



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

ACFID Submission to the 2016-17 Federal Budget

February 2016

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 127 members and 15 affiliates operating in more than 100 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.525 billion (2013-14), \$838 million of which is raised from over 1.5 million Australians (2013-14). 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.

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 outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations. Covering over 50 principles and 150 obligations, 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.

A full list of ACFID members can be found in an appendix to this document.

Further information can be found at: www.acfid.asn.au

A Tumultuous Year

It has been a tumultuous 12 months for Australia's aid program. Last year, the 2015-16 Federal Budget confirmed the aid budget would be reduced by an unprecedented \$3.7 billion over three years. In 2015-16 – in what has been the single biggest in-year cut to aid in the history of the aid program – Australia's aid budget was cut by \$1 billion or 20 per cent, falling to just over \$4 billion.¹ This is a substantial reduction, targeting an area that accounts for less than 1 per cent of Australia's federal expenditure. Under current projections, the aid budget will fall again in 2016-17, and will reach the lowest level we have ever given in aid as a nation.²

A reduction of this magnitude has already, and will continue to have, a **substantial impact on the reach and capacity of the Australian aid program, and on Australia's international reputation.** In the space of one year, Australia's aid program in Asia and Africa – built through years of investment – has been severely weakened. Australia's bilateral aid to African countries has been cut by 70 per cent.³ Significant cuts have been made to countries across the Asian region, including Afghanistan, Vietnam, Myanmar, Bangladesh and Pakistan, which have all experienced cuts to bilateral aid of more than 35 per cent. Overall, countries in Asia have borne the brunt of the cuts, with more than half of all savings drawn from aid investments in East Asia alone.

These decreases in aid have translated into cuts to vital areas including programs that prevent the spread of HIV in Indonesia, programs that train midwives to reduce child and maternal mortality, and education programs across the region. Australia has substantially cut health and rural development programs in countries such as Laos and Timor-Leste, ceased funding to support Cambodia's criminal justice system, and withdrawn funding for disaster risk management initiatives in the Philippines, a nation particularly vulnerable to natural disasters due to its location.⁴ Programs such as these, and many others, were the result of years of research, learning and investment. It is worth noting that, despite the passage of 12 months since the cuts were first announced, we do not yet have detailed information on all the specific programs which have been discontinued as a result of aid cuts. As such, the full impact of the cuts is remains unclear.⁵

Beyond the harm to developing communities and countries, **the cuts to aid have broader impacts on Australia's own national interests.** To take one example, Australia's aid program contributes to reducing Australia's exposure to imported infectious diseases and epidemic and pandemic disease outbreaks.⁶ Australia's proximity to the countries of Asia and the porous nature of the border between the Torres Strait Islands and Papua New Guinea has always posed a challenge for Australia's biosecurity. The Asia-Pacific region is an incubator of emerging infectious diseases and antimicrobial resistance. Extensive international travel, tourism and trade between Australia and the region mean diseases can easily bypass our national borders.

Australia's public health community has long recognised the importance of Australian aid programs that assist our neighbours to address health threats before they spread to Australian shores.⁷ Our aid investments in

¹ For full figures, see the 2015-16 Development Assistance Budget as at Budget Night (12 May 2015):

<http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2015-16-dev-assistance-budget-information-as-at-budget-night-12-may-2015.pdf>

² On current projections, Australian aid as a share of Gross National Income (GNI) will fall to 0.23 per cent by 2016-17.

³ For full figures, see the 2015-16 Development Assistance Budget as at Budget Night (12 May 2015):

<http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2015-16-dev-assistance-budget-information-as-at-budget-night-12-may-2015.pdf>

⁴ See individual country pages on the DFAT Website

⁵ Recent information released by DFAT through the October 2015 Supplementary Budget Estimates provides very high level information on the impact of the cuts and it remains unclear how specific programs will be affected.

⁶ Diseases have no borders: Report on the inquiry into health issues across international borders, House of Representatives Standing Committee on Health and Ageing, March 2013

⁷ Diseases have no borders: Report on the inquiry into health issues across international borders, House of Representatives Standing Committee on Health and Ageing, March 2013

health also provide critical intelligence on emerging health threats in our neighbourhood, bolstering our own surveillance networks and increasing our capacity to take early, preventative action.

