

Australian Council for International Development

2020 Federal Budget
Submission



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

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ACFID Submission - 2020-21 Federal Budget

ACFID appreciates the opportunity to provide a submission to the 2020-21 Federal Budget. For further information please contact Sarah Burrows, Head of Policy and Partnerships on sburrows@acfid.asn.au

FORWARD

When livelihoods are decimated through natural disasters and extreme weather; when corruption concentrates power in the hands of the few; when citizens' voices are silenced; and when conflicts drive people from their homes, our region suffers and Australia is less secure. A high performing Official Development Assistance Program is a critical antidote.

We are – by some measures – the richest country in the world. Yet Australia's development program is at its lowest level in history as a proportion of our national income. It's so low that if a \$100 note was Australia's Gross National Income, you'd spend just 20¢ on international assistance. Not only this, but we are spread so thinly that the Australian Government is reducing support to poor countries in Asia in order to increase it to poor countries in the Pacific. We can afford to maintain the friendships we have built and do more to help the people who are being left behind. What we can't afford, is to allow narrow geopolitical optics to risk blurring Australia's focus on our neighbours' wellbeing.

The development program is the Australian hand of friendship and the genesis of partnership with the world. Together, up to 400 million people across the Asia-Pacific still live on less than \$2.80 a day. Add to this the impacts of climate change and the growth of authoritarianism and there is a high risk of backsliding on the immense progress that has been made.

Tackling food and water insecurity caused by climate change; progressing gender equality; building inclusive economic growth and promoting an active and inclusive citizenry are all things we can help our region with. We should not undervalue the role Australia can play.

What's good for people's wellbeing around the world is also good for Australia and Australians in the long term. It is not why we give development assistance, but we should recognise the benefits that flow from it. Our international development program builds true friends and allies for Australia and results in a safer, more secure and prosperous world.

ACFID welcomes the Australian Government's announcement of the establishment of a new international development policy¹. In setting out a new development policy, we must use our wealth, capabilities and comparative advantage to broker a more positive future.

At this point in time, Australia's foreign relations could too readily succumb to fear and insularity. We should not put up the barricades and arm ourselves to the teeth. Australia should get on the front foot and start a greater, more positive engagement with the world, and assist our neighbours in Asia and the Pacific. Being great partners and sharing skills and resources is good for the people of the region and good for diplomacy. It is our best, long-term chance of building a peaceful and prosperous region for future generations.

It is nearly 70 years since Australia began the Colombo Plan and an independent Australian international development program. From building peace in the Solomon Islands to helping Indonesia through the 2004 Boxing Day tsunami, Australians have a proud history of building a safer, more stable world.

Building on that tradition, we can give the most vulnerable a fair go and in doing so, set the scene for a world in which Australia and its partners can thrive. To this end, ACFID recommends the Australian Government consider the following in developing its Budget and approach to development cooperation for 2020-21:

RECOMMENDATIONS:

Development Policy

1. The Australian Government must re-examine the purpose, policy and profile of 'aid' and establish international development as a driving force for Australian foreign policy. To do this, Australia's new international development policy and performance framework must:
 - a. Be clear that sustainable and inclusive development is its primary purpose
 - b. Prioritise the climate crisis
 - c. Address rising authoritarianism by making civil society a cornerstone of a refreshed program, and
 - d. Invest in accordance with development impact criteria
2. The Australian Development Cooperation Program should focus on the most vulnerable and marginalised groups (bottom 60 per cent of population by income in the Pacific, bottom 40 per cent elsewhere) and use modalities that achieve results in line with its purpose.
3. Australia must have a balanced portfolio of investments in the Asia Pacific for those most in need, whilst retaining flexibility to respond to urgent and sustained humanitarian situations globally.
4. The commitment of \$500m for the Pacific over five years (from 2020) for climate finance should be in addition to existing Overseas Development Assistance (ODA) and funding for climate change initiatives should be significantly increased to \$600 million per annum in new public funds for international climate mitigation and adaptation programs.

ODA Budget

5. The Australian Government should commit to reaching ODA spending of 0.5 per cent of GNI in no more than 5 years and 0.7 per cent by 2030.
6. New policy and program initiatives must be funded by new and additional ODA funding.

Infrastructure

7. Australia's increased investment in infrastructure in the Pacific must be part of a wider network of resilient infrastructure and resilient communities built around development cooperation outcomes led by the interests and needs of the Pacific.
8. New infrastructure projects in the Pacific, including those financed through the AIFFP, must be driven by Pacific interests and leadership; be climate-resilient; gender-sensitive; and bundled with "soft infrastructure" or community development initiatives, funded by grants.
9. The \$500million in grants accompanying the AIFFP loans should be over and above existing ODA.
10. To ensure that infrastructure programs prioritise local and inclusive approaches, civil society should be involved in the prioritisation and selection of infrastructure investments.

Open and inclusive governance – civil society

11. Supporting open and inclusive governance through civil society strengthening must become a feature of the new development cooperation program
12. Australian development procurement processes should engage, strengthen and work more with Civil Society Organisations (CSOs) in program design and project implementation.
13. A new civil society partnerships strategy must be established by the Department of Foreign Affairs and Trade for peace and stability building through local and Australian CSOs. This should include initiatives such as fostering engagement between CSOs and the private sector through trilateral partnerships, blended finance instruments or matched funding.
14. A civil institution target should be established, aimed at driving international development program performance on building open, resilient and inclusive governance.
15. Measures should be introduced to increase the proportion of Australian ODA channelled to and through civil society to 20 per cent, for both humanitarian and development funding, commensurate with comparative donors and the importance of democratic accountability in the region.
16. As part of Australian development cooperation procurement processes tenderers should demonstrate how they propose to engage, strengthen and work with civil society.

