



Stronger partnerships, a safer world
ACFID 2024-25 Pre-Budget Submission



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Rebuilding Australia's international development program

Labor will rebuild Australia's international development program and increase Official Development Assistance to internationally accepted levels in a timely manner. We will work with the international community to achieve the longstanding funding targets for the international development program of at least 0.5 per cent of Gross National Income. Labor will increase aid as a percentage of Gross National Income every year that we are in office starting with our first budget.

ALP National Policy Platform 2023

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Development and prosperity underpin peace and stability. This new policy reflects who we are. Australia is there, not only in times of crisis, but is working with the region to strengthen its resilience and to help deliver its aspirations.

Senator the Hon Penny Wong
Minister for Foreign Affairs
8 August 2023



A decade of successive cuts to Australia's aid program are leaving a vacuum for others to fill, which has strategic implications for our region and for our own security."

Hon Pat Conroy MP
Minister for International Development and the Pacific, 9 May 2022

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Development spend will increase each and every year - including through a first budget which will happen this year."

Overview



The Government has started to rebuild Australia's development assistance budget and set out a strong policy framework for the International Development program.

Despite the stabilization of funding in the 2022 and 2023 Federal Budgets, Australia's foreign aid budget is still set to flatline in real terms from 2026. Meanwhile, humanitarian and development need is increasing. Australia continues to lag behind like-minded donors, despite our commitments to be a credible player and generous contributor on regional and global challenges.

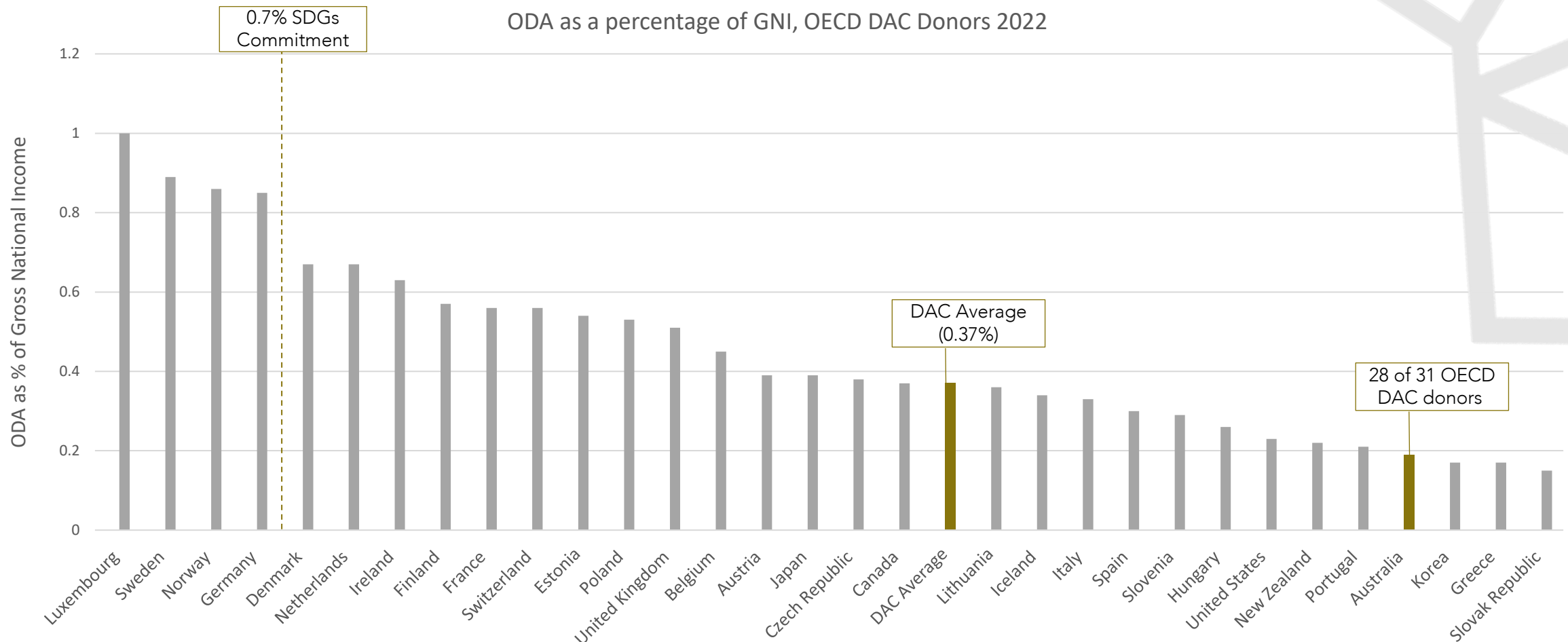
How, and how well, funding is spent is equally important. In 2024, we will be watching for **investments that match the priorities of civil society** in our region, **and directly contribute to improvements in the lives of people and communities**. Greater investment is needed to effectively address urgent humanitarian needs and recent backsliding in development gains, all of which is compounded by climate change.

