

## Submission to the Australian Government's new international development policy: Good Return

### About Good Return

We are an Australian development agency that works across the Asia-Pacific to deliver economic and social programs for the financially and socially excluded. **Our Mission** is to enable people living in poverty to achieve economic empowerment through responsible financial inclusion and capability development. **Our Vision** is a world without poverty where all people have access to resources and opportunities to improve their lives. We partner with financial service providers, governments, the private sector and non-government agencies to implement initiatives for the inclusion of those excluded from meaningful participation in the economy - particularly women.

### Pragmatic, Principled Development Policy

The 2017 Foreign White Paper outlines a number of high-level principles for Australia's ongoing engagement in our region and beyond, among these is the commitment to deliver effective programs to promote economic reform and inclusive growth to reduce poverty and address inequality.

The paper points to the reality that while economic growth has shifted numerous countries in the Asia Pacific region from low to middle income, it has also increased inequality. People living in poverty (particularly women, people with disabilities, indigenous groups & LGBTQIA+) have been left behind. This inequality increases the instability of the region by undermining social cohesion and inhibits the Sustainable Development Goals 2030 Agenda. Consistent with the Sustainable Development Goals, the International Development Policy (IDP) must foster the creation of a resilient Indo-Pacific region through the maintenance of a rights based IDP that supports both human and economic development.

**Good Return Recommends:** It is imperative that a new IDP has a clearly defined focus on poverty reduction and inclusive development, as an overarching priority. It should also make specific commitment to the Sustainable Development Goals.

### Focus on Financial Inclusion

Financial inclusion works to reduce poverty. It aids inclusive growth and economic development by expanding the access of people living in poverty to financial services, increasing their economic opportunity and improving their lives. Financial inclusion is positioned prominently as an enabler for the Sustainable Development Goals and it featured as a target in eight goals, including SDG1 on eradicating poverty, SDG5 on achieving Gender Equality Economic empowerment of women and SDG8 on supporting industry, innovation and growth. Additionally SDG17 on strengthening the means of implementation highlights an implicit role for greater financial inclusion through greater savings mobilisation for investment and consumption that can spur growth. For the strategic aims of Australian Foreign policy to be effective in this time of shifting worldviews, and for the overall goal of sustainable development to be achieved - it is essential that Australia's new IDP include a specific focus on the financial and economic inclusion of people living in poverty throughout the Indo-Pacific region while taking into account the specific needs of the region, actively including the most marginalised people.

**Good Return Recommends:** To maintain the focus on sustainable economic growth and poverty reduction outlined in the 2017 White Paper, and pay particular attention to funding and supporting programs that foster financial inclusion. All economic development initiatives must

include specific strategies to include the marginalised, underpinned by mechanisms to enable financial inclusion for all.

### **Active inclusion of marginalised groups**

Sustainable social and economic development cannot be achieved without the inclusion of everyone. Many people are excluded from economic development opportunities because of their gender, disability, ethnicity, age, sexual orientation or poverty. Everyone has to be given the chance to participate and benefit from development - no one can be left behind. The 2019 White paper explicitly references the need for inclusive development particularly that of women and people with disabilities. Women's economic empowerment and inclusion is not only a fundamental to gender equality, it is vital to fuelling inclusive economic growth and has a multiplier effect on poverty alleviation.<sup>1</sup> Disability like gender is a cross cutting priority for Australian international engagement on human rights, development assistance and humanitarian action - 80% of the world's people with disabilities continue to live in poverty.<sup>2</sup>

**Good Return Recommends:** The IDP ensures that Australia continues its international leadership in gender equality and disability inclusion and promotes the inclusion and active participation of other marginalised groups in all Australian aid initiatives ensuring a right based approach based on the fundamental recognition of human rights and commitment to the Sustainable Development Goals. It is vital that attention be paid to each marginalised group, taking into account their specific needs, to ensure that no one is left behind.

