

Prosperity in the Indo-Pacific: The Role of Australian Aid



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

ACFID Submission to the 2018-19 Federal Budget

December 2017

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 21 affiliates operating in more than 95 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.9 billion (2016), \$930 million of which is raised from over 1.5 million Australians (2016). 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 the Indo-Pacific and around the world.

Australia's Aid Program Supports Our Response to a Changing Global Order

A strong and effective aid program is central to a coherent foreign policy response by Australia in an increasingly competitive Indo-Pacific region. China's rise and growing assertiveness; Australia's changing demography; and the fraying of our postwar international and domestic social contracts form the context in which we must establish our budget priorities.

In this context, Australia's search for continued prosperity depends more than ever on the wellbeing of communities in the Indo-Pacific region. In turn, this wellbeing depends upon Australia actively promoting peace and human security; stability and social cohesion; democracy and human rights; climate action and justice; ameliorating inequality; and generating sustainable and inclusive economic growth. Australia's participation in meeting commitments under global agreements – such as the Sustainable Development Goals (SDGs) and the Paris Agreement – provide both principles and means for boosting the wellbeing of communities in our region, and for Australia's continued prosperity.

Australia's aid program is an essential vehicle through which Australia can take its efforts to meet these commitments up to a new scale. It is also a crucial outlet for representing and projecting Australian values and facilitating Australian diplomacy. As a key means of enhancing development and prosperity, and a vital contribution to shaping the new global order, aid should be assigned the same level of priority as defence, trade and diplomacy within Australia's foreign policy architecture.

Aid and Innovation

The aid program is also an engine for innovation and for enabling communities to generate solutions to meet their own development needs. The central role played by Australia's international aid and development NGOs in delivering innovative, human-centred solutions to development challenges is built on their capacity to connect Australian communities directly with those involved in such projects. Through the connections that result, Australia's aid spend can help unlock diverse, multisector collaborations focused on global challenges such as climate change, poverty, inequality, state fragility, and the human and natural impacts of conflict and disasters.

The need for such collaborative problem-solving is greater than ever, and is a key counter-force to rising tides of nationalism and isolationism in Western liberal democracies. Those who least benefit from globalisation are increasingly making their dissatisfaction known, while the far right of politics is garnering political traction by channeling such grievances towards isolationist ends. In contrast, delivering the priorities of Australia's 2017 Foreign Policy White Paper will require the Australian Government to actively support Australia's interest in collaborative multilateralism, shared prosperity, climate action and justice, and inclusive development.

Historic Decline

The 2015-16 Federal Budget cut Australia's aid budget by \$1 billion or 20 per cent. Over four years to 2017-18, Australia's aid budget was cut by \$3.7 billion, equivalent to axing a quarter of Australia's Overseas Development Assistance (ODA).¹ Many successful, high-impact poverty alleviation programs in many developing nations were arbitrarily curtailed as a result. This decision cast millions of people aside from the Australian aid program in a rushed and uncaring fashion. Australia's international reputation was affected, as we became known not for our generosity and effectiveness but for our

¹ Commonwealth of Australia, Treasury, Mid-Year Economic and Fiscal Outlook 2014-15. http://www.budget.gov.au/2014-15/content/myefo/html/03_part_3.htm

capriciousness and as a fair-weather friend. This is a stain on our reputation that we are yet to remove, and should make a great effort to remedy.

This was the single biggest cut since Australia's aid program was first established in the wake of the Second World War, bringing Australia's total aid investment to its lowest point, as a percentage of Gross National Income (GNI),² since records began.



Figure 1: Chart tracking Australia's aid program investment against GNI over time. Future years are sourced from current government projections, as reflected on <http://devpolicy.org/aidtracker/trends/>

Running the aid budget at national historic lows has placed a range of avoidable constraints around aid program delivery. This includes the effective phasing out of Australia's aid program in Africa, a region that continues to require extensive development assistance to meet its people's aspirations for security and prosperity (see recommendation 10 below). 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 (earning less than \$1.90 per day). By 2025, Africa will house half of the world's extreme poor. Australian divestment from African aid signals that we are turning our back on African societies and their postcolonial development aspirations.

Another significant, artificial constraint on action is Australia's compromised response to climate change (see recommendation 5 below). In 2015 Australia pledged \$1 billion over five years for spending on climate initiatives, including \$50 million per annum over four years allocated to the Green Climate Fund. At roughly \$200 million per annum, this allocation was in line with current levels

² The Organisation for Economic Development (OECD), which governs inter-governmental agreements around Official Development Assistance (ODA), uses aid volume as a percentage of Gross National Income as the standard measure for comparing giving across donor countries. <https://data.oecd.org/oda/net-oda.htm>

of climate expenditure and effectively amounted to a decision by the Government not to make any new public funding available for international climate action.

The result is an unsatisfactory effort that is beginning to affect Australia's international reputation, especially in the Pacific. Despite Australia's interest in a 'step change' in Pacific engagement, and the Pacific's prominence in the Foreign Policy White Paper, the region's Small Island Developing States increasingly question Australia's commitment to supporting development and especially climate adaptation outcomes. The high-performing Community-Based Climate Change Action Grants (CBCCAG) program, for example, has been discontinued, seemingly ignoring the voices of Australia's Pacific partners who are already on the front lines of climate adaptation.