There are four reasons to invest:

1. Buffer against geostrategic competition
2. Robust implementation of the International Development Policy
3. Back our partners on climate change and uphold our credibility
4. Adequate response to rising global humanitarian need

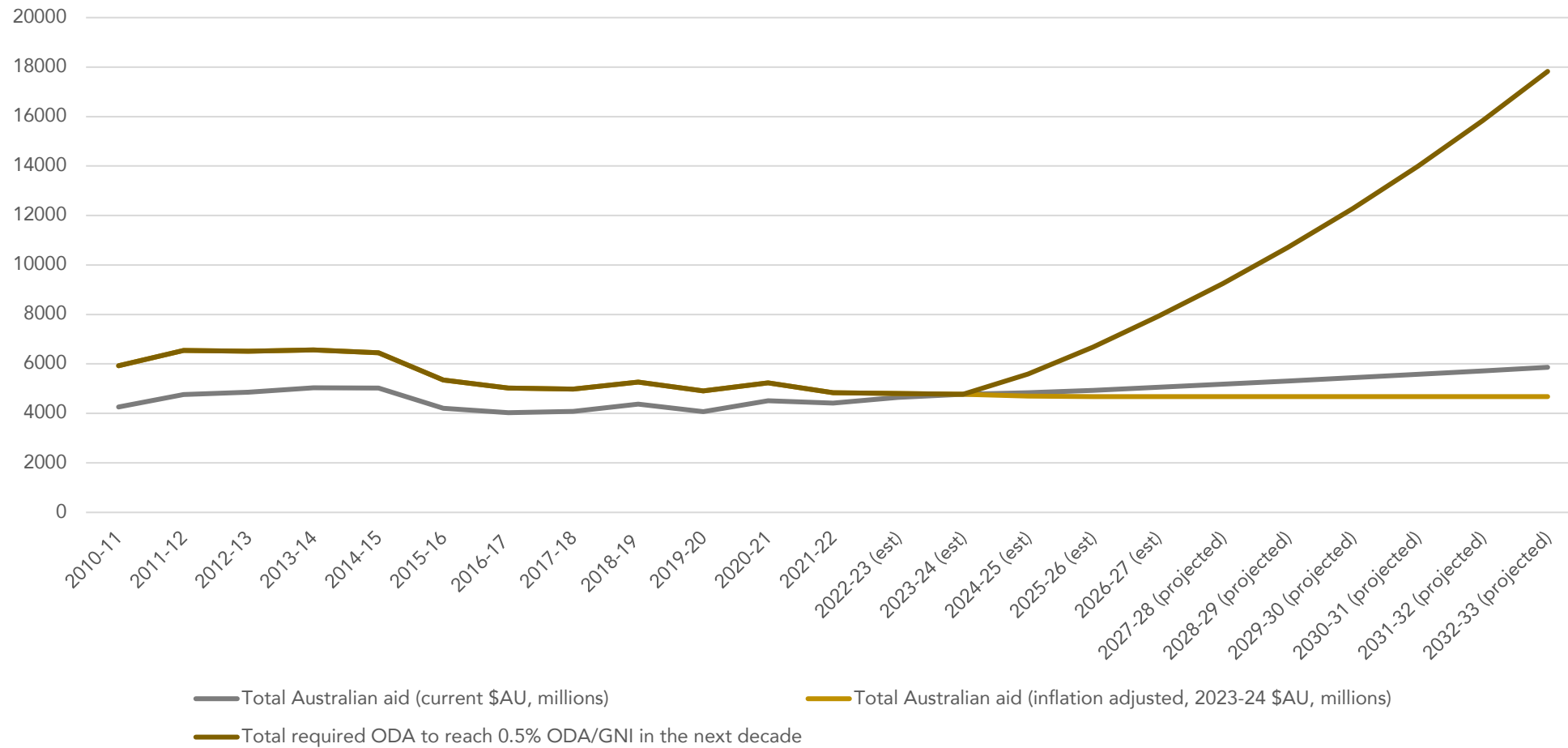
Australia's generosity relative to other donors