### **Skills and financial capability**

The advent of the 'fourth industrial revolution' has brought advanced digitisation into the global economy, with increased access to information and connectivity. While this revolution has the potential to play a crucial role in achieving the SDGs through such mechanisms as digital financial inclusion and digital pathways to economic and political empowerment, it has also resulted in new forms of poverty resulting from gaps in connectivity and digital skills, as already disadvantaged people have less access, agency and ability to gain the benefits of digitisation and instead are increasingly left behind. Further, this digital dimension of poverty often reflects, reproduces and amplifies marginalisation based on gender, disability, age etc.

**Good Return Recommends:** Australian IDP must include commitment to investment in and focus on financial capability and skills programs to ensure no one is left behind in a digital world. Equipping individuals and communities with the skills they need to advocate their needs and rights to financial institutions, and effectively interact with technology, ensures that those who are already vulnerable will not be left behind with rapidly changing technology and financial products.

### **Contextual focus on poverty alleviation**

Australia has been a leader in the Asia Pacific Region and as one of the most prosperous countries in the region has the ability to continue to lead the way in rights based development initiatives. Poverty is a complex and multifaceted problem. While multiple countries in the

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<sup>1</sup> Investing in Women Smart Economics - An Initiative of the Australian Government <https://investinginwomen.asia/about/>

<sup>2</sup> UN General Assembly, 2015. Transforming our world: the 2030 Agenda for Sustainable Development. United Nations, New York. p. 7.

Indo-Pacific have made good progress in tackling poverty it is important to take into account that it is an incredibly diverse region that includes sub-regions still facing daunting poverty reduction challenges - 1.2 billion live below the international poverty line of \$3.20 in Asia Pacific<sup>3</sup>. Large variations in poverty rates in terms of income exist both within and across countries. It is important that Australian Aid takes into account people's contextual vulnerability and insecurity when supporting development initiatives.

**Good Return Recommends:** The new IDP makes provision to support economic empowerment and financial inclusion programs throughout the Asia Pacific region, taking into account the particular reality of each country based on the levels of inequality and needs of people living in poverty relative to their context, not the GDP of the country.

### **Ensure Australian Aid is Contextual and Even**

In this time of shifting global powers it is important to focus not only on the strategic relevance of the Indo-Pacific but also on building the regions' human capability, stability and prosperity. It is imperative that increased focus on the Pacific does not come at the expense of the rest of the Indo-Pacific region. The Interconnected nature of the region means that the capacity building of the region as a whole is a humanitarian and sustainable development obligation. Uneven or non contextualised investment has the potential to undermine the resilience of the region, resulting in the increased vulnerability of countries and increased likelihood of corruption and weak institutions.

**Good Return Recommends:** The IDP takes into account the interconnected and varied nature of the Indo-Pacific region and include guidelines to make proportionate investments based on development needs across the region, recognising that each country requires a different mixture of investments to achieve sustainable development outcomes.

### **Ongoing support for Australia's Aid Budget**

It is essential that the Australian government invests in long term-planning when considering Australia's aid budget. This long term planning should consider the sustainability of Australia's funding, with an element of predictability and accountability. Planning in this way enables investment in long term outcomes, leading to a more effective program of international development. This would increase the transparency and communication of Australian development cooperation, both domestically and internationally. In turn, this will influence and shape public support and demonstrate that Australia is a responsible international citizen and reliable partner.

**Good Return Recommends:** In order to ensure the ongoing effectiveness and sustainability of Australia's development cooperation, the budget needs to be increased to at least 0.5% of GNI within 5 years, and a second time frame of no more than 10 years should be set for increasing funding to 0.7% of GNI, in line with the 2019 bipartisan report of the Joint Standing Committee of Foreign Affairs, Defence and Trade.<sup>4</sup>

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<sup>3</sup> <https://www.unescap.org/blog/why-cant-dynamic-asia-pacific-beat-poverty>

<sup>4</sup> Joint Standing Committee on Foreign Affairs, Defence and Trade, 2019. First report: Inquiry into Australia's aid program in the Indo-Pacific. Parliament of the Commonwealth of Australia, Canberra. p. xxiv-xxv.