This enormous budget reduction has had, and will continue to have, a substantial impact on the reach, capacity and mode of delivery of the Australian aid program. It also puts Australia's reputational credibility under strain with many international partners, and is likely to be insufficient for delivering outcomes named as priorities for the Indo-Pacific region in the 2017 White Paper.

Aid Program Benefits

The aid program's contribution to our national prosperity has been well established, compounding the short-sightedness of the cuts. Recent analysis of Australian export and aid data from 1980 to 2013 by Australian National University (ANU) researchers has demonstrated that every dollar spent on Australian aid resulted in an average of \$7.10 in Australian exports to aid recipient nations over the period in question.³ In addition, the aid program is ranked highly against international measures of aid quality, even despite a decline in aid transparency at the project level.

ACFID's Budget Submission

Australian aid brings humanitarian, security and development benefits to our neighbours and nations around the world, while providing opportunities for Australia to establish a new and prosperous place for itself in a multipolar global order. ACFID's budget submission outlines key expenditure areas to which Australian aid can be directed to respond to these opportunities.

Consistent with this ambition, and with close consideration of the Government's Foreign Policy White Paper, ACFID has presented a series of recommendations on priority areas in 2018-19 and over the forward estimates. These recommendations are in line with our proposed increase in overall ODA, taking ODA expenditure to 0.7 per cent of GNI by 2030.

³ Matthew Dornan and Sabit Otor, 'How does Australian foreign aid impact Australian exports?' <http://devpolicy.org/australian-foreign-aid-impact-australian-exports-20170929/>

Executive Summary of Strategic Policy and Budget Recommendations

No.	Recommendation	Page
1	Rebuild the Aid Program	8
1.1	Rebuild the aid budget by setting a trajectory that ensures funding predictability and ensures aid levels reach 0.7 per cent of GNI by 2030	8
2	Invest in Boosting Aid Effectiveness	9
2.1	Invest in an effective aid program by ensuring funding predictability and transparency	9
2.2	Increase funding for the Australian NGO Cooperation Program (ANCP) by \$30 million	9
2.3	Ensure the release of the Orange and Green Books as part of the official budget papers, adding forward estimates and greater program details at country, regional and thematic levels	10
2.4	Reinvest in recruiting development experts to DFAT to rebuild development skills across the Department	10
2.5	Elevate the importance of development internally within DFAT, with similar priority and weight to diplomacy and trade	10
2.6	Increase aid communication, engagement and education on the priorities and outcomes of the aid program, to build public understanding and awareness	11
3	Embed the Sustainable Development Goals (SDGs) throughout – and beyond – the Aid Program	11
3.1	Make eliminating poverty and achieving the SDGs the primary purpose of Australia’s aid program	12
3.2	Develop a whole of government, national strategy to implement the SDGs across all government policies	11
3.3	Establish a multisector reference group to the 2030 Agenda Inter-Departmental Committee	12
3.4	Invest AUD \$2 million over 5 years in a “Leave No One Behind” Incentive Fund	12

4	Transform Gender Relations to Unlock Further Development	12
4.1	Strengthen mechanisms to transform unequal gender relations and assess the way in which all investments address gender equality	12
4.2	Re-invest in sexual and reproductive health rights programming by setting an investment target of \$50 million per annum.	13
4.3	Allocate adequate resources to the proposed Modern Slavery Commissioner to establish a robust and gender aware system to engage and support all internationally trading Australian businesses in removing modern slavery from their supply chains	14
4.4	Resource the development of a Second National Action Plan (NAP) on Women, Peace and Security (2019) including ongoing civil society engagement	14
5	Invest in Climate Action, Adaptation and Resilience to Enhance Human Development and Human Security	15
5.1	Scale up Australia's climate finance commitments to AUD \$600 million per annum in public funding, increasing to AUD \$1.6 billion over five years	15
5.2	Dedicate around 60 per cent of all climate finance mobilised from public and private sources to adaptation projects and programs	16
5.3	Reestablish a program of community adaptation grants for use in the Indo-Pacific, through which assistance should be targeted to the most vulnerable	16
5.4	Design a comprehensive climate change strategy that aligns Australia's domestic and international action with its 2015 Paris Agreement commitments	16
6	Invest in Humanitarian Effectiveness	17
6.1	Contribute Australia's fair share of global humanitarian financing by increasing humanitarian program funding to at least AUD \$572.9 million in 2018-19	17
6.2	Within the fair share total, allocate AUD \$200 million per annum for multi-year funding commitments to protracted crises	18
6.3	Within the fair share total, increase the Humanitarian Emergency Fund to AUD \$250 million per annum	18
6.4	Within the fair share total, develop and pilot a Localisation Fund to channel emergency response funding as directly as possible to national and local actors in the Indo-Pacific	19