As a result of the budget cuts, Australia's aid investments in health have fallen to 14 per cent of a diminished aid program over the past year.⁸ Australia has now largely withdrawn funding for regional health investments in South East Asia. Without these aid investments in health, Australia is not only more vulnerable to imported infectious diseases, we are less able to detect and control disease outbreak in our neighbourhood. This goes beyond diseases that threaten public health such as drug-resistant tuberculosis, to diseases such as rabies and foot and mouth disease that threaten Australian agriculture and our unique biodiversity.

The scale of the aid cuts has also had a **significant impact on our diplomatic relationships**. Though aid and diplomacy are distinct, they are undoubtedly interlinked. Aid investments signify the value one country places on the future prosperity and stability of another. Aid builds trust between countries and helps pave the way for mutually beneficial relationships. What's more, the level of aid matters – there are undeniable links between the quantum of aid funding and diplomatic influence.⁹

The Australian diplomatic community knows this well. Over many years, Australia has built strong ties with other countries through principled diplomacy, supported by our effective aid investments. Recent cuts to aid, however, have forced Australia to break existing commitments and contracts with partner governments and the United Nations. This does not play out well and damages Australia's credibility with the international community; in a rare show of displeasure, African diplomats publicly rebuked the Australian Government for its severe cuts to the aid program in Africa in 2015.¹⁰

The consequences of last year's aid cuts will be further exacerbated in the upcoming Federal Budget. In 2016-17, the aid budget is projected to fall by an additional \$224 million bringing the total to just \$3.8 billion. Unless the Australian Government takes action to reverse this planned cut through the 2016-17 Federal Budget, we will continue to lose effective aid programming across our region, with heavy consequences for developing communities and ourselves.

Playing our part

Despite the recent turmoil in the Australian aid program, ACFID is hopeful that change is afoot. We welcome the new narrative of the Turnbull Government of optimism and opportunity. We are heartened by the Government's decision to accept 12,000 Syrian refugees and applaud the appointment of a Minister for International Development and the Pacific. We welcome Australia's appointment as co-chair of the Green Climate Fund.

We agree with Prime Minister Turnbull that there has never been a better time to be an Australian, but with this comes a responsibility to be a more engaged and caring Australia, one that works with our neighbours and the international community to reduce global poverty and build shared prosperity.

There has never been a more important time for Australia to step up and play our part. In September 2015, Australia along with 193 members of the United Nations (UN), signed onto the 2030 Agenda, at the core of which lie the Sustainable Development Goals (SDGs). The Goals represent a new global agreement to reduce

⁸ 2015-16 Development Assistance Budget Summary released by DFAT: <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2015-16-development-assistance-budget-summary.pdf>

⁹ The Economist: <http://www.economist.com/news/americas/21664208-canadians-see-themselves-global-benefactors-fact-they-have-been-pinching>

¹⁰ For example, <http://www.sbs.com.au/news/article/2015/08/30/australian-government-urged-reverse-africa-foreign-aid-cuts>

poverty and inequality around the world by 2030. The SDGs recognise that the world today is bound together by complex ties of trade, diplomacy and security, and that reducing poverty and inequality in developing countries is necessary to achieve inclusive and sustainable economic growth for all. Examples of these interrelationships abound. The rise of India and China demonstrate that developing countries can help revitalise the global economy, while the Syrian refugee crisis shows us that the consequences of conflict and war are not confined within national borders.

The SDGs came into force on 1 January 2016 and apply to developing and developed countries equally. The Goals are a comprehensive framework of 17 goals and 169 targets that recognise the complexity of the challenges facing the world today. They cover a wide range of issues from poverty, gender equality, health and education, income equality, governance and energy policy. The SDGs were developed through extensive consultation and have unprecedented buy-in from those who signed up to them. Australia, like all nations, must now actively contribute to the achievement of the SDGs – both in other countries and at home.

The purpose of the 2030 Agenda goes beyond reducing poverty in developing countries. It is a new paradigm for international engagement that recognises the need for new sources of finance, new partnerships across all sectors, and new ways of doing business. The UN Addis Ababa Action Agenda (“the Action Agenda”), which sits alongside the SDGs, is a detailed action plan for harnessing global funds, new resources and partnerships for development. While aid remains fundamental to reducing poverty and catalysing inclusive growth in developing countries, the SDGs and the Action Agenda (together the ‘2030 Agenda’) recognise that aid is only one piece of the puzzle. Businesses must embed sustainable development principles into their operations and unlock new financing for development, trade agreements must further development goals, foreign investment and remittances must be encouraged, and the world must embrace new technology and innovation.