ODA as a percentage of GNI, OECD DAC Donors 2022



10-year projections

Current ODA trajectory vs. ALP Commitment



ODA/GNI – Australia's record over time

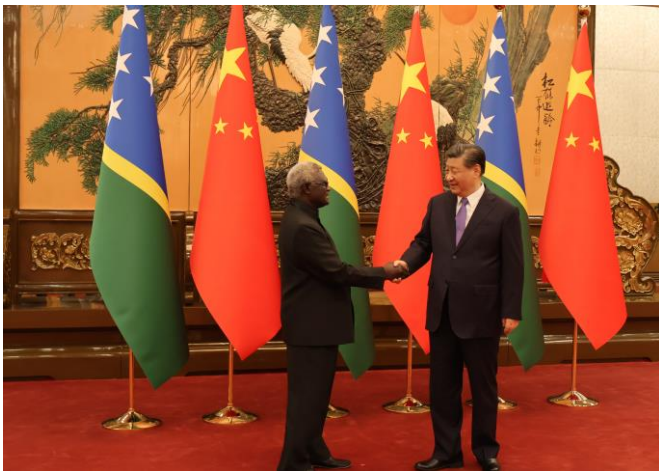


Geostrategic headwinds

In one of the most contested geostrategic environments since WWII, Australia must invest in its partnerships.

Australia's development assistance underpins our close relationships with countries in the region, and cements Australia as a partner of choice in supporting their economic development aspirations and security objectives.

Recent agreements between states in Australia's neighbourhood reflect the competitive environment for development partnerships.



Realising the ambition of the new International Development Policy

The Government has delivered a comprehensive and ambitious agenda for Australia's International Development Program. The success of this strategy will be determined by the resources committed to it.

The reality is, Australia's development assistance program has never been less generous, at a time where the need has never been greater. Australia sits at 28 out of 31 OECD DAC donors on aid generosity – the lowest of G7 economies, AUKUS partners, and Five-Eyes partners. As a proportion of overall government spending, Australia's foreign aid spend is at its lowest point in history.

This is out of step with the Government's promise to deliver a development program "that is fit for the challenges and the opportunities of our time" (Foreign Minister Penny Wong, 8 August 2023).

Specific resourcing is needed to ensure that Australia's development program can deliver outcomes against its four objectives:

- Building effective and accountable states
- Enhancing state and community resilience
- Connecting with Australia and regional architecture
- Generating collective action on global challenges



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Tackling poverty must be an urgent imperative for all people of conscience, especially for a generous nation committed to the fair go.”

The Hon Pat Conroy MP
Minister for International
Development and the Pacific,
7 September 2022

Climate credibility and leadership

Meaningful action on climate change is of existential importance, and there is no time to delay. As Australia competes to co-host COP31 with our Pacific partners, our capacity to deliver on climate finance commitments will be watched closely.

Across the Pacific, there is increasing need for adaptation assistance, as well as loss and damage funding to enable communities to recover and rebuild from climate induced disaster events, which each inflict damage in the hundreds of millions.