6.5	Increase investment in disaster risk reduction programming to at least 5 per cent of ODA, in addition to Australia's humanitarian program funding	19
7	Invest in Education to Reduce Inequality	20
7.1	Pledge \$200 million to the Global Partnership for Education in 2018 for the three years to 2020	20
8	Develop a Youth Strategy for the Aid Program	20
8.1	Review current approaches and total spend on youth participation across the aid program	21
8.2	Pilot mainstreaming youth participation in existing programs, as a first step towards developing a youth strategy for the aid program	22
9	Realise Children's Rights	22
9.1	Commit AUD \$10 million over 3 years to realising children's rights	22
9.2	Strengthen protection systems for children in conflict with the law	23
9.3	Set a benchmark that ensures 20 per cent of aid programming directly addresses children's rights	23
10	Reinvest in Africa	23
10.1	Rebuild Australian aid to Africa to at least AUD \$100 million per annum over five years	24
11	Support Water, Sanitation and Hygiene Initiatives	24
11.1	Increase Water for Development funding from the 2017-18 base of \$106.6 million, to reach 5 per cent of the total Australian aid budget by 2020, currently projected at \$200.5 million.	24
11.2	Within the total for Water for Development, double funding for Basic WASH programs to a total of \$95.8 million in 2018-19, and half of total Water for Development funding in future years	25
12	Engage More Actively with Diasporas	25
12.1	Establish a \$3 million pilot fund over three years to support a grant window for Australian-based diaspora organisations working in humanitarian, peacebuilding and development in their countries or regions of origin.	26
12.2	Invest in learning and research on diaspora engagement in development and humanitarian response	26

13	Invest in Research for an Evidence-Informed Aid Program	26
13.1	Invest \$20 million in development research to increase the evidence base for the effectiveness of the aid program	26
14	Increase Resources for Disability Inclusive Development (DID)	27
14.1	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	27
14.2	Introduce a percentage target for Australian aid investments performing satisfactorily or better on disability inclusion	27

Recommendations

1. Rebuild the Aid Program

1.1 Rebuild the aid budget by setting a trajectory that ensures funding predictability and ensures aid levels reach 0.7 per cent of GNI by 2030

As a proportion of GNI, Australia's investment in its aid program (ODA) is at its lowest point since records began.⁴ We have reached this low point at precisely the time when our foreign policy community has listed "an open, inclusive and prosperous Indo-Pacific region" as one of our five "objectives of fundamental importance," and power in the region is increasingly contested.⁵

This region has experienced world-changing economic growth since decolonisation, and is home to our most important economic and security partners, as well as the source of a growing proportion of migrants to Australia. It also hosts widening urban and urban-rural inequality; uneven access to sanitation; critical infrastructures that are vulnerable to climate impacts; and in many cases, a narrowing public sphere in which civil society organisations (CSOs) can hold governments to account.

Overlaying these changes, the region is also an arena in which a contest of global proportions between China and the United States is gaining momentum. In geopolitical conditions that are increasingly shaped by this contest, the aid program should be recognised as a critical pillar of Australia's diplomatic efforts. Indeed, the program offers a wide range of opportunities for Australia to project its values into the region, and to protect and advance its interests by doing so.

The aid program should be rebuilt on a trajectory towards 0.7 per cent of GNI by 2030, in line with the commitment Australia made when signing on to the 2030 Agenda for Sustainable Development (2030 Agenda) and its SDGs in 2015. This trajectory will require yearly increases to the budget.

Aid is most effective when it is predictable and stable. Delivering aid dividends takes time through building relationships with local partners and adapting to local contexts. A lack of predictability is hard for recipients to plan around, and has been shown to make aid less effective. Any approach to delivering on this commitment which delays budget scale-up to the out years, or freezes and unfreezes the trajectory year on year, is unlikely to be viewed as a principled commitment to effective aid delivery. While there is any number of possible pathways to 0.7 per cent GNI, a realistic approach – able to be delivered on by successive governments – should be planned, stepped and predictable.

In the first instance, the Australian Government should commit to growing the aid budget by 10 per cent each year for the next six years, to the 2024-25 financial year. On current assumptions, that trajectory will restore Australia's aid budget to 0.33 per cent of GNI, as a minimum first step towards reaching 0.7 per cent of GNI by 2030.

⁴ 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

⁵ Department of Foreign Affairs and Trade: 2017 Foreign Policy White Paper. <https://www.fpwhitepaper.gov.au/>

Financial Year	Projected ODA \$m (2017)	Projected GNI \$m	ODA/GNI ratio	Recommendation (10% Growth)	Additional Investment \$m	Recommended ODA/GNI ratio
2018-19	4,010.00	1,796,208.97	0.22%			
2019-20	4,010.00	1,850,095.24	0.22%	4,411.00	401.00	0.24%
2020-21	4,010.00	1,905,598.10	0.21%	4,852.10	842.10	0.25%
2021-22	4,100.23	1,962,766.04	0.21%	5,337.31	1,237.09	0.27%
2022-23	4,192.48	2,021,649.02	0.21%	5,871.04	1,678.56	0.29%
2023-24	4,286.81	2,082,298.49	0.21%	6,458.15	2,171.33	0.31%
2024-25	4,383.26	2,144,767.45	0.20%	7,103.96	2,720.70	0.33%

Figure 2: A proposed trajectory for rebuilding the aid program taking investment in ODA to 0.7 per cent of GNI by 2030.

2. Invest in Boosting Aid Effectiveness

2.1 Invest in an effective aid program by ensuring funding predictability and transparency

The Busan Partnership recognises funding predictability as one of its core principles, and OECD studies indicate that aid effectiveness is reduced by 15 to 20 per cent when it is delivered in an unpredictable manner.

Uncertainty about future resources hampers budgetary decisions and can impede the implementation of longer-term programs and reforms. The lack of funding predictability undermines the potential for Australia's aid program to help the poorest in our region rise out of poverty.

Rebuilding the aid program in line with Recommendation 1 above will assist in underwriting funding predictability, thereby enhancing aid effectiveness.