Real opportunities exist for an educated and technologically sophisticated nation like Australia. There is rising global demand for innovation in renewable energy, in managing the world’s ever growing data needs and expanding international communications networks, in cutting-edge agricultural techniques such as dry land farming and for expertise in water resource management – to name just a few. As a nation, we are well placed to capitalise on these new industries, while also building the capacity of our neighbours. 2016 presents Australia with the opportunity to engage on the new global agenda for sustainable development, both domestically and regionally.

An important first step will be rebuilding Australia’s aid budget to a level commensurate with a country of our size and prosperity and reflecting our connection to a region where development assistance continues to play a vital role in advancing our interests and those of our neighbours. Australia must also shift our policies on refugees and asylum seekers, on climate change and the environment, on taxation reform and inequality – issues which impact Australians as well as international development outcomes. Australia’s position on these critical issues has regressed in recent years, a fact not lost on the international community. In November 2015, Australia was reprimanded for its human rights record by the United Nations Human Rights Council. More than 100 countries spoke out against Australia for its treatment of refugees and Indigenous Australians.¹¹ Australia must do better if we are to be elected to a seat on the UN Human Rights Council in 2018, and be recognised as a human rights defender.

It is clear that the Australian public agrees that we can do better. In the past year, Australian community support for Australian aid and development NGOs reached \$1.06 billion in donations.¹² The Australian public responded generously to the earthquake in Nepal raising \$50 million, a further \$20 million was raised in response to Cyclone Pam in Vanuatu.¹³ Community attitudes to the Syrian refugee crises have been

¹¹ For example, see: <http://www.smh.com.au/federal-politics/political-news/un-human-rights-review-countries-line-up-to-criticise-australia-for-its-treatment-of-asylum-seekers-20151109-gkusj4.html>

¹² ACFID Annual Report 2014-15

¹³ ACFID estimates based on internal member data

compassionate and welcoming. Australians are increasingly aware that poverty, disease and conflict do not heed national borders and that Australia must do its part.

ACFID's Call to the Australian Government

Given the significance of the 2030 Agenda, ACFID's core policy asks for the FY2016-17 Federal Budget centre on laying the groundwork for the implementation and achievement of the SDGs with a focus on the Australian aid program. We note, however that all of Australia's international and domestic policies will also need to align with the SDGs.

ACFID's Pre-Budget Submission 2016-17 sets out proposals for how Australia can play its part in the achievement of the SDGs, for the benefit of Australians, our neighbours and our partners further afield. It is focused on five areas for action:

1. Embedding the SDGs across Australian Government policy
2. Reinvesting in our development efforts – country and thematic priorities
3. Ensuring DFAT is ready to deliver – building development expertise and effectiveness
4. Driving a multi-stakeholder approach to sustainable development
5. Engaging the Australian public in our development efforts

Costing ACFID's Budget Submission

ACFID and its members continue to call for the urgent rebuilding of Australia's aid budget which has been reduced by approximately \$11.3 billion since 2013. In this budget submission, ACFID urges the Australian Government to restore the aid budget to \$5.5 billion in the life of the next Parliament (or by 2018-19) – an effective reversal of the drastic aid cuts announced in the 2015-16 Federal Budget. **The recommendations in this budget submission provide guidance to where some of this additional funding of approximately \$1.5 billion should be prioritised over the forward estimates. ACFID would expect that additional funds would be phased in over several years in line with overall growth in the aid budget.**

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Embed the Sustainable Development Goals

RECOMMENDATION 1:

Australia should embed the Sustainable Development Goals across Australian Government policy

1.1 Integrate the Sustainable Development Goals throughout Australia's aid program

To fulfil Australia's commitment to the SDGs, it is vital that their achievement becomes the fundamental purpose of Australia's aid program. ACFID calls on the Australian Government to ensure that the SDGs are integrated across the thematic and geographic policies, programs and performance benchmarks of the aid program. In the short term, this will require DFAT to shift existing aid and development policies to align with the goals and targets of the SDGs. In the longer term, ACFID would expect to see new aid policies that place the achievement of the SDGs at the heart of the aid program.