To meet Australia's fair share of climate finance, it is important that funding is new and additional to the existing ODA budget and does not detract from other key areas of ODA. Progressing a clean energy transition here in Australia and diversifying our export market is also critical to our climate credibility, and integral to supporting a just energy transition in Southeast Asia.



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Nothing is more central to the security and economies of the Pacific. I understand that climate change is not an abstract threat, but an existential one...”

Senator the Hon Penny Wong

Minister for Foreign Affairs, 26 May 2022

Adequate response to global humanitarian need

Disasters and crises are no longer exceptional. From Sudan, Gaza, Myanmar, Ukraine and the Pacific, climate change and conflict are driving an unprecedented increase in humanitarian need. In 2024, nearly 300 million people around the world will need humanitarian assistance due to the impacts of conflicts, climate emergencies and other drivers. Currently, the global humanitarian response for 2024 is approximately 33% funded, and prior shortfalls in funding in 2023 meant that humanitarian organisations reached less than two-thirds of people they aimed to assist.

Meanwhile, Australia's funding to respond to humanitarian crises has remained stagnant. The Humanitarian Emergency Fund (HEF) has not been increased since 2018. A growing number of crises are requiring scaled-up and long-term responses. Australia needs an invigorated focus on humanitarian action and capabilities that are fit to deal with future challenges and reflect Australia's commitment to international peace and security.



John, Andy and family during a visit by Live & Learn Humanitarian Officer Alison Talogwari. This visit was conducted through the Australian Humanitarian Partnership COVID-19 response
Credit: Ernest Ta'asi/Oxfam



Afghans comb through the rubble in the aftermath of a devastating 6.3 magnitude earthquake in Herat.
Credit: MUHAMMAD BALABULUKI/Middle East Images/AFP via Getty Images

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Our commitment to international peace and security is why Australia seeks a seat on the Security Council for 2029-2030.

Senator the Hon Penny Wong

Minister for Foreign Affairs, 23 September 2023

Proposed program investments

Proposed program investments in the 2024-25 Federal Budget to realise the commitments outlined in the Government's new International Development Policy, funded through increases to the ODA budget and climate finance:

	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	Total over 4 years (\$m)
a. Doubling the humanitarian emergency fund to 300m p.a.	150	150	150	150	600
b. Build a pathway to Australia's fair share of humanitarian funding	350	350	350	350	1400
c. Initial contribution to the Loss and Damage fund	100	TBD	TBD	TBD	TBD
d. Locally led climate adaptation programs	40	80	120	160	400
e. Enabling NGO-led impact investment funds (NGO window in Australian Development Investments)	50	50	50	50	200
f. Safeguarding civic space and strengthening civil society	60	80	80	100	320
g. Australian NGO Cooperation Program - ANCP	35	55	60	60	210
h. Supporting inclusion, rights and equality for all					
- Increasing the Central Disability Fund to 20m p.a.	7.1	7.1	7.1	7.1	28.4
- Ongoing support to the Pacific Regional Mechanism	10	10	10	10	40
- Increase the Gender Equality Fund to 100m p.a.	35	35	35	35	140
- Boost to the Inclusion and Equality Fund	11.5	11.5	11.5	11.5	46
Total programmatic investments	648.6	628.6	673.6	733.6	3484.4