2.2 Increase funding for the Australian NGO Cooperation Program (ANCP) by \$30 million

The latest Australian NGO Cooperation Program (ANCP) Aid Program Performance Report confirms that the 54 ANCP-funded NGOs deliver effective programs, improving the lives of 12.8 million people and working with 2,113 partners to implement 507 projects in 58 countries in 2016-17.⁶

This achievement is despite an increasingly constricted environment for CSOs 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.

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 \$30 million 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

⁶ Department of Foreign Affairs and Trade. *Aid Program Performance Report 2016-17: Australian NGO Cooperation Program (ANCP)*, November 2017. <http://dfat.gov.au/about-us/publications/Documents/ancp-appr-2016-17.pdf>

their work in maintaining democratic gains in partner nations across the Indo-Pacific – an aim Australia shares.

2.3 Ensure the release of the Orange and Green Books as part of the official budget papers, adding forward estimates and greater program details at country, regional and thematic levels

Public funding needs to be publicly accountable. The introduction of the new Green and Orange Books were important contributions to aid transparency, yet there remain several ways in which transparency could be enhanced, including by addressing the lack of detailed information on individual programs. Forward estimates for the total aid program, as well as regional and thematic areas, are also no longer made public, to the detriment of accountability.

The Department of Foreign Affairs & Trade (DFAT) should build on the Green and Orange Books by adding forward estimates and greater program details at the country, regional and thematic levels.

2.4 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.⁷

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.

2.5 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.

⁷ Wood, Terence, Burkot, Camilla and Howes, Stephen. "Australian Aid: Signs of Risk," in *DevPolicyBlog*, 2016. <http://devpolicy.org/australian-aid-signs-of-risk-20160211/>

2.6 Increase aid communication, engagement and education on the priorities and outcomes of the aid program, to build public understanding and awareness

Between 1984 and 2011, successive reviews have recommended that AusAID (now DFAT) increase its efforts to communicate the value of Australia's aid program to the Australian public.

Nevertheless, with AusAID's merger into DFAT, its blog, magazine and social media channels were lost, and these communication channels have not been reestablished. As a result, despite the proliferation of accessible platforms and reduced transaction costs in performing digital work, official efforts to communicate the benefits of the aid program have been limited.

The Foreign Policy White Paper has recognized the value of digital engagement as a channel for Australian soft power, and DFAT is now in the second year of its Digital Media Strategy, which outlines the value of specialist recruitment, content generation and multimedia engagement.⁸

Australia should scale up its efforts to communicate the value of its aid program to Australian and international publics, and embed aid and development communication at the heart of its efforts to upgrade its digital diplomacy.⁹

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

3.1 Make eliminating poverty and achieving the SDGs the primary purpose of Australia's aid 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 will deliver 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 aid 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 aid 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 aid 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 aid program, covering innovation and economic growth, urban planning and

⁸ Commonwealth of Australia, DFAT, Digital Media Strategy 2016–18, Nov 2016. <http://dfat.gov.au/about-us/publications/corporate/Documents/digital-media-strategy-2016-18.pdf>

⁹ Ashlee Betteridge, Communication post-integration: reloading Australia's efforts, ANU Development Policy Centre Policy Brief 15, August 2016. http://devpolicy.org/publications/policy_briefs/PB15CommunicationPostintegration.pdf

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 will be 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 aid 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.

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

The Australian Government has 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). This is a welcome development.

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.

3.4 Invest AUD \$2 million 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 Setting a target to increase expenditure on aid investments which list gender equality as a principal objective. In 2015 the Australian Government reported that 6 per cent of investments listed gender equality as a principal objective. The government should set targets of 8 per cent by 2020 and 10 per cent by 2025
- 4.1.3 Setting a target to increase expenditure on aid investments which target women's equality organisations and institutions (reported at 2.34 per cent in 2015). 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. 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, as assessed in the Performance of Australian Aid Report 2015-16, as are efforts to communicate this progress.¹⁰ For example, initiatives that identified gender equality as an objective at commencement continued to have higher performance ratings on gender equality compared with initiatives that did not list gender equality as an objective.

Nevertheless, initiatives where gender equality is the "principal" objective constitute only 6 per cent of Australia's aid investment. This low figure persists despite the strategy committing DFAT to a twin-track approach of implementing both gender-targeted spending on the one hand, and, on the other, gender initiatives that are mainstreamed across the aid program.

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

¹⁰ For more details, refer to Commonwealth of Australia, DFAT, Performance of Australian Aid 2015-16, May 2017. <http://dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2015-16.aspx>

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.

Yet Australia's investment in family planning through the aid program has been halved between 2013-14 and 2015-16 financial years to AUD \$23.7 million; accounting for just 0.6 per cent of Australia's ODA. Australia's commitment to family planning now falls far below the United Kingdom, for example, whose investment in family planning support accounted for 1.4 per cent of ODA in the 2015-16 financial year.

The Australian Government should restore this investment and allocate AUD \$50 million 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 Allocate adequate resources to the proposed Modern Slavery Commissioner to establish a robust and gender aware system to engage and support all internationally trading Australian businesses in removing modern slavery from their supply chains

The 2017 final report of the Foreign Affairs, Defence and Trade Joint Standing Committee Inquiry into Establishing a Modern Slavery Act recommended that the Australian Government introduce a Modern Slavery Act for Australia, as well as appointing an Independent Anti-Slavery Commissioner. Given the gendered dimensions of modern slavery, the proposed Modern Slavery Commissioner should ensure a gendered lens is applied to the implementation of the proposed Act.