To assist in this process, ACFID is developing a report, *From Targets to Action: The Sustainable Development Goals and the Australian aid program*.¹⁴ ACFID's report reviews existing Australian aid and development policies and sets out ideas for how they could be adapted in the short term to better align with the priorities set by the SDGs. ACFID calls on the Australian Government to consider the ideas presented in this report to help incorporate the SDGs into Australia's development efforts.

- 1.2 Develop a whole of government, national strategy to implement the SDGs across all government policies**
- 1.3 Establish a unit within the Department of Prime Minister and Cabinet to oversee the implementation of the SDGs**

Australia has played a leading role in the development and negotiation of the SDGs. The Foreign Minister, Julie Bishop, describes the SDGs as a 'global roadmap for development cooperation to 2030 and beyond'.¹⁵ As the SDGs apply equally to all nations, Australia's contribution to their achievement will extend beyond the Australian aid program to all Australian Government policies.

Australia will now need to shift its domestic policy settings, to ensure it implements the SDGs for all Australian citizens. It will also need to shift its international policy efforts to align with the SDGs including policies on trade, migration, gender equality and women's empowerment and the environment. Like all UN member states, Australia will be required to report progress against the SDGs to the UN and the rest of the world.

To assist Australia to meet its new international commitments, ACFID calls on the Australian Government to develop a whole of government strategy to implement the SDGs across all Government departments. ACFID also recommends that the Australian Government establish a unit within the Department of Prime Minister and Cabinet (DPMC) to oversee the implementation of the SDGs and to track Australia's progress. The DPMC would be well placed to ensure a coordinated whole of government approach to the SDGs. These recommendations echo calls made by the UN for all member states to develop national strategies to achieve the SDGs, and Australia's commitment "to fully engage in conducting regular and inclusive reviews of progress at sub-national, national, regional and global levels."¹⁶

¹⁴ ACFID has not yet released this report - it will be released in early 2016 to coincide with the release of this submission.

¹⁵ Media Release by the Foreign Minister, 25 September 2015, "Australia welcomes new global development agenda"

¹⁶ Transforming our world: the 2030 Agenda for Sustainable Development, para77.

Reinvest in our development efforts

RECOMMENDATION 2:

Australia should rebuild the Australian aid program

- 2.1 Reverse the scheduled further cut to the aid budget of \$224 million in FY2016-17
- 2.2 Rebuild the aid budget to \$5.5 billion (or 0.3 per cent of GNI) in the next term of Parliament
- 2.3 Set Australia on a trajectory to ensure aid levels reach 0.7 per cent of GNI by 2030

Australia's commitment to the 2030 Agenda necessitates reinvestment in the Australian aid program. ACFID has long called for the rebuilding of the aid budget and a commitment to ensure aid reaches 0.7 per cent of Gross National Income (GNI) by 2030. Australia, like all nations, has promised to reach this level of aid as part of the SDGs agreement to fully implement our development assistance commitments. ACFID also urges the Australian Government to reverse the \$224 million in cuts to the aid budget currently scheduled for FY2016-17. This would stop Australian aid falling to its lowest ever level as a share of GNI.

Australia has an opportunity to rebuild the Australian aid program in key strategic areas. In the section below, ACFID has identified the countries, regions and thematic areas where investment through Australia's aid program should be prioritised.

A: Country and Regional Priorities

RECOMMENDATION 3:

As part of rebuilding the Australian aid program to \$5.5 billion, Australia should restore the aid budget to 2014-15 levels in conflict-affected countries and regions with rates of low human development and where Australian aid investments can have a significant impact¹⁷

Over the last 15 years, the world has made extraordinary gains in reducing poverty and improving the wellbeing of millions of people around the world. Child and maternal mortality has fallen significantly, more children are attending school and more than 1 billion people have been lifted out of extreme poverty.¹⁸ However, there remain areas where progress continues to lag, and rates of human development remain unacceptably low. Fragile and conflict-affected states in particular face considerable and unique development challenges, and generally lag 40 to 60 per cent behind other low income countries in terms of economic development.¹⁹

ACFID recommends that the Australian Government prioritise the restoration of the aid budget in countries in conflict or post-conflict situations and those that are experiencing high rates of poverty and low rates of human development.²⁰ ACFID recommends that within this subset of countries, the Australian Government focus on countries and regions where Australia has a history of successful engagement and expertise which could be scaled up effectively. Examples of such priority investments are given below.