Humanitarian

17. The Government must urgently meet Australia's commitment to funding humanitarian action of \$500 million per year, as outlined in the Foreign Policy White Paper, and scale up to meet Australia's fair share of global humanitarian assistance (\$696 million per annum).
18. Within Australia's fair share total, the Government should allocate at least \$250m per annum for multi-year funding packages to protracted crises in at least 5 countries or regions.
19. The Government should increase investment in disaster risk reduction programming to at least 5 per cent of ODA, in addition to Australia's humanitarian program funding.
20. The Government should increase investment in conflict prevention to \$93 million per year from both development and humanitarian programming.

Let's invest in the future we want to see and put our international development program back on the map.



Bridi Rice

A/g CEO of the Australian Council for International Development

A modernised Australian Development Cooperation Policy and Performance Framework

The Australian Government should create a new, modernised development cooperation program that is responsive to the diverse development demands of the region; attuned to geostrategic challenges; and can create long-term relationships.

RECOMMENDATIONS:

1. The Australian Government must re-examine the purpose, policy and profile of 'aid' and establish international development as a driving force for Australian foreign policy. To do this, Australia's new international development policy and performance framework must:
 - a. Be clear that sustainable and inclusive development is its primary purpose
 - b. Engage through long-term partnerships built on trust, mutual ownership and respect
 - c. Prioritise the climate crisis
 - d. Address rising authoritarianism by making civil society a cornerstone of a refreshed program,
 - e. Invest in accordance with development impact criteria
 - f. Enhance communication of the development cooperation program
2. The Australian Development Cooperation Program should focus on the most vulnerable and marginalised groups (bottom 60 per cent of population by income in the Pacific, bottom 40 per cent elsewhere) and use modalities that achieve results in line with its purpose.
3. Australia must have a balanced portfolio of investments in the Asia Pacific for those most in need, whilst retaining flexibility to respond to urgent and sustained humanitarian situations.
4. The commitment of \$500m for the Pacific over five years (from 2020) for climate finance should be in addition to existing ODA and funding for climate change initiatives should be significantly increased to \$600 million per annum in new public funds for international climate mitigation and adaptation programs.

A MODERNISED DEVELOPMENT COOPERATION POLICY

ACFID welcomes the Australian Government's announcement of the development of a new international development policy. Since the last refresh of the aid policy in 2014, dramatic shifts in our partners' priorities and geostrategic dynamics have not been matched by changes to the Australian international development program. The program is currently underfunded and lacks strategic coherence and sufficient capability.

A review and refresh of the international development policy creates an opportunity for the Australian Government to create a new, modernised development cooperation program that is responsive to the diverse development demands of the region; attuned to geostrategic challenges; and can create long-term relationships.

To achieve a modernised development policy and programs, the Australian Government must re-examine the purpose, policy and profile of 'aid' and establish international development as a driving force for Australian foreign policy. To do this, the **new development policy and performance framework must:**

a. BE CLEAR ABOUT ITS PURPOSE

The purpose of the new international development program must be clear – and firmly rooted in reducing poverty and fostering inclusive development.

Australia's development cooperation program cannot be driven solely or primarily by geostrategic considerations or short-term national interest; it must seek to maximise human development and human security¹. A new development cooperation policy and performance framework should be driven by the pursuit of the Sustainable Development Goals (SDGs) to ensure Australia is supporting the poorest people and most fragile states, while creating regional peace, stability and prosperity and the mutually beneficial relationships to achieve it.

Whilst Australia's pivot to the Pacific is welcome, the "step down" in bilateral programs in Asia and pull back from multilateral replenishments is concerning. We are withdrawing without consideration of the human and strategic costs. Australia must have a balanced portfolio of investments in the Asia Pacific for those most in need for development, whilst retaining flexibility to respond to urgent and sustained humanitarian situations globally.

A new international development policy must address the issues which threaten to undermine progress, such as inequality between and within countries, climate change and its impacts on development outcomes, rising authoritarianism and the closing space of civic society.

b. ENGAGE THROUGH LONG-TERM PARTNERSHIPS BUILT ON TRUST, MUTUAL OWNERSHIP AND RESPECT

Development cooperation only works if it is led by developing countries and partners. A modern development approach recognises and values the different and complementary role of all actors involved in development, establishing partnerships with stakeholders which enable outcomes that are driven by, and match, peer nations' development aspirations.

The Australian Government has endorsed the Busan Principles². These principles offer a foundation for effective co-operation in support of international development and should sit at the heart of the Australian Government's approach to partnerships for development. In designing and delivering programs and services, the Australian Development Cooperation Program should shift away from a focus on partners only as delivery contractors, to diversify its relationships, respect south-south assistance, prioritise local delivery partners, and develop and maintain flexible partnerships open to risk-sharing and local adaptation.

c. PRIORITISE THE CLIMATE CRISIS

ACFID welcomed the release of the Department of Foreign Affairs and Trade's (DFAT), Climate Change Action Strategy. The strategy allows development partners to understand DFAT's strategic direction on climate change and provides a steer on how to further collaborate with the Australian Government on climate change action through its development assistance program. The emphasis on social inclusion and gender and the establishment of sound governance measures, including an interdepartmental committee, is particularly welcome.