Modern slavery is a human rights violation that particularly effects women and girls. The Indo-Pacific region has the largest number of victims of forced labour in the world, amounting to around 11.7 million people in 2012, 55 per cent of whom are women and girls. Human trafficking disproportionately affects women and girls, since 70 per cent of all victims detected worldwide – and 98 per cent of those trafficked in the sex industry – are female.

Australia is not immune. The Global Slavery Index 2013 estimates that at least 3,000 people are living as slaves in Australia, many of whom are migrant women trapped in domestic and sexual servitude or forced labour.

4.4 Resource the development of a 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:

4.4.1 Implementing, monitoring and evaluating actions under the Second NAP

4.4.2 Supporting a whole-of-government secretariat to coordinate the Second NAP

4.4.3 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.

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

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. 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.

5.1 Scale up Australia's climate finance commitments to AUD \$600 million per annum in public funding, increasing to AUD \$1.6 billion over five years

In addition:

5.1.1 Use this public funding to mobilise a total of AUD \$3.2 billion per annum from all sources within five years

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

This figure should increase to \$1.6 billion by 2020, 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 AUD \$3.2 billion per annum by 2020, a figure which represents 2.4 per cent of the global Roadmap to USD \$100 Billion. It also represents Australia's fair share of the international goal, as calculated by academics and international aid and development NGO, Oxfam.¹¹

Presently, Australian Government commitments to climate finance fall far short of these targets – although Australia has committed \$1 billion 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 compromised) ODA budget.

Of the \$1 billion committed, \$200 million represents Australia's allocation to the Green Climate Fund (GCF). Australia's investment in providing leadership to the GCF is welcome and appropriate.

¹¹ 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>

Nevertheless, half of all GCF allocations have been found to have reached private sector finance initiatives, instead of reaching poor or otherwise vulnerable communities.¹²

5.2 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 \$3.2 billion per annum, around 60 per cent of funds (or \$1.92 billion 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 USD \$4-8 billion flowed specifically to climate adaptation, far short of the cost in developing countries, which is projected to range from USD \$140-300 billion a year by 2030, and USD \$280-500 billion a year by 2050.

5.3 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 \$599 million "fast start" commitment in 2010-13, with a funding allocation of \$16.9 million 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.¹³ Its projects were 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.

5.4 Design a comprehensive climate change strategy that aligns Australia's domestic and international action with its 2015 Paris Agreement commitments

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.

¹² Hiroko Tabuchi, 'UN Climate Projects, Aimed at the Poorest, Raise Red Flags,' *The New York Times* 16 November 2017. <https://nyti.ms/2jvMiID>.

¹³ Griffin NRM, 'Independent evaluation of the Community-based Climate Change Adaptation Grants Program – main evaluation report'. <https://dfat.gov.au/about-us/publications/Documents/community-based-climate-change-action-grants-independent-review-2016.pdf>

The government should design and implement such a strategy to unite and amplify climate action efforts across Australia's aid program. 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 2030.¹⁴

6. Invest in Humanitarian Effectiveness

On 31 October 2017 the United Nations increased its appeal for global humanitarian funding to an unprecedented US\$24.1 billion, to meet the immediate needs of 105.1 million people in 39 countries.¹⁵ The large and growing number of crisis-affected people across the globe continues to increase, fueled by crises encompassing complex combinations of factors including escalating conflicts; the increasing scale and frequency of natural hazards; and unprecedented displacement.¹⁶

One such crisis currently facing the humanitarian community is evident in the more than 620,000 Rohingya refugees who have fled from Myanmar into Bangladesh since 25 August,¹⁷ making this situation the world's fastest-growing refugee crisis.¹⁸ Another example is the Democratic Republic of the Congo, where, since January 2017, the number of people in need has grown from 7.3 million to more than 8.5 million people.¹⁹ Yemen is yet another example – within an escalating conflict, accompanied by chronic food insecurity and a near collapse in public health infrastructure, the country is also experiencing the fastest-growing cholera epidemic on record. The number of suspected cases is expected to reach one million by the end of the year.²⁰

6.1 Contribute Australia's fair share of global humanitarian financing by increasing humanitarian program funding to at least AUD \$572.9 million in 2018-19

Humanitarian financing has not kept pace with growing global needs. In 31 October 2017 there was a 51 per cent shortfall in global funding for humanitarian appeals, leaving a gap of US\$12.3 billion.²¹

The Foreign Policy White Paper outlines Australia's commitment to increasing our humanitarian funding to AUD \$500 million per annum. This is a welcome increase, yet it does not go far enough

¹⁴ 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

¹⁵ UNOCHA, 'Global Humanitarian Overview 2017'.

https://www.unocha.org/sites/unocha/files/Humanitarian%20Funding%20Update_GHO_31OCT2017.pdf

¹⁶ Development Initiatives, 'Global Humanitarian Assistance Report 2017'. <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>

¹⁷ UNHCR, 'Home-made rafts arriving from Myanmar / Refugee population density soaring'. <http://www.unhcr.org/en-au/news/briefing/2017/11/5a0eb2b74/home-made-rafts-arriving-myanmar-refugee-population-density-soaring.html>

¹⁸ UNOCHA, 'Rohingya Refugee Crisis', <https://www.unocha.org/rohingya-refugee-crisis>

¹⁹ 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/BudgetReview2015/6/Aid

²⁰ UNOCHA, 'Yemen: Fastest growing cholera epidemic ever recorded brings number of cases to 895,000'.