¹⁷ In this section, ACFID refers to total aid allocations as per the 2014-15 Budget Estimates, prior to the aid cuts announced in the 2015-16 budget. ACFID has used figures from the 2015-16 Development Assistance Budget Summary released by DFAT: <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2015-16-development-assistance-budget-summary.pdf>

¹⁸ United Nations, Millennium Development Goals Progress Report 2015

¹⁹ Kharas and Rogerson, Overseas Development Institute, 2012, Horizon 2025 – Creative Destruction in the Aid Industry

²⁰ As measured by the United Nations Human Development Index

3.1 Restore the total aid budget to Myanmar to \$90 million, prioritising investments in health, education, agriculture and women's empowerment

The recent and historic events in Myanmar signal momentous changes to come as the country democratises and opens its borders to foreign trade and investment for the first time in decades. Now is a critical time for providing development assistance to support the fledgling democracy. Myanmar continues to lag in human development terms, and poverty and inequality are key economic drivers of insecurity.

Australia is well placed to provide aid investments in governance and justice reform, investments in improving health, gender equality, education and agricultural productivity, and ongoing support to civil society organisations in Myanmar. Australia can also support Myanmar to meet its international human rights obligations. The recent cuts to Australia's aid program have meant reduced support to Myanmar's health sector and to aid programs that increase food security. This is an important time for Australia to invest in its relationships with the new government and support their poverty reduction goals. ACFID calls on the Australian Government to restore total aid to Myanmar to \$90 million, equivalent to levels before the 2015-16 Federal Budget.

3.2 Restore the total aid budget to Afghanistan to \$134 million, with a focus on governance and gender equality, and women's empowerment

There are important imperatives for Australia's renewed engagement with Afghanistan. Afghanistan is a highly vulnerable nation that requires substantial aid and development support. Continued destabilisation and conflict may have substantial impact on the stability of the region, and on Australia's ongoing military engagement with Afghanistan. In the face of increasing government incapacity, it is vital that essential services such as health, water, and education are provided to marginalised communities. Past gains in areas such as gender equality and women's empowerment, governance and anti-corruption are being undone. The space for a robust and dynamic civil society continues to shrink. Australia's aid program can make a substantial contribution in these areas but time is of the essence. ACFID recommends the Australian Government restore total aid to Afghanistan to \$134 million, equivalent to levels before the 2015-16 Federal Budget.

3.3 Restore the total aid budget to Pakistan to \$79 million, with a focus on governance, health, education and women's empowerment

Pakistan has fared poorly on the Human Development Index in recent years as conflict unwinds years of development gains. There are, however, signs of increased political stability and burgeoning economic growth. Australian aid investments can play an important role in building peace and stability in Pakistan by addressing poor governance, ongoing poverty and inequality – which can lead to conflict and instability. Our aid can also contribute to empowering women to participate in and benefit from economic growth. Reducing investment in these critical areas could stifle the fragile progress Pakistan has made, contributing to the destabilisation of the region as a whole. ACFID recommends that the Australian Government restore total aid to Pakistan to \$79 million, equivalent to levels before the 2015-16 Federal Budget. Australia should reinvest in governance and institutional reform initiatives, and renew successful investments in health, education and gender empowerment.

3.4 Build on current investments in Nepal to assist recovery efforts

Recovery efforts continue in Nepal following the devastating earthquake last April that killed more than 8,000 people. Millions of people are still in need of food, water and adequate shelter, particularly those living in mountainous, hard to reach places. Fuel shortages have further hampered recovery efforts. In the longer term, the earthquake in Nepal has severely undermined the country's human and economic development trajectory. ACFID welcomes the contribution the Australian Government made in humanitarian aid to Nepal and notes that

no cuts to Nepal's bilateral aid were made last year. However, Nepal remains in urgent need of development assistance to increase access to health, education, water and sanitation, and disaster risk reduction programming.