Climate change adaptation at the community level is under resourced globally including throughout the Pacific region. While the announcement of \$500m for the Pacific over five years (from 2020) for climate finance³ is welcome, we remain concerned that this comes from within the existing development funding envelope, meaning that other parts of the development assistance program, such as education and health, will be run-down in response. Pacific leaders have rightly criticised the Government for not committing new funds for Pacific climate financing⁴ but taking from other areas of the already stretched development portfolio.

ACFID's submission to the FY2019-20 Federal Budget called for the Australian Government to increase spending on climate change initiatives by dedicating an additional \$600 million per annum in new public funds for international climate mitigation and adaptation programs. We recommend increasing this figure to \$1.6 billion per annum, nested within dedicated, multi-sector initiatives to leverage a matching sum from private sources over the same period⁵. The challenge of the climate crises remains, and is worsening, and we therefore call for the Australian Government to increase climate change funding within the 2020-21 Federal Budget.

d. ADDRESS RISING AUTHORITARIANISM BY MAKING CIVIL SOCIETY A CORNERSTONE OF A REFRESHED PROGRAM

Please refer to Section 4 - page 10 of this submission.

e. INVEST IN ACCORDANCE WITH DEVELOPMENT IMPACT CRITERIA

Australian development assistance is more effective if built around country context and needs, designed to complement what other effective donors are doing and invested based on evidence and impact⁶. The Australia

¹ Human security includes the extent to which individuals and communities live free from fear, violence and poverty. This encompasses the freedom to live with dignity against the range of threats arising from environmental degradation, and its social, economic, political and cultural effects.

Government should retain a focus on reducing poverty, inequality and fostering inclusive growth within and among countries. In line with the SDGs, Australia's international development program and investment should focus on the bottom 40 per cent of people by income.⁷ In recognition of the distinct features of poverty in the Pacific region specifically, the focus should be attuned to the bottom 60 per cent. By concentrating on the most vulnerable and marginalised groups, Australia can have the greatest impact in maximising human development and human security. With this as a guide, the program should invest in modalities that achieve results in line with this purpose.

f. ENHANCE COMMUNICATION OF THE DEVELOPMENT COOPERATION PROGRAM

The Australian Government has been unable to effectively tell the story of Australia's successful development program and what it means for beneficiaries and Australia's international relationships. Unlike other nations, there is no strategic communications strategy for the program to foster public awareness and support for the Australian Government's efforts.

Successive reviews have recommended that the Government needs to increase its efforts on transparency and communication of the program, and we remained concerned by the lack of progress in this area. In 2018, the OECD recommended that DFAT invest in communication and development education⁸ and in April 2019, the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into aid effectiveness recommended more funding be dedicated to raising awareness of the benefits of the program⁹.

Communications need to focus on demonstrating the success of the program and its results, outcomes and benefits. Stories needed to connect with the Australian people and use forms of media that reach the general public.

Rebuild the Australian Development Cooperation Budget

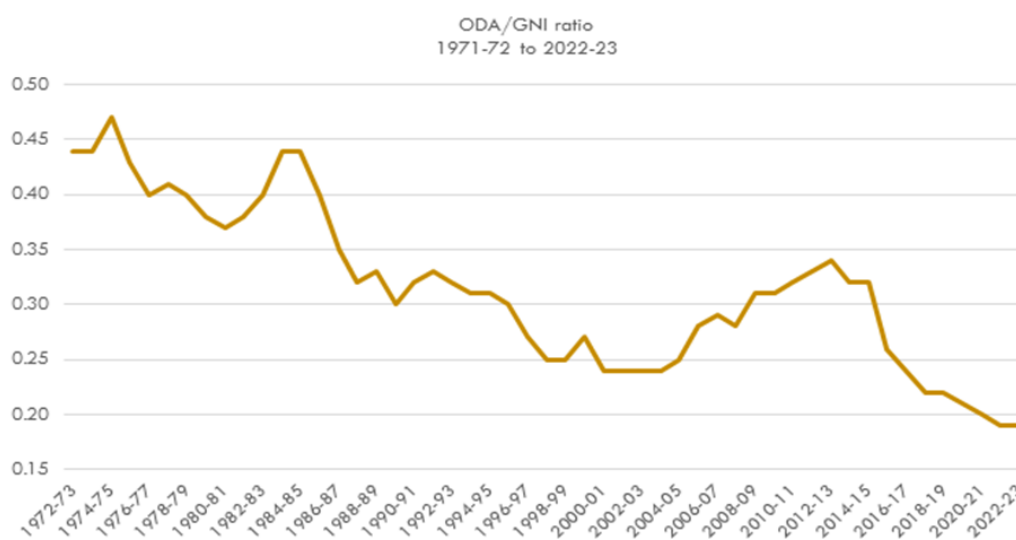
The Australian Government should work to establish a bipartisan commitment to rebuilding the Australian development cooperation budget to include a floor for Official Development Assistance (ODA) levels enshrined in legislation and with a budget trajectory that ensures levels reach 0.7 per cent of Gross National Income (GNI) by 2030.

RECOMMENDATIONS:

5. The Australian Government should commit to reaching ODA spending of 0.5 per cent on GNI in no more than 5 years and 0.7 per cent by 2030.
6. New policy and program initiatives must be funded by new and additional ODA funding.