2024-25: ACFID's budget proposals

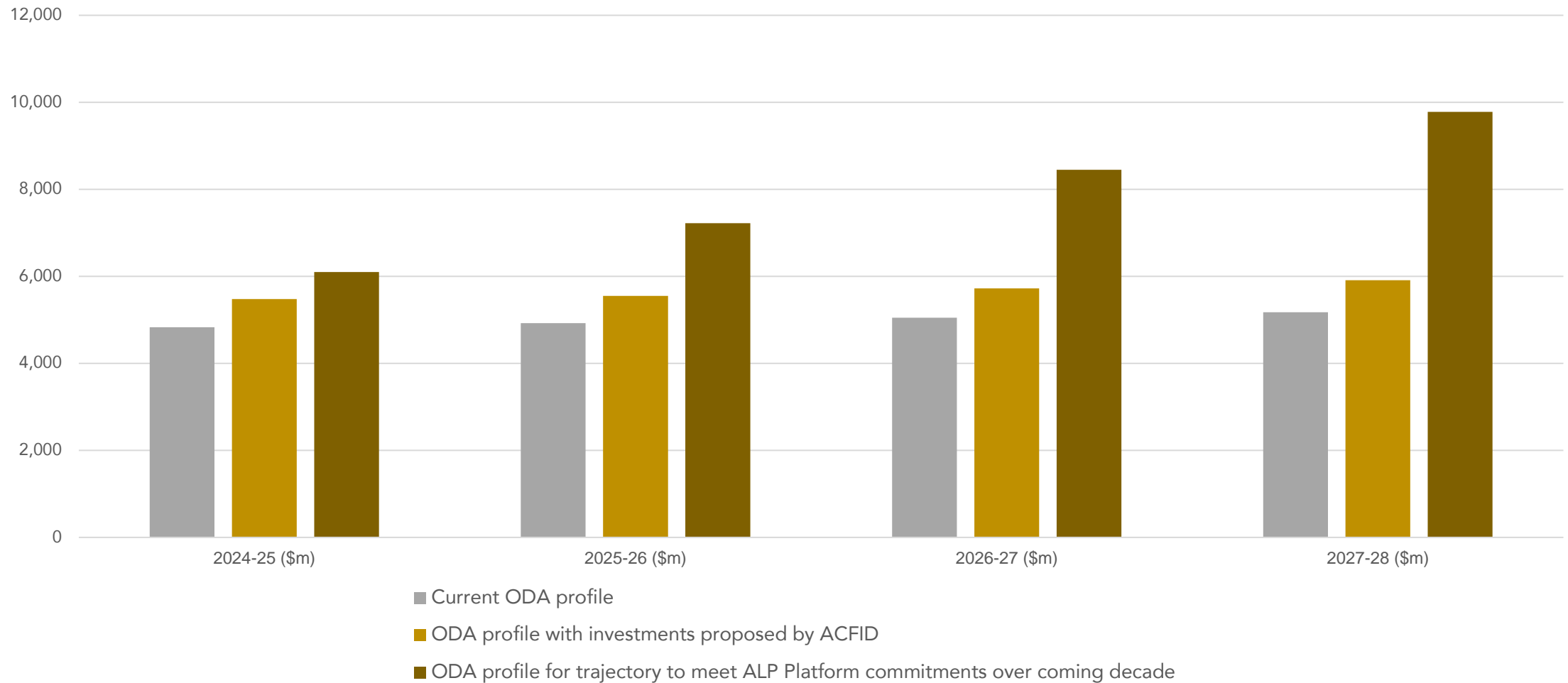
- A plan and pathway for Government to reach its commitment to **increase ODA to 0.5% of GNI**, including meeting the OECD DAC average of 0.37% by the end of 2027.
- Meeting Australia's fair share of **climate finance**, by providing **\$4bn per year by 2025** in funding new and additional to the existing ODA budget urgent climate mitigation and adaptation, and an initial \$100m pledge to the new Loss and Damage Fund ahead of COP29. Climate financing should not displace development funding.

We propose reaching these targets by:

- Doubling the **humanitarian emergency fund** (additional \$150m p.a. ongoing) to respond to increasing humanitarian need
- Build a pathway to Australia's **fair share of humanitarian funding** (additional \$350m p.a. ongoing)
- An **initial contribution to the Loss and Damage Fund** (\$100m in 2024-25), in line with what similar economies have already pledged
- Expanding locally led **climate adaptation programs** (ongoing, with initial investment of \$400m over four years)
- Enabling **NGO-led impact investment funds** (\$50m p.a. ongoing window in Australian Development Investments)
- Safeguarding civic space and strengthening **civil society** (\$320m over four years, ongoing)
- Sustained growth to the Australian NGO Cooperation Program - **ANCP** (\$210m additional over four years, ongoing thereafter)
- Supporting **inclusion, rights and equality for all** – targeted boosts to the Inclusion and Equality Fund, Gender Equality Fund and the Central Disability Fund (\$63.6m additional p.a. ongoing)

To fund these measures, ACFID supports calls to review tax measures and end fossil fuel subsidies.