3.5 Reinvest in the countries of Africa, prioritising programs in food and water security, agricultural productivity and maternal and child health

African nations remain key strategic partners to Australia, particularly in terms of extractives, trade and investment flows. However, the African continent remains home to an estimated 330 million poor people.²¹ It is essential that Australia's business and diplomatic interests are supported by strong aid investments in African countries that contribute to inclusive and sustainable development.

There is an opportunity for Australia to target the aid program in areas such as water resource management, dry-land farming and agricultural productivity where Australia has expertise that could substantially assist African countries reach their development targets. ACFID particularly recommends that the Australian Government invest in a new round of the Australia African Community Engagement Scheme (AACES), given current funding for the program ends this year. AACES is a partnership between the Australian Government and 10 NGOs focused on agricultural productivity, water and sanitation, and maternal and child health in 11 African countries.

AACES had a particular focus on reaching the most marginalised groups including women, children, people living with disability and people vulnerable to disaster. There is substantial evidence that AACES has delivered 'increased agricultural productivity; increased resilience through diversified sources of income; and improved access to maternal and child health and water, sanitation and hygiene services'.²² Further investment in this successful mechanism should be central to Australia's future engagement with the countries of Africa.

²¹ World Bank, Poverty in a Rising Africa, <http://www.worldbank.org/en/region/afr/publication/poverty-rising-africa-poverty-report>

²² AACES Annual Report 2013/14, DFAT Website: <http://dfat.gov.au/about-us/publications/Pages/aaces-annual-report-2013-14.aspx>

B: Thematic Priorities

Many of the challenges faced by the world today involve global public goods and require global cooperation. The most pressing of these is climate change, which will disproportionately affect vulnerable people in developing countries but will require urgent action by all nations. Humanitarian disasters have shared consequences, as we have seen with the Syrian refugee crises. Global health security also requires global collaboration. Though developing countries are more vulnerable to disease outbreak, recent epidemics of Ebola, SARS, Avian Flu and now the Zika virus highlight that infectious diseases ignore national borders.

ACFID recommends that the Australian Government demonstrates global leadership in two ways – first by harnessing the catalytic power of aid, and our international reputation, to contribute to these key global public goods, and second by assisting developing countries address challenges in areas where Australia has particular expertise. For the better part of a decade, Australia has been a leading voice on gender empowerment, disability-inclusive development, water, sanitation and hygiene, and navigating the effects of rapid urbanisation. Further details on these thematic priorities are provided below.

FOCUS ON GLOBAL PUBLIC GOODS

RECOMMENDATION 4:

Australia should invest in humanitarian and disaster response

- 4.1 Double the current humanitarian emergencies fund in FY2016-17 TO \$240 million**
- 4.2 Invest a minimum of \$45 million to establish multi-year NGO funding agreements to effectively respond to protracted crises in Syria and South Sudan.**
- 4.3 Develop a guiding policy to ensure Australia is able to effectively fund slow onset humanitarian crises.**

We are witnessing a rise in the scale, frequency and impact of humanitarian crises on vulnerable people around the world. The impacts of El Niño, particularly in the Pacific, are estimated to be severe with many Pacific nations already experiencing concerning levels of water and food shortages; food security in the Horn of Africa is deteriorating at an alarming rate and conditions in Ethiopia are significantly worse than they were during the 2011 Horn of Africa crisis; and the Syrian humanitarian crisis shows no sign of abatement as it enters its fifth year.

These crises are likely to increase in severity and will continue to require substantial humanitarian action from the global community. Yet, these crises compete for constrained resources not only with other large scale and protracted crises in Afghanistan, South Sudan, Mali, and the DRC, but with other natural disasters that may occur during the year.

We welcome the leadership shown by the Australian Government in humanitarian and disaster response over the past year, particularly in its willingness to work closely with Australian NGOs. In light of the growing stress on the humanitarian system, ACFID recommends that the Australian Government substantially increase its capacity to respond to humanitarian disasters in FY2016-17.

In the first instance, ACFID calls on the Australian Government to double the existing Humanitarian Emergencies Fund to \$240 million in FY2016-17. This would help Australia move towards contributing its fair share to UN humanitarian appeals, which remained underfunded on average by 51 per cent in 2015.²³ This will be a critical investment to allow Australia to more effectively respond to disasters in our region and around the world.