<http://www.unocha.org/story/yemen-fastest-growing-cholera-epidemic-ever-recorded-brings-number-cases-895000>

²¹ 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/BudgetReview2015/6/Aid

towards reaching Australia's fair share of global humanitarian finance requirements, which would require an AUD \$572.9 million allocation against the global call for USD \$22.5 billion in 2018.²²

As the Grand Bargain states, addressing the deficit in humanitarian funding requires an ambitious, global and collective response.²³ The Australian Government should go the final mile towards meeting global needs through contributing its fair share of at least AUD \$572.9 million in humanitarian program funding in 2018-19.

This fair share amount should be allocated across the humanitarian priorities outlined below.

6.2 Within the fair share total, allocate AUD \$200 million per annum for multi-year funding commitments to protracted crises

The 2018 Global Humanitarian Overview (GHO) shows that protracted crises will continue to drive increasing humanitarian need over the coming year.²⁴ The Grand Bargain calls for a commitment to increasing collaborative humanitarian multi-year planning and funding.²⁵

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.²⁶

Multi-year funding allows for more responsive and effective programming, linking humanitarian, development and peace-building agendas to achieve collective outcomes, including building crisis resilience and addressing the root causes of crises.

The Australian Government has already made the welcome commitment to multi-year funding for protracted crises in Syria and Iraq. To meet growing needs, however, and to respond more effectively, the government should increase multi-year funding to protracted crises to at least AUD \$200 million per annum from 2018-19.

Additional multi-year packages for countries or regions experiencing protracted crises, such as Yemen, South Sudan, Somalia, and Myanmar/Bangladesh, should also be developed, with a goal of designing multi-year response packages for at least five countries/regions by the end of 2018-19.

The Australian Government should work with humanitarian partners, including Australian NGOs, to select and design these packages.

6.3 Within the fair share total, increase the Humanitarian Emergency Fund to AUD \$250 million 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

²² This figure represents a calculation made by international aid and development NGO Oxfam, sharing the global call between High and Upper Middle-Income Nations as defined by the World Bank in its World Development Indicators. For more information, refer to

<https://data.worldbank.org/data-catalog/world-development-indicators>

²³ IASC, 'The Grand Bargain – A Shared Commitment to Better Serve People in Need'.

https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf

²⁴ UNOCHA, 'Global Humanitarian Overview'. <https://www.unocha.org/sites/unocha/files/GHO2018.PDF>

²⁵ IASC, 'The Grand Bargain – A Shared Commitment to Better Serve People in Need'.

https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf

²⁶ UNOCHA, '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

Assistance (GHA) report ranks the top 20 humanitarian donors by percentage of GNI. Australia slipped from 12th place in 2009 to 20th place in 2015, and had fallen off the Top 20 by 2016.²⁷

Home to seven out of the ten most “at risk” countries,²⁸ the Indo-Pacific is the most disaster-prone region in the world.²⁹ The region accounts for 84 per cent of individuals affected by natural disasters in any given year. Increasing the Emergency Fund by \$100 million, bringing the total to \$250 million, 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.

6.4 Within the fair share total, develop and pilot a Localisation Fund to channel emergency response funding as directly as possible to national and local actors in the Indo-Pacific

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 take a leading role in humanitarian responses. In adopting the Grand Bargain at the World Humanitarian Summit in 2016, key international humanitarian actors have committed to ensuring that responses reinforce and do not replace national and local capacity.³⁰

For localisation to move from rhetoric to reality, a major reallocation of power and resources to national and local actors must occur. The first independent annual report on the Grand Bargain confirmed that although 73 per cent of signatories had increased their investment in multi-year capacity building support for national and local actors, only 34 per cent of signatories had increased their funding to national and local actors as directly as possible.³¹ The report states that direct funding to national and local actors remains “a distant goal” based on current funding limitations.³²

To contribute to meeting the Grand Bargain commitment of channeling at least 25 per cent of funds as directly as possible to national and local actors by 2020, and in line with the DFAT Humanitarian Strategy guiding principle to “supplement – not substitute – national and local efforts,”³³ the Australian Government should develop and pilot a Localisation Fund with which to channel emergency response funds as directly as possible to national and local actors in the Indo-Pacific.

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

In 2016, 342 disasters affected 564.4 million people,³⁴ and caused US\$154 billion in economic damage.³⁵ Tropical Cyclone Winston, which struck Fiji in February 2016, affected approximately 62 percent of the nation’s population. It caused approximately US\$900 million in damage and losses,

²⁷ Development Initiatives, ‘Global humanitarian assistance report 2017’. <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>

²⁸ Bündnis Entwicklung Hilft, ‘World Risk Report 2017’, p. 40. https://reliefweb.int/sites/reliefweb.int/files/resources/WRR_2017_E2.pdf

²⁹ UNOCHA, ‘Major Natural Hazards in Asia and the Pacific’. https://reliefweb.int/sites/reliefweb.int/files/resources/OCHA_ROAP_Hazard_Oversize_2017.pdf

³⁰ IASC, ‘Grand Bargain’. https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf

³¹ IASC, ‘Grand Bargain’, p. 38. https://interagencystandingcommittee.org/system/files/nn_-_grand_bargain_report_final.pdf

³² IASC, ‘Grand Bargain’, p. 40. https://interagencystandingcommittee.org/system/files/nn_-_grand_bargain_report_final.pdf

³³ DFAT, ‘Humanitarian Strategy’, p. 6. <http://dfat.gov.au/about-us/publications/Documents/dfat-humanitarian-strategy.pdf>

³⁴ Of this figure, 330 million people were affected by the impact of drought in India, the highest reported number of people ever impacted by a disaster.