ODA Forward Estimates Profile





Climate change

For Australia to be a credible player on the global stage and within our region, we/the Government cannot shy away from the most pressing global issues. Climate change is a "threat multiplier", posing serious threats to human development and security worldwide and in our Indo-Pacific region. As a party to the Paris Agreement, and a partner to the Pacific, Australia has a responsibility to play its part in addressing and responding to the threat of climate change.

Locally led Climate Adaptation in the Pacific

Design and deliver a flexible funding pool for NGOs and local communities to propose and deliver climate adaptation and resilience projects in the Pacific and Southeast Asia.

The New International Development Policy commits to scaling up Australia's climate investments and to providing direct support for, and engagement with CSOs. The reality is that many existing climate funds are inaccessible to CSOs.

CSOs are locally embedded, have place-based knowledge and existing relationships in the community, and are therefore best-placed to deliver adaptation programs but currently lack the funding to do so. This investment will improve CSO access to climate finance and contribute to Australia's reaching its fair share.

Allocate \$400 million over initial four years

Loss and Damage Fund

Contribute an initial \$100 million to the new global loss and damage fund, established at COP28.

Climate mitigation and adaptation must be accelerated to avert climate impacts. However, even accelerated mitigation and adaptation will be inadequate to address the climate-induced loss and damage already experienced worldwide. These irreversible losses and damages have already costed low-income countries billions in USD. For example, the total estimated cost of Hurricane Irma and Hurricane Maria on the Small Island Developing States of the Caribbean was approximately \$5.4 billion USD.

The Government can support low-income countries to address climate-induced losses and damages by making an initial pledge of \$100 million, in line with what similar economies in Europe have already pledged at COP28.

Allocate an initial \$100 million in 2024-2025 with future contributions yet to be determined

Humanitarian crises

The cost of global humanitarian response will double by 2050, which will have implications for Australia as a donor. Therefore, Australia needs a humanitarian budget fit for the future, which doesn't require us to take from development funds to respond to urgent-onset crises, and a development program that helps to reduce the root causes of humanitarian crises.

Australia's humanitarian assistance should be allocated in proportion to need, irrespective of where that need arises.

Humanitarian Emergency Fund

The Humanitarian Emergency Fund is the key source of funding for the Australian Government to respond to humanitarian needs as they emerge. It has not increased in the last six years despite a significant rise in global humanitarian need.

This injection will increase the ability to respond to increasing global crises, including immediate relief and famine prevention in critical hunger spots of Afghanistan, Syria, Yemen, and the Horn of Africa. It will also enable continued support for our pacific neighbors through cyclones and other climate-induced disasters.

Australia's humanitarian assistance should be allocated in proportion to need, irrespective of where that need arises. The world is experiencing more conflicts, which are more entrenched, more often, leading to 2024 seeing:

- One in five children living in or fleeing from conflict zones
- One in 73 people forcibly displaced
- Acute food security for 258 million people in 58 countries.

Allocate an additional \$150m per annum ongoing

A pathway to Australia's fair share of humanitarian funding

Climate change and shifting geopolitics are increasing the frequency and shape of humanitarian crises. As a growing number of countries globally become affected by protracted crises, the need for later-scale and longer-term responses is placing unsustainable pressure on humanitarian organisations.

Australia's fair share of humanitarian funding in 2024 is \$1.08b. The ODA Budget should map out a pathway to meet this over time, including through investments in disaster preparedness, protracted crises, conflict prevention and root causes.