REBUILD THE DEVELOPMENT BUDGET

Australia's public spending on ODA as a proportion of GNI continues to decline. In FY19/20, this proportion will fall to 0.21 per cent of GNI, falling further to 0.19 per cent in FY21/22. Over the forward estimates, ODA spending will decline from 0.83 per cent to 0.73 per cent as a total of the Federal Budget.



Contemporary international challenges facing Australian are multifaceted and require the Australian Government to coordinate all aspects of the foreign policy apparatus. Australia's long-term geostrategic approach needs to include all aspects of statecraft including supporting our neighbours to build resilient communities and reducing poverty. **The practice of drawing down and cutting existing programs is undermining Australia development and foreign policy outcomes and effectiveness.**

New policies and programs have been announced by the Government with no clear strategy on where their funding will come from. As such, funding for these new priorities has been found from existing programs within an increasingly limited budget, often without a strategic or consistent approach to priorities across the portfolio. This approach is untenable and is creating significant challenges for the existing program whilst also undermining our development outcomes, bilateral relations and our influence. For example, the diversion of funds to the Pacific

has resulted in the Pakistan bilateral aid program being phase out during 2020-21[i]. Australian aid in Pakistan has had a strong focus on gender equality, supporting more than 2 million Pakistani girls to go to school and providing reproductive health services to over 12,000 women and gender-based violence services[ii]. The loss of this support in a country where 24% live below the poverty line and gender inequality is worsening[iii] is unnecessary and unacceptable.

The repeated cutting and reprioritising of ODA will continue to undermine the effectiveness and impact of Australia's relationships and influence – a key foundation of Australia's 2017 Foreign Policy White Paper¹⁰. The Government must provide new funding for new policy and program initiatives and these initiatives must be prioritised and shaped by a clear new international development program firmly rooted in reducing poverty and fostering inclusive development.

We have already seen the impacts of funding cuts and changes. The diversion of funds to the Pacific Step-up has resulted in the Pakistan bilateral aid program being phase out during 2020-21¹¹. Australian aid has had a strong focus on gender equality in Pakistan supporting more than 2 million Pakistani girls to go to school and providing reproductive health services to over 12,000 women and gender-based violence services¹². The loss of this support in a country where 24% live below the poverty line and gender inequality is worsening¹³ is unnecessary and unacceptable.

ACFID supports the 2019 bipartisan report of the Joint Standing Committee of Foreign Affairs, Defence and Trade¹⁴ to establish a timeline of no more than five years for increasing Australia's funding for development cooperation to at least 0.5 per cent of GNI, and to a second timeframe of no more than 10 years for increasing funding to at least 0.7 per cent of GNI. This should be achieved and enshrined in legislation so funding floors are established for Australian development cooperation.

A TRANSPARENT BUDGET

A lack of transparency and predictability of development cooperation are key impediments to the effectiveness of investments. *Publish What You Fund's* 2018 International Aid Transparency Index (IATI) currently rates DFAT as 'Fair' against IATI indicators¹⁵. A key area for improvement is the provision of forward-looking budget and disaggregated budgets and project budgets are two of the lowest scoring indicators¹⁶.

Infrastructure for Sustainable and Inclusive Development

The Australian Government's increased investment in infrastructure in the Pacific must be accompanied by support for critical 'soft infrastructure'². To realise the development potential of infrastructure investment, it must part of a wider network of resilient infrastructure and resilient communities built around the development aspirations of Pacific Countries.

RECOMMENDATIONS:

7. Australia's increased investment in infrastructure in the Pacific must be part of a wider network of resilient infrastructure and resilient communities built around development cooperation outcomes led by the interests and needs of the Pacific.
8. New infrastructure projects in the Pacific, including those financed through the Australian Infrastructure Financing Facility for the Pacific (AIFFP), must be driven by Pacific interests and leadership; be climate-resilient; gender-sensitive; and bundled with "soft infrastructure" or community development initiatives, funded by grants.
9. The \$500 million in grants accompanying the AIFFP loans should be over and above existing ODA.
10. To ensure that infrastructure programs prioritise local and inclusive approaches, civil society should be involved in the prioritisation and selection of infrastructure investments.

CLIMATE RESILIENT INFRASTRUCTURE FOR ALL

The Australian Government's increased investment in the Pacific is welcome. Good quality infrastructure is key to improving livelihoods and reducing poverty. In the Pacific, the ADB estimates USD1.3 billion in infrastructure investment is needed each year until 2030¹⁷. Australia's increased investment in infrastructure in the Pacific must be part of a wider network of resilient infrastructure and resilient communities build around development cooperation outcomes led by the interests and needs of the Pacific.

The development of the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and infrastructure investment through loans is a fundamental shift in the approach of the Australian Development Cooperation Program. It is important that infrastructure investment is focused on best development outcomes for partners. Grants for urban infrastructure and public spaces would bring significant public diplomacy benefits for Australia and address Pacific priorities¹⁸. Further, given the geographical dispersal of islands and populations in the Pacific, infrastructure needs are often smaller scale and require a combination of local and traditional governance in order to achieve local ownership and legitimacy¹⁹. **The Australian Government should continue to provide smaller scale infrastructure grants as part of its development program.** However, given the volume of investment required in the Pacific multiple forms of investment warrant consideration.

In principle, ACFID supports the investment in infrastructure through the AIFFP. The shift to loans-financed infrastructure is aimed at countering China's Belt and Road Initiative, yet if it remains primarily a geostrategic tool, it will shift Australia's focus away from good human development outcomes across Asia and the Pacific. Further, loans-financed infrastructure is tainted by the 'debt-trap diplomacy' debate around China, as it may incentivise developing nations to take on too much debt, which works against human development outcomes²⁰.