³⁵ UCL, CRE, ‘Annual Disaster Statistical Review’. https://reliefweb.int/sites/reliefweb.int/files/resources/adsr_2016.pdf

approximately equivalent to one fifth of the nation's GDP,³⁶ and 15 times Australia's estimated ODA to the country in 2016-17.

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 progress in reducing underlying risk factors through addressing poverty, environmental degradation, poor governance, rapid urbanisation and unsustainable land use practices.³⁷

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 aid 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.

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 Pledge \$200 million to the Global Partnership for Education in 2018 for the three years to 2020

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

The next GPE Financing Conference, hosted by France, will be held in Dakar, Senegal in 2018. It seeks to raise USD \$3.1 billion in donor government contributions from 2018 to 2020, with complementary increases in domestic financing by developing country governments and contributions by foundations

³⁶ GFDRR, Government of Fiji, 'Post-Disaster Needs Assessment'.

[https://www.gfdrr.org/sites/default/files/publication/Post%20Disaster%20Needs%20Assessments%20CYCLONE%20WINSTON%20Fiji%202016%20\(Online%20Version\).pdf](https://www.gfdrr.org/sites/default/files/publication/Post%20Disaster%20Needs%20Assessments%20CYCLONE%20WINSTON%20Fiji%202016%20(Online%20Version).pdf)

³⁷ UNISDR, 'UN Secretary-General: Sendai Framework is essential to achieving the SDGs'.
<http://www.unisdr.org/archive/55482>

and the private sector. In addition, the International Commission on Financing Global Education Opportunity, a forum of global leaders convened to remedy the education financing crisis, has called for a growing education investment trajectory which should reach USD \$2 billion per annum by 2020, and USD \$4 billion per annum by 2030.

To date, the Australian Government has contributed USD \$398 million or 8.3 per cent of donor funding received by the GPE since 2003. This support is helping to make a significant contribution to extending education access to children and youth, including girls, so that more children complete lower secondary school, more teachers are trained, more classrooms are built, and more textbooks are distributed.

The government should continue to help set the pace of donor funding for education by pledging AUD \$200 million to the GPE Replenishment in 2018 for the three years to 2020. This pledge will assist the GPE to mobilise USD \$2 billion per annum by 2020.

8. Develop a Youth Strategy for the Aid 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.³⁸

8.1 Review current approaches and total spend on youth participation across the aid 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 aid 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 aid program to better allocate resources for maximising the opportunities of youth participation.

³⁸ Lin, Justin Yifu, ‘Youth Bulge: A Demographic Dividend or Demographic Bomb in Developing Countries?’ *Let’s Talk Development*, World Bank, 2012. <https://blogs.worldbank.org/developmenttalk/youth-bulge-a-demographic-dividend-or-a-demographic-bomb-in-developing-countries>

8.2 Pilot mainstreaming youth participation in existing programs, as a first step towards developing a youth strategy for the aid 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 aid 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.

9. 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 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.³⁹

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.⁴⁰

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.⁴¹

9.1 Commit AUD \$10 million over 3 years to realising children's rights

Australian aid spending on initiatives aimed at ending child violence totaled \$92 million in 2015, whereas Canada, the best performer in this area, spent three times that amount at \$319 million, the United States spent \$211 million and Sweden spent \$191 million.⁴²

Increasing Australia's spending by an additional \$10 million 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.

³⁹ UNICEF, 'A Post-2015 World Fit for Children, An Agenda for Every Child'.

https://www.unicef.org/agenda2030/files/P2015_issue_brief_set.pdf

⁴⁰ 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

⁴¹ For more information, refer to the Bucharest Early Intervention Project, 2017.

<http://www.bucharestearlyinterventionproject.org/>

⁴² 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>

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.

9.2 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.

9.3 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 aid 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. 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.

10.1 Rebuild Australian aid to Africa to at least AUD \$100 million 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 \$7.6 billion,⁴³ 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 our Australia Awards.⁴⁴ 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 \$30 billion.⁴⁵

There is strong Australian public support for NGO poverty alleviation work in Africa, in addition to the ad hoc support received for humanitarian crises. Australian NGOs programmed \$135 million of community funds raised in Africa programs in 2014-15.

The government should end its divestment and rebuild Australia's bilateral aid to Africa to at least \$100 million 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 aid program should be Southern and Eastern Africa, including Ethiopia and South Sudan.

11. 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 and sanitation unlocks improvement across other development areas, including health, nutrition, education, and economic growth. Without strong investment aimed at ensuring more people have access to water and sanitation, the effectiveness of Australia's other aid spending will be undermined. All of this must be done while assisting countries to sustainably manage increasingly scarce water resources.

11.1 Increase Water for Development funding from the 2017-18 base of \$106.6 million, to reach 5 per cent of the total Australian aid budget by 2020, currently projected at \$200.5 million.

In the context of recent dramatic cuts to the aid 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 aid program devoted to WASH initiatives has also decreased.