²³ UN OCHA, *2016 Global Humanitarian Overview*, November 2015, p. 13.

Substantially increasing the Emergencies Fund will also ensure Australia's humanitarian funding as a percentage of the budget will be commensurate with other OECD donors. It continues to be ACFID's policy recommendation that Australia's official humanitarian assistance be maintained at a minimum of 10 per cent of official ODA on an annual basis.

ACFID further calls for the establishment of appropriate funding mechanisms that allow for differentiated responses to different types of crises. In particular, we call for the establishment of flexible, multi-year funding agreements to enable the Australian Government, in partnership with Australian NGOs, to respond more effectively to **protracted crises**. Multi-year funding enables partners to more effectively respond to protracted crises through allowing longer-term planning to respond both to the effects of crises, and address the root causes. Multi-year funding also allows efficiencies to be gained in resourcing projects with recurring expenditure that can be forecasted in advance, such as procurement and human resources.

In light of this, we recommend that in 2015-16, DFAT develop multiyear NGO funding agreements for Syria and South Sudan, based on the model already used for the Afghanistan Australia Community Resilience Scheme (AACRS) and the Australia Middle East NGO Cooperation Agreement (AMENCA) for the Occupied Palestinian Territories. A minimum amount of approximately \$45 million over three years would be needed for these two new agreements.

In addition, it has long been recognised that early action to address **slow-onset crises** can avoid needless suffering and is significantly more cost-effective.²⁴ ACFID recommends DFAT establish a guiding policy which outlines clear criteria triggering the rapid release of funding to support preventative action in response to the early warning signs of slow-onset crises. This policy should cover existing funding mechanisms, country programs and partnership agreements. The Australian Government should ensure that funding provided for slow onset crises is commensurate with Australia's fair share of estimated funding requirements for the relevant crisis based on Australia's GNI per capita relative to other donors.

RECOMMENDATION 5:

Australia should prioritise action on climate change within the aid program

- 5.1 Scale up Australia's climate finance commitments to \$558 million**
- 5.2 Develop a climate change strategy for the aid program**

Climate change poses a fundamental obstacle to future development prospects. While climate change will affect all nations, it is likely to have disproportionate impact on developing countries – particularly those in the Pacific. A study by the Asian Development Bank on the economics of climate change estimates that economic loss to the Pacific as a result of climate change are already being felt and could range from 2.7 to 3.5 per cent of annual GDP by the year 2050, including adverse impacts on crop yield, fisheries, human health and tourism.²⁵

In Paris in December 2015, over 190 countries came together to agree a new international climate change agreement through the United Nations Framework Convention on Climate Change (UNFCCC), to keep global warming below 2 degrees and to pursue efforts to limit the increase to 1.5 degrees. This important agreement includes pledges by countries to cut emissions, make provisions for 'loss and damage' associated with climate

²⁴ See ACFID Policy Paper, *Humanitarian Action for Results*, https://acfid.asn.au/sites/site.acfid/files/resource_document/HAFR-Policy-Paper.pdf

²⁵ Asian Development Bank, 2013, Economics of Climate Change in the Pacific.

change impacts in developing countries, and an agreement to extend the current \$100 billion goal in climate finance through to 2025 and set a new goal for climate finance post 2025.

Despite the significant risks posed by climate change to our region, current Australian aid policies place insufficient emphasis on the importance of climate change programming, and this lack is particularly noticeable in DFAT's Aid Investment Plans. This is out of step with our international peers and contrary to all available evidence on the impact climate change will have on development outcomes. ACFID calls on the Australian Government to make climate change a key investment priority of the aid program. In particular, ACFID calls on DFAT to develop and implement a climate change strategy for the aid program that embeds climate change considerations across all aid programming decisions.

ACFID has welcomed Australia's return as co-chair of the Green Climate Fund and the opportunity this brings. The Australian Government should use its role as co-chair to help ensure that the Fund delivers for those who need it most. It must help ensure that small and particularly vulnerable countries are given assistance to access the support and funding they need. These countries may otherwise find it difficult to gain access to funding due to the complex process of submitting proposals and meeting the Fund's requirements.