A focus on built infrastructure is insufficient to achieve development results. Built infrastructure investment must be accompanied by support for 'soft infrastructure'. This involves strengthening national institutions at all levels to enhance policy reform and robust regulatory frameworks; including traditional leaders; actively engaging with a vigorous civil society, capable of monitoring new infrastructure investments and holding public institutions and private actors to account to ensure widespread benefits and minimise risks²¹.

² Soft infrastructure is the human capital and institutional structures which are required to maintain the economic, health, and cultural and social standards of a population

Recognising that the Australian Government seeks to differentiate its infrastructure lending by emphasising the quality and high standards of its infrastructure projects in the Pacific²², **the Australian Government must ensure that it implements the 2019 G20 Principles for Quality Infrastructure Investment which Australia has endorsed²³**. New infrastructure projects must be driven by Pacific interests and leadership; be climate-resilient; gender-sensitive; and bundled with “soft infrastructure” or community development initiatives, funded by grants.

Built infrastructure can only fulfil its potential if it supports the lives of the communities around it. **Infrastructure investments should be supported by community engagement and development initiatives that are funded by grants**. ACFID supports the Australian Government commitment to environmental and inclusion safeguards within the AIFFP design and the inclusion of \$500 million in grants accompanying the AIFFP loans. ACFID supports the Australian Government commitment to environmental and inclusion safeguards within the AIFFP design. However, the inclusion of a \$500 million ODA allocation to the AIFFP comes at the direct cost of other critical DFAT funded programs, rather than in addition to the overall ODA budget. This undermines the broader development cooperation program’s objectives, and it remains unclear whether this re-allocated funding will be used to invest in critical social infrastructure needed, or whether it will be consumed by the need to make upcoming loans concessional.

It is important that infrastructure projects do no harm. Failing to complement infrastructure with gender disability and wider inclusion sensitive programming ‘*can lead to unintended negative consequences for women and others, including in the form of increases in gender-based violence*’²⁴. Including women, young people, people with disabilities and other vulnerable and marginalised groups in design and delivery of infrastructure projects is key to building resilient communities and resilient and inclusive infrastructure projects. **Cultural, political and geographic nuances can be critical determinants for infrastructure success²⁵. These cannot be adequately addressed without engagement of Pacific civil society organisations and their experience in working with communities on resilience and development initiatives**. To ensure that infrastructure programs prioritise local and inclusive approaches, DFAT should invite civil society involvement in the prioritisation and selection of infrastructure investments - this could be done through posts or through the AIFFP processes more centrally.

The Australian Governments increased investment in infrastructure in the Pacific is an important opportunity to support local enterprise and economy and to build skills for local private sector organisations. Infrastructure investments ought to complement investment in other areas, such as Australia’s considerable support for skills development in the Pacific through bilateral programs, and through the Australia Pacific Training Coalition (APTC)²⁶. However, this can only be achieved if it is driven by and for the interests and needs of Pacific Countries rather than for the benefit of Australian business and national interest.

Civil society as a cornerstone of Australia's development cooperation program

The Australian Government should invest in the future of state-civilian relations in our region. In critical environments where there is a rapid closing of civil society space, we also need a much more deliberate and integrated alignment of foreign policy and development responses.

RECOMMENDATIONS:

11. Supporting open and inclusive governance through civil society strengthening must become a feature of the new development cooperation program
12. Australian development procurement processes should engage, strengthen and work more with Civil Society Organisations (CSOs) in program design and project implementation.
13. A new civil society partnerships strategy must be established by the Department of Foreign Affairs and Trade for peace and stability building through local and Australian CSOs. This should include initiatives such as fostering engagement between CSOs and the private sector through trilateral partnerships, blended finance instruments or matched funding.
14. A civil institution target should be established, aimed at driving international development program performance on building open, resilient and inclusive governance.
15. Measures should be introduced to increase the proportion of Australian ODA channelled to and through civil society to 20 per cent for both humanitarian and development funding, commensurate with comparative donors and the importance of democratic accountability in the region.
16. As part of Australian development cooperation procurement processes tenderers should demonstrate how they propose to engage, strengthen and work with civil society.

A VIBRANT AND DIVERSE CIVIL SOCIETY ACROSS OUR REGION

ACFID sees **a critical need to refocus attention of the international development program on addressing rising authoritarianism and, in particular, closing civic space.** As highlighted in DFAT's Incoming Government brief *"Increasing illiberalism, including rising human rights abuses, democratic backsliding and closing space for civil society risk impacting on the prosperity and stability of states in the region"*²⁷. Further, the State of Civil Society Report 2019 shows only 3 per cent of the world's population live in countries with open civic space²⁸. 111 countries have closed, repressed or obstructed civic space represented by attacks on journalists, use of excessive force, prevention of protest, detention of activists, intimidation and legislative restrictions²⁹. A significant proportion of these incidents happened in Asia, but we also know that similar challenges in the Pacific can go undocumented or unnoticed.

A vibrant and diverse array of civil society organisations helps nations build more inclusive institutions and advocate for inclusive solutions to social and economic problems. This in turn leads to improved systems and standards of governance across a range of institutions. NGOs and civil society organisations in many countries in our region operate in an increasingly constricted environment, challenging their ability to hold governments to account, while also providing critical services such as healthcare, education and humanitarian assistance.