This additional budget should enable humanitarian agencies and civil society to better prepare for and respond to humanitarian crises including by:

- Adequate resourcing within DFAT both at post and desk to ensure effective and successful implementation of Australia's new humanitarian policy and in turn, Australia's humanitarian program
- Scaling up investments in anticipatory action and disaster risk reduction programs that are both predictable and flexible
- Investing in building capacity to fund local actors in protracted crises and humanitarian responses

Allocate an additional \$350m per annum ongoing

Expand high-performing NGO programs

In 2022-23, Australian NGOs working through the ANCP supported over 4.8 million people, by delivering 402 projects in 50 countries. 77% of these projects were in the Indo-Pacific. Accredited NGOs represent a significant opportunity to leverage aid investments, maximizing their capacity to adapt to emerging needs.

Invest in the Australian NGO Cooperation program and leverage its in-built adaptive capacity

The Australian NGO Cooperation Program (ANCP) is a unique investment in Australian NGOs that both amplifies community support for the aid program and enables accredited NGOs to program funding maximising impact for millions of people in need every year. The 2022 independent evaluation of the ANCP found significant opportunity to invest in ANCP. This was reinforced by the 2023 accreditation and funding policy review which has indicatively recommended increasing the fixed funding allocation to NGOs, which could be achieved by increasing the overall allocation to the ANCP. The ANCP remains under-utilised in Australia's aid investments as a modality that can significantly boost the development program's capacity to manage risks and respond to crisis.

Complementing existing NGO funding such as ANCP, ACFID further recommends an additional investment in a pilot "crisis modifier" to support crucial injections of support to enable early action and rapid response within existing NGO country programs that build resilience and protect hard-won development gains. This investment would be demonstrative of the program's capacity to innovate in line with emerging donor best practice, and if successful, should be scaled accordingly in subsequent years.

Allocate an additional \$20 million per annum ongoing, and \$15 million in a pilot accredited NGO adaptive response pool.

There is a 4.2-trillion-dollar gap in financing required to achieve the SDGs by 2030 (OECD, 2021). Blended finance offers the potential to leverage significant investment from the private sector toward development outcomes.

Support NGO-led impact investment funds

To leverage the expertise of NGOs in non-grant development financing, establish a new window in existing impact investment funds which would:

- Enable co-investment by government and NGOs in projects that have positive development impact for people and communities in our region
- Increase the quality and availability of social impact technical assistance for existing investment portfolios
- Expand market building and financial inclusion programs currently run by NGOs (this builds the investment pipeline for funds, programs, and investors)
- Build networks in our region, laying the groundwork for future co-investment between government, the private sector, NGOs, and philanthropic organisations.

Allocate \$50 million per annum ongoing

Strengthen civic space and equality



One of the key commitments of the new International Development Policy is to deliver a new Civil Society Partnerships Fund that will support local civil society organisations. This Fund offers a critical opportunity for Australia to combat trends of rising illiberalism and shrinking civic space in our region.

A Civil Society Partnerships Fund to safeguard civic space and strengthen civil society

Supporting and strengthening civil society not only enables Australia to deliver more effective and locally led development cooperation – it also supports pluralism, strengthens effective and accountable governance, builds deeper partnerships, and contributes to stability. This investment will translate the ambition outlined in the new International Development Policy to tangible outcomes that see steps towards effective and accountable states that can sustain their own development.

Critical to the success of this Fund is internal policy and program management resources within DFAT on Governance. This would fulfill the recommendation of the JSCFADT to create a ‘CSO hub’ or expanded Governance Branch within DFAT.

Allocate \$80 million per annum ongoing

We welcome Australia’s first Inclusion and Equality Fund. In undertaking a rights-based approach to development Australia must continue partnering with civil society and prioritising locally-led approaches to realise a SOGIESC-inclusive approach to development.

Inclusion and Equality Fund

To continue Australia’s support for LGBTQIA+ human rights defenders and civil society organisations commit to sustained and targeted boosts to the Inclusion and Equality Fund. The work carried out by local LGBTQIA+ groups, human rights defenders and organisations facilitates openness, contributes to a growing and vibrant civil society and an inclusive region where the rights of all are upheld and supported.