⁴³ Commonwealth of Australia, DFAT, Africa and the Middle East, 2017. <http://dfat.gov.au/geo/africa-middle-east/pages/africa-region-brief.aspx>

⁴⁴ Commonwealth of Australia, 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>

⁴⁵ Commonwealth of Australia, DFAR, Australia and Sub-Saharan Africa, 2015-16. <http://dfat.gov.au/about-us/publications/Documents/bilateral-relationship-at-a-glance-sub-saharan-africa.pdf>

By rebuilding investment in Water for Development to reach 5 per cent of the total aid budget by 2019-20, Australian spending would return into line with, and indeed slightly exceed, the OECD DAC donor average (4.3 percent of official development aid in 2015).⁴⁶

11.2 Within the total for Water for Development, double funding for Basic WASH programs to a total of \$95.8 million in 2018-19, and half of total Water for Development funding in future years

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, yet Basic WASH should continue to be prioritised as a proportion of this broader portfolio.

Reversing the funding decline, and rebuilding investment in Basic WASH, should be a core priority for the Australian aid program. The Government should increase funding dedicated to Basic WASH to bring it to \$95.8 million in 2018-19, and ensure it makes up half of total Water for Development funding every year from the year after.

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. Engage More Actively with Diasporas

The 2030 Agenda recognises the role of diasporas as partners in development and public diplomacy, for example through the United States Department of State and Agency for International Development (USAID), and their International Diaspora Engagement Alliance (IdEA).⁴⁷ Worldwide, diasporas mobilise significant financial resources in the form of remittances flowing to developing nations. In 2015, the global value of remittances to developing countries was \$431.6 billion – more than three times the global ODA investment.⁴⁸

Individual remittances contribute to household economies – particularly critical in emergency contexts – while collective remittances are often mobilised from the community for broader social purposes.

Australia is home to a growing number of increasingly large and varied diaspora populations. Nearly half (49 per cent) of Australians were either born overseas or have one or both parents born overseas.⁴⁹ A growing proportion of Australia's diaspora populations originates from Asia and the Pacific, and the representation from West Asia/the Middle East and the African continent is also increasing in size and importance.

Diaspora activity in Australia mirrors international trends, with a growing plethora of diaspora-led organisations dedicated to health, education, livelihoods, child protection, peace-building and reconciliation. Diaspora-led organisations are also active in the areas of private sector development; micro-, small and medium enterprise formation; and activism around decent work and conditions. In

⁴⁶ For further information, refer to OECD DAC data. <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/TAB19e.xls>

⁴⁷ UN, 'Sustainable Diaspora Goal (SDG) Challenge' <https://sustainabledevelopment.un.org/partnership/?p=12890>

⁴⁸ World Bank, 'Remittances to Developing Countries Edge Up Slightly in 2015', <http://www.worldbank.org/en/news/press-release/2016/04/13/remittances-to-developing-countries-edge-up-slightly-in-2015>

OECD, 'Development aid rises again in 2015, spending on refugees doubles', <http://www.oecd.org/dac/development-aid-rises-again-in-2015-spending-on-refugees-doubles.htm>

⁴⁹ Australian Bureau of Statistics, 'Cultural Diversity In Australia', <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Cultural%20Diversity%20Article~60>

2015, more than \$5.8 billion was exported from Australia in the form of international remittance payments, a quantum which exceeds the total value of the ODA budget.⁵⁰

12.1 Establish a \$3 million pilot fund over three years to support a grant window for Australian-based diaspora organisations working in humanitarian, peacebuilding and development in their countries or regions of origin.

In 2017, DFAT funded a Diasporas in Action conference that highlighted the level of Australian diaspora activity, along with the need to resource it appropriately. In 2016, DFAT also invested in the Diaspora Learning Network, which brings together research institutions, diaspora organisations and NGOs to build a body of knowledge on the work of diaspora organisations.

The Australian Government should follow up on these initiatives by piloting a small grants approach to diaspora engagement, drawing on the experiences of official donors overseas such as Danida in partnership with the Danish Refugee Council.⁵¹ This model extends the number of actors who can access and engage with the Australian aid program, while ensuring that ODA continues to be supplied to those actors with the capacity to ensure quality-assured development assistance.

12.2 Invest in learning and research on diaspora engagement in development and humanitarian response

The Diaspora Learning Network is a convening body presently building Australia's capacity to engage with its diaspora communities and their active humanitarian and development work.

The Government should commit to supporting this network with a budget allocation capable of resourcing this activity.

13. Invest in Research for an Evidence-Informed Aid Program

A quality evidence base is critical to the functioning of an accountable and innovative Australian aid 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 aid 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.

13.1 Invest \$20 million in development research to increase the evidence base for the effectiveness of the aid 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.

⁵⁰ World Bank, 'Personal remittances, paid (current US\$)', http://data.worldbank.org/indicator/BM.TRF.PWKR.CD.DT?year_high_desc=true

⁵¹ Danish Refugee Council's Diaspora Programme, 'About the Programme', <https://drc.ngo/relief-work/diaspora-programme/about-the-programme>

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 \$20 million 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)

14.1 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 aid program in 2009, and renewing our commitment to DID in 2015.⁵² Despite the increased prominence of DID, however, for the past three years, the ODA allocation earmarked specifically for disability has remained steady at \$12.9 million.

The Australian Government should increase its investment of \$12.9 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.

14.2 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.”⁵³ 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.

⁵² DFAT, 2015, Development for all 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program, Available: <http://dfat.gov.au/about-us/publications/Pages/development-for-all-2015-2020.aspx>

⁵³ For more details, refer to Commonwealth of Australia, DFAT, Performance of Australian Aid 2015-16, May 2017. <http://dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2015-16.aspx>