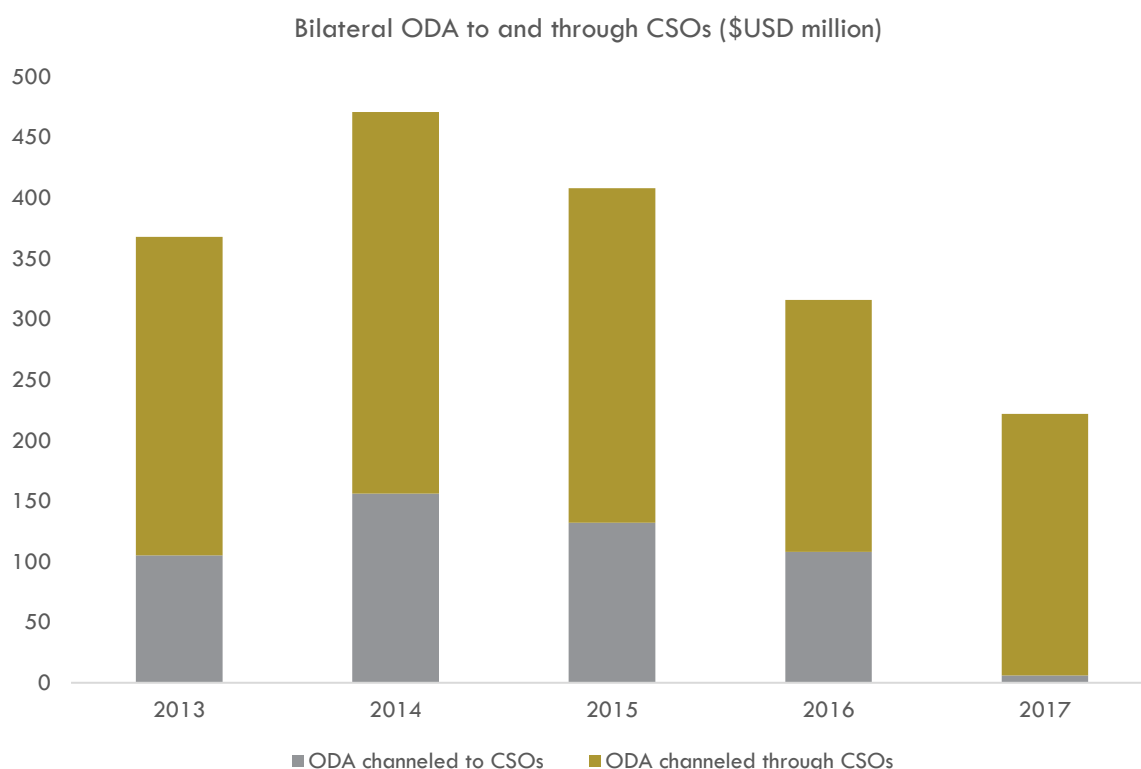
Australia is one of the few countries in the world that does not have civil society strategy. Our investment to and through civil society actors has reduced to 10 per cent which pales in comparison to the OECD average of 15 per cent let alone the leaders such as the UK, US and in particular, Sweden who allocate 30 per cent of their ODA spend to civil society related initiatives³⁰. A failure to invest in the future of state-civilian relations in our region undermines development objectives and is a missed opportunity in maximising our development cooperation program's effectiveness at a time where there is an acute need to re-orient the program towards generating strong and enduring relationships.

In critical environments where there is a rapid closing of civil society space, we also need a much more deliberate and integrated alignment of foreign policy and development responses – harnessing the best of our Australian diplomatic expertise in influence and human rights, alongside programmatic responses which help safeguard fundamental freedoms. The introduction of a civil institution target will assist in elevating the importance

of civic space and its role in good governance as part of all country strategies, political economy analysis and investment performance. It can assist in aligning the existing focus in DFAT on gender, disability and social inclusion, people to people links and diplomatic relationships. Such an investment would overcome the current patchwork approach to fundamental questions of governance and civil society in the development program and would recognise that investment in this space is not just a ‘development good’, but critical to Australia’s interests going forward. To implement this across the foreign policy portfolio, we recommend DFAT also include engagement and strengthen local civil society as a key requirement in Australian development cooperation procurement processes.

According to DFAT’s FY16/17 Partner Performance Assessments (PPAs), NGOs outperform multilateral organisations³¹ and in a 2015 review, the ODE described the Australian Non-Government Cooperation Program (ANCP) as “one of the best performing programs,” delivering 18.2 per cent of DFAT’s aggregate development results for only 2.7 per cent of overall ODA³². Despite this and a commitment to NGOs and civil society within the Foreign Policy White Paper and Aid Development Policy, Australian Government funding to and through civil society organisations has decreased. This goes against the general trend of an increase in OECD countries.

DFAT’s current NGO engagement framework focuses largely on CSOs as service delivery partners. There is a need to shift this approach to **recognise CSOs as a key contributor in development partnership, drawing on their extensive knowledge and capacity in policy issues, local relationships and knowledge and research to enhance Australia’s development cooperation.** A civil society strategy which sets out DFAT’s approach to investing and incentivising open and inclusive governance and fostering the critical social institutions, academic institutions, civil society organisations, media, church networks and business who provide debate and accountability in the region.



Source: OECD 2019³³

Further, Australia’s NGO, Volunteer and Community Programs remain a small proportion of the development budget, with funding allocations keeping up with CPI but rising no further in FY19/20. Funding to the ANCP has not risen in line with CPI since FY18/19 and remains static at \$132.5 million in FY19/20. In addition, the Australian Volunteers Program has seen a funding cut of 6 per cent as the government narrows its geopolitical focus to the “Indo-Pacific.”