Investments of this nature are most effective when delivered directly to local civil society. Local CSOs understand cultural and political context and are best placed to understand sensitivities and ensure the protection of LGBTQIA+ persons in their communities.

Allocate an additional \$11.5m per annum ongoing

The Government has shown a strong commitment to gender equality through mainstreaming targets. However more work is needed to address the root causes of gender inequality, especially through flexible, core support for women’s rights organisations.

Gender Equality Fund

The Gender Equality Fund is the primary mechanism for investment in specialised, fit for purpose programs and services that meet the unique needs of diverse women, adolescents and girls across the region.

Building on a strong evidence for what works in gender equality programs, the additional funding would enable DFAT to trial new approaches with a view to expanding successful initiatives through the bilateral program. This fund could also contribute to the locally led development agenda by prioritising funding to local, constituency-led organisations and movements, including through direct funding and via strong partnerships with accredited NGOs.

Allocate an additional \$35m per annum ongoing

Disability equity, rights and inclusion

As of December 2022, people with disabilities are 16% of the global population (an estimated 1.3 billion people). Australia is in a strong position to provide strategic intervention and reach those experiencing the most acute forms of poverty within our region and beyond by committing to increased resourcing along with mandatory requirements, and ambitious targets on disability inclusion in Australia's development program.

Increase central disability allocation funding

Increase DFAT's central disability allocation by \$7.1m in FY2024-25 to a minimum of \$20m annually and increase in line with year-on-year ODA growth.

The Central Allocation would utilise this increased investment for bespoke catalytic investments into disability movement building and strengthening, and boosting DFAT's capability to deliver on the strategy.

Increase to a minimum of \$20 million per year (\$7.1 million ongoing)

Disability equity as a 'core area for action' in Australia's development program

Establish a requirement that all new investments over \$3m will have a disability equity objective, in line with existing requirements for climate change and gender equality.

Set a 2030 target of 10 per cent of ODA being allocated to initiatives with disability equity as a principal objective, according to the DAC Disability policy marker.

Establish a target that 80 per cent of investments effectively address disability equity.

Above mandatory requirements are built into all new ODA Budget investments

Step up disability inclusion in the Pacific

Commit ongoing support to the Pacific Regional Mechanism beyond the co-design phase, to accelerate the implementation of the Pacific Framework for the Rights of Persons with Disabilities 2016-2025, including:

- Committing \$40 million over four years from 2024-2025 to the Pacific Regional Mechanism.
- Actively engaging with likeminded donors to provide support through the Mechanism.

Commit \$40 million over four years to the Pacific Regional Mechanism

Outcomes this investment will achieve

➤ **Respectful and trusted partnerships in our region**

The Government's strong start in building stronger relationships with countries in our region must be fulfilled. As people and governments in our region face rising poverty and grapple with the effects of the climate crisis they largely did not cause, any slowing of our support risks hampering the trust and goodwill we are building.

➤ **Stronger multilateral engagement to demonstrate leadership and credibility**

If Australia plans to host a COP with our Pacific Partners in 2030 and run for a seat on the Security Council for 2029-30, we must contribute our fair share on climate financing and humanitarian crises, including the food security crisis and humanitarian crises exacerbated by conflict in the Middle East and Africa.

➤ **Supporting our region on climate change adaptation and mitigation**

International development assistance is the primary avenue for Australia to support climate adaptation and clean energy transitions in our region, though any funding must be additional to ODA to meet Australia's fair share of climate finance. Climate adaptation and resilience improves development outcomes in a wide range of areas, strengthens Australia's relationships with regional partners, and is a protective factor to achieving lasting peace and security in the Indo-Pacific region.

➤ **Stronger regional security and people-to-people links for the next generation**

In one of the most contested geostrategic environments since WWII, Australia can invest more deeply in helping solve human development challenges in health, education, agriculture, position our technical expertise, and build people-to-people connections for the coming generation.



THANK YOU



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