rebuild Australia's bilateral aid to Africa to at least \$100m per annum over the next five years, nested within a coherent Africa strategy that moves beyond ad hoc allocations for humanitarian crises to sustained and ongoing engagement for development. Additional funding should be devoted to humanitarian responses, and the focus of the development cooperation program should be Southern and Eastern Africa, including Ethiopia and South Sudan.

12. Support Water, Sanitation and Hygiene Initiatives

Ensuring access to safe, sufficient, accessible and affordable water and sanitation services, accompanied by appropriate hygiene education, is critical to achieving development gains. Having access to safe water, sanitation and hygiene unlocks improvement across other development areas, including health, nutrition, education, and economic growth. Without strong investment aimed at ensuring more people have access to safe water, sanitation and hygiene, the effectiveness of Australia's

⁸² DFAT, 'Africa and the Middle East, 2017', <http://dfat.gov.au/geo/africa-middle-east/pages/africa-region-brief.aspx>

⁸³ DFAT, 'Australia Awards in Sub-Saharan Africa, 2017', <http://dfat.gov.au/geo/africa-middle-east/development-assistance-in-sub-saharan-africa/Pages/australia-awards-sub-saharan-africa.aspx>

⁸⁴ DFAT, 'Australia and Sub-Saharan Africa, 2015-16', <http://dfat.gov.au/about-us/publications/Documents/bilateral-relationship-at-a-glance-sub-saharan-africa.pdf>

other aid spending will be undermined. All of this must be done while assisting countries to sustainably manage increasingly scarce water resources.

12.2 Increase Water for Development funding to reach 5 per cent of the total Australian development cooperation budget by 2020

In the context of recent dramatic cuts to the development cooperation program, funding for developing nations to extend the coverage of WASH services – including managing water resources, and building, maintaining and operating water and sanitation infrastructure – has also decreased. In addition to an overall decrease in monetary investment, the proportion of the development cooperation program devoted to WASH initiatives has also decreased. This undermines Australia's efforts to reduce poverty and promote prosperity in our region.

By rebuilding investment in Water for Development to reach 5 per cent of the total development cooperation budget by 2019-20, Australian spending would return into line with, and indeed slightly exceed, the OECD DAC donor average (4.6 percent of official development aid from FY15 to FY19 - UPDATED).⁸⁵ Based on current development cooperation budget projections, this would equate to an FY20 allocation of \$208m, up from \$147m in FY19.

12.3 Allocate at least 50 per cent of Water for Development funding to Basic WASH programs

DFAT has consolidated its investment in Basic WASH programs into the Water for Development portfolio, along with investments in water resource management and large-scale water and sanitation infrastructure. This move offers a new strategic recognition of the importance of WASH, however community-level WASH initiatives targeted at marginalised people and communities must be prioritised within this broader portfolio.

Reversing the funding decline, and rebuilding investment in Basic WASH, should be a core priority for the Australian development cooperation program. The Government should increase funding dedicated to Basic WASH to bring it to \$95.8m in 2018-19 and ensure funding for basic WASH makes up half of total Water for Development funding. Based on current development cooperation budget projections, and assuming Water for Development is funded at 5 percent of total development cooperation, this would equate to an FY20 allocation of \$104m, up from approximately \$26m in FY19.

Such a move would signal Australia's commitment to delivering safe water, sanitation and hygiene to vulnerable communities, and to the improvements in human development that such services bring.

12.4 Commit \$5m to fund integrated WASH and Sexual and Reproductive Health and Rights Programs

WASH is required to fulfil women and girls' sexual and reproductive health and rights (SRHR), whether having access to toilets where they can change and clean or dispose of menstrual hygiene products, ensuring safe and dignified hospital care for mothers and newborns, or preventing, treating and managing STIs.

Holistic solutions which address sexual and reproductive health-related WASH needs through service delivery, education, and advocacy to challenge stigma and taboos are required. While small-scale initiatives have begun to be funded in recent years more can be done, particularly in light of Australian

⁸⁵ For further information, refer to OECD DAC data: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/TAB19e.xls>

development cooperation investment in family planning having been halved between the 2013-14 and 2015-16 financial years.

To address this the Government should commit \$5m in funding over the next three years to further expand integrated WASH-SRHR programs, in service of improving health outcomes for women and girls and reducing gender inequality.

13. Invest in Research for an Evidence-Informed Development Cooperation Program

A quality evidence base is critical to the functioning of an accountable and innovative Australian development cooperation program. Ongoing research investment and a strong research strategy leads to evidence-informed policy and practice by establishing a robust and relevant knowledge base for accountable decisions.

Quality research can also ensure that Australia's development cooperation program generates knowledge that responds to a rapidly changing global environment and increases opportunities for innovation where Australia can play a lead role in identifying solutions to address the SDGs.

13.2 Invest \$20m in development research to increase the evidence base for the effectiveness of the development cooperation program

To maximise its usefulness, Australia's overall investment in aid-related research should be guided by a holistic strategy aimed at examining and preparing for emerging development challenges and opportunities. This strategy should enable the Australian Government to commission a mix of research projects with a range of pathways to impact, and to support methodologies and ways of working observed to have the greatest impact.

Research should be applied and policy-relevant, informing policy, programming and/or practice issues to generate an immediate and observable return on investment. It should also support engagement and partnerships – between research institutions in Australia and the Indo-Pacific, and between research institutions and other development partners including NGOs, the private sector, and bilateral or multilateral aid partners.

Research should both drive and assess the outcomes of development innovation, and to complement this targeted research investment approach, DFAT should coordinate with research councils or other funders to ensure an ongoing availability of funding.

An investment of \$20m in developing and implementing a research strategy across DFAT should support stronger evidence-informed policy and practice. It should also align with the government's National Innovation and Science Agenda (NISA) and the aims of the SDGs.

14. Increase Resources for Disability Inclusive Development (DID)

14.2 Increase resources for DID in line with CPI over the next 2 years, and allocate a DFAT departmental budget to equip staff to implement and monitor the DID Strategy

Globally, 1 in 7 people have a disability, and 80 per cent of people with disabilities live in developing countries. Australia has been a global leader in DID, introducing the first disability inclusion strategy for the development cooperation program in 2009, and renewing our commitment to DID in 2015.⁸⁶

⁸⁶ DFAT, 2015, 'Development for all 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program', <http://dfat.gov.au/about-us/publications/Pages/development-for-all-2015-2020.aspx>

Despite the increased prominence of DID, however, for the past three years, the ODA allocation earmarked specifically for disability has remained steady at \$12.9m.

The Australian Government should increase its investment of \$12.9m per annum in disability-specific funding in line with CPI in the 2018-19 and 2019-20 financial years to support the DID strategy. In addition, it should increase the core departmental budget to ensure staff are equipped to implement and monitor the strategy, both in Canberra and at post.

14.3 Introduce a percentage target for Australian aid investments performing satisfactorily or better on disability inclusion

In 2017, only 55 per cent of aid investments are rated as “performing satisfactorily or better on disability inclusion.”⁸⁷ Introducing a percentage target would likely improve this standard of performance by mainstreaming disability inclusion across the department, leading to better development outcomes for people with disabilities.

⁸⁷ DFAT, ‘Performance of Australian Aid 2015-16’, <http://dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2015-16.aspx>