The Australian Government should increase ODA channelled to and through civil society to 20 per cent, for both humanitarian and development funding, commensurate with comparative donors and the importance of democratic accountability in the region. ACFID calls for new civil society projects and increased funding for Global NGO Programs, as well as long-term, flexible assistance for civil society strengthening through country and regional programs.

An Australian fair share in meeting global humanitarian needs

The Australian Government should commit to its fair share of global humanitarian financing and ensure humanitarian assistance reaches those in greatest need.

RECOMMENDATIONS:

17. The Government must urgently meet Australia's commitment to funding humanitarian action of \$500 million per year, as outlined in the Foreign Policy White Paper, and scale up to meet Australia's fair share of global humanitarian assistance (\$696 million per annum).
18. Within Australia's fair share total, the Government should allocate at least \$250 million per annum for multi-year funding packages to protracted crises in at least 5 countries or regions.
19. The Government should increase investment in disaster risk reduction programming to at least 5 per cent of ODA, in addition to Australia's humanitarian program funding.
20. The Government should increase investment in conflict prevention to \$93 million per year from both development and humanitarian programming.

Global humanitarian need continues to grow rapidly. The United Nations predicts that in 2020, one out of every 45 people in the world will require humanitarian assistance. In its Global Humanitarian Overview, the UN outlines that an unprecedented US\$28.8 billion will be required to deliver humanitarian assistance to 108.8 million people out of a total of 167.7 million people in need³⁴. UNOCHA states that the sharp increase in humanitarian need in 2019 was primarily due to violent conflict and extreme climate events³⁵.

Humanitarian financing has not kept pace with growing global needs. By November 2019 there was still a 41.5 percent, or US\$11 billion, humanitarian financing gap for 2019 humanitarian appeals³⁶. This financing gap means that some people in need don't get the assistance, or the level of assistance, that they require.

Australia's global humanitarian assistance makes genuine change for communities impacted by crisis and increases Australia's international leverage and influence to address the underlying root causes and consequences of humanitarian crises. Continuing to increase Australia's international humanitarian assistance will strengthen Australia's global reputation and influence.

While we welcome the Government's commitment to increase the humanitarian budget to \$500 million in 2020-21, Australia must show further ambition to close the humanitarian financing gap and commit its fair share of global humanitarian assistance.

Calculations from 2018 based on GNI find that **Australia's fair share of global humanitarian assistance is closer to \$572.9 million³⁷**. However, with the sharp increase in need in 2019, Australia's fair share of global humanitarian assistance is now likely to be significantly higher than this. We recommend that upon reaching the White Paper commitment in 2020-2021, the Government establish a trajectory for continuing to grow Australia's humanitarian assistance to be in line with Australia's global fair share.

Increases in Australia's humanitarian assistance funding should not, however, come at the expense of Australia's development expenditure, which plays a critical role in supporting the enabling conditions for the economic and social development of countries, in building local resilience, and in preventing crisis situations from escalating.

INVEST IN EFFECTIVE PARTNERS

All actors in the humanitarian system have unique roles, mandates and strengths which need to work collectively to achieve positive impact for people affected by crises.

Civil society are effective humanitarian partners for Australian Government responses. National and local actors are first responders in crises and have the greatest knowledge of local contexts. Civil society organisations including churches, traditional governance groups, women’s groups, disability organisations and other NGOs are central to enhancing inclusion and effectiveness in both preparing for and responding to disasters and conflict. **They should be both supported and enabled to lead humanitarian responses.**

Despite the proven track-record of Australian NGOs and their partnerships with local civil society, the vast majority of Australia’s humanitarian assistance is still channelled to multilateral organisations³⁸. The Australian Government should seek a more balance approach to in supporting partners (both through funding and strategic support) who are best placed to implement outcomes on the ground and recognise the value different partners offer.

INVEST IN MULTI-YEAR FUNDING FOR PROTRACTED CRISES

Nearly one-third of all people requiring humanitarian assistance in 2020 will come from just three countries experiencing protracted crises: Yemen (24 million), Syria (11 million people in Syria, and 5.6 million people regionally) and the Democratic Republic of the Congo (15.9 million in the DRC and 0.7 million regionally)³⁹.

Given that over 89 per cent of humanitarian funding from OECD DAC countries is spent in responding to protracted crises – and that the average humanitarian crisis now lasts over nine years – responses to protracted crises should be planned and financed on a multi-year basis⁴⁰.

In endorsing the Grand Bargain, the Australian Government and other development organisations committed to increasing collaborative, multi-year planning and funding. They also made a specific commitment to support multi-year planning and funding for humanitarian action in at least 5 countries. Multi-year funding allows for more responsive and effective programming, decreases administrative costs, and allows for linkages between humanitarian, development and peace-building agendas to achieve collective outcomes including building resilience and addressing the drivers of conflict⁴¹.

The Australian Government has already made the welcome commitment to multi-year funding for protracted crises in Syria, Iraq, Afghanistan/Pakistan, and planned multi-year support for Myanmar and Bangladesh. **We recommend that a second phase of multi-year programming is developed for both Syria and Iraq, and that Australia continue to provide multi-year humanitarian funding for Afghanistan**, where 9.4 million people remain in need of assistance. We also recommend that the **Government develop additional multi-year packages for countries or regions experiencing protracted crises**, such as Yemen which remains the ‘world’s worst humanitarian crisis’ and the Democratic Republic of the Congo, South Sudan and Somalia, where needs ‘remain exceptionally high’⁴².

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

The Government should also ensure there is clarity in the Australian Aid Budget Summary on how multi-year packages are funded and clearly outline whether funding is drawn from humanitarian, regional and/or country programs.

INCREASE INVESTMENT IN ADDRESSING THE ROOT CAUSES OF CRISES, THROUGH INCREASED INVESTMENT IN DISASTER RISK REDUCTION (DRR)

The Asia-Pacific is the most disaster-prone region in the world. The 2017 Asia-Pacific Disasters Report found that a person living in the region is five times more likely to be affected by natural disasters than a person living elsewhere⁴³. The UN has warned that economic losses due to disasters in Asia and the Pacific could exceed \$160 billion a year by 2030⁴⁴. Investment in DRR and climate change adaptation are critical for protecting lives, safeguarding development gains and ensuring ongoing economic development.

Despite the well-known impacts of disasters on individuals, communities and economies, investments in DRR remain a small fraction of international development finance, and largely remain activity-based and focussed on disaster preparedness, rather than concentrating on comprehensive planning to reduce disaster risk.

We commend Australia for having been a firm advocate for the principles and approaches enshrined in the Sendai Framework for DRR and encourage the Government to continue to support partner governments to ensure that these are reflected in their own national development plans. **Australia’s leadership of the 2020 Asia Pacific Ministerial Conference on DRR is a critical opportunity to further this aim.**

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 must be supported through long-term development assistance and integrated across all DFAT's development and humanitarian programs.

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.

INCREASE INVESTMENT IN CONFLICT PREVENTION

Australia must ensure that conflict prevention and violence reduction are a focus of both humanitarian and development programming, and systematically track and report on Australia's investment in conflict prevention.

The 2020 Global Humanitarian Overview outlines that the number of violent conflicts is increasing globally, and that these conflicts are taking a heavy toll on civilians, especially children, and women and girls. Further, conflict and insecurity are driving global hunger crises: two-thirds of all people facing acute hunger live in conflict-affected areas⁴⁵.

The Australian Government's policy commitments have recognised the importance of conflict prevention. The Foreign Policy White Paper outlines that Australia will "*encourage a more coordinated focus on conflict prevention.*"⁴⁶ At the World Humanitarian Summit Australia committed to acting early upon potential conflict situations, improving prevention and peaceful resolution capacities at the national, regional and international level, and sustaining political leadership and engagement through all stages of a crisis to prevent the emergence or relapse of conflict⁴⁷.

As the humanitarian financing gap continues to grow, including due to an increase in violent conflict, the Australian Government must turn these policy commitments into action.

ACFID endorses World Vision Australia's budget submission in calling for Australia to aim **towards becoming a top 10 donor for conflict prevention by increasing Australia's funding for conflict prevention by \$60 million, to a total of \$93 million per year**⁴⁸. World Vision's recent publication 'Crisis Averted: Preventing the conflicts that drive humanitarian needs' provides further detail on why conflict prevention and violence reduction are critical investments for the Australian development program, and how Australia could meet this target⁴⁹.

ACFID's Vision, Purpose and Values

The Australian Council for International Development (ACFID) is the peak body for Australian non-government organisations involved in international development and humanitarian action.

ABOUT ACFID

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 122 members and 27 affiliates operating in 92 developing countries. In 2016–17, the total revenue raised by ACFID's members amounted to \$1.6 billion — \$889 million of which was raised by 1.6 million individual donors. ACFID's members range from large Australian multi-sectoral organisations that are linked to international federations of non-government organisations (NGOs), agencies with specialised thematic expertise, and smaller community-based groups, with a mix of secular and faith-based organisations.

ACFID's members comply with ACFID's 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, 33 Commitments and 92 Compliance Indicators, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks, accompanied by an independent complaints-handling process.

ACFID'S VALUES

Respect for human rights. We champion human rights as a precondition for sustainable and equitable development and promote rights-based approaches that hold power-holders to account.

Gender justice. We stand for social, political and economic gender equality and see gender justice as both an end in itself and a means to alleviating poverty, reducing inequality and building peace.

Systemic and transformational change. We are committed to development that addresses the root causes of poverty, conflict and injustice, and transforms the lives of the poorest and most marginalised people.

A strong independent civil society. We believe that a vibrant civil society is an essential feature of free societies, bringing benefits to the public that governments and the market cannot do alone.

Environmental sustainability. We promote environmentally sustainable development solutions because poverty reduction, natural resource management and development are inextricably linked.

Accountability and transparency. We promote accountability and transparency as a standard of good practice for NGOs and other development actors, particularly downward accountability to people affected by poverty or crisis.

Quality and innovation. We exist to support and promote quality, innovation and continuous improvement in NGO governance, management and practice.

ENDNOTES

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COVER PHOTO

Domingas Soares at Dili International School where she has been employed as a Learning Assistant following a 3-month internship and 6-month Certificate 1 English for Employability training program targeting young people with a disability.

'When I finished school and before the training at SENAI I stayed at home not doing anything..... I may have disabilities but I can still think.....I tried to get work before. I sent my CV to companies, but they saw disability only. I feel so happy because if I was outside and hadn't done the placement, I don't think I would have got this job.'

Credit: Workforce Development Program Timor-Leste / Imogen Wilson.