Australia must also step up its contributions to international climate finance. At the recent international climate change conference in Paris, the Prime Minister committed to providing at least \$1 billion in climate finance over five years. While a welcome step, we note that this amount, an average of \$200 million a year, is little more than Australia has provided in the past.²⁶ It also falls far short of what Australia should give as its proportionate share of the international goal to reach US\$100 billion by 2020 in support developing countries to meet the challenges of climate change. We note that Canada, France, UK, Germany and Japan have all made significantly larger new commitments than Australia, taking into account the relative size of our economy. ACFID calls on the Australian Government to scale up its public climate finance contribution to \$558 million.²⁷ This should be additional support rather than being taken from the existing aid budget.

Australia's climate finance contribution should be directed in part through the Green Climate Fund and in part through other channels (see a specific recommendation below). Particularly in the near term, it is important that Australia continue to support climate change adaptation through its bilateral aid programs. This will enable the Government to build on the vital work that has already been undertaken in recent years, and to capitalize on existing relationships with affected communities.

Lastly, to reduce pressure on the national budget and to ensure that climate finance can be scaled up and sustained, ACFID encourages the Government explore innovative sources of public climate finance, including financial transaction taxes, revenue from an emissions trading scheme, a levy on international transport emissions, and the redirection of fossil fuel subsidies. ACFID and the aid and development sector is currently exploring these opportunities and stands ready to work with the Australian Government to pursue them.

5.3 Invest \$50 million over 4 years to community-based climate change adaptation and mitigation

Inclusive community-based approaches are essential to assist poor and vulnerable communities to reduce, and adapt to, the impacts of climate change and natural disasters. Between 2010 and 2014, the Australian Government funded 10 NGOs to work with local government, civil society and communities in 9 countries in the

²⁶ According to Australia's Second Biennial Report on its progress towards meeting commitments under the UNFCCC, Australia has provided an average of A\$187 million per year in climate finance since 2010 through multilateral and bilateral channels, including \$229 million in 2014-15. See: <http://apo.org.au/resource/australias-second-biennial-report>

²⁷ This is based on the assumption that Australia should be responsible for approximately 2.4% of the global total, and that a majority of the shared US\$100bn commitment should be made up of public finance – a measure that is necessary to ensure that there is sufficient support for climate change adaptation, which is less about to attract private investment.

Asia Pacific region to boost their resilience to the impacts of climate change.²⁸ As per the draft program evaluation (currently with DFAT), the *Community-based Climate Change Action Grants* (CBCCAG) program has effectively increased the capacity of vulnerable people to the impacts of disasters and climate change, whilst achieving broader development outcomes, including food and livelihood security, economic empowerment, education and reducing the impact of disasters.

ACFID recommends that the Australian Government establish an NGO funding window for community-based adaptation, based upon the CBCCAG program, to build community resilience to climate change, particularly across the Pacific region.

5.4 Ensure that Disaster Risk Reduction programming represents at least 5 per cent of Australia's aid budget

Disaster Risk Reduction (DRR) programming is critical to ensure that natural disasters, sometimes exacerbated by the effects of climate change, do not reverse progress on poverty reduction and economic growth in developing countries. Estimates indicate that over the past 20 years, natural disasters have caused \$2 trillion in economic losses. Evidence suggests that \$1 invested in appropriate, evidence-based DRR saves between \$2 to as much as \$80 in avoided or reduced disaster response and recovery costs.²⁹ Experiences of both Cyclone Pam and the Nepal Earthquake have demonstrated the value of DRR programs in reducing the impact and severity of natural hazards on communities.

Australia has been a leader both domestically and internationally on DRR techniques and innovations. Despite this, there is little transparency on the amount of aid funds allocated to DRR across the aid program and how this money is spent. ACFID calls on the Australian Government to provide greater transparency on DRR funding, and to ensure that DRR, along with climate change, is integrated across all aid programming decisions. In the absence of clear estimates on current DRR spending, ACFID further calls for a minimum 5 per cent of the aid program to be invested in DRR programming. This will assist the Australian Government in meeting relevant commitments under the Sendai Framework for DRR, and the SDGs.

RECOMMENDATION 6:

Australia should increase its investment in regional health systems

6.1 Invest \$35 million to build regional capacity to address communicable infectious diseases

6.2 Increase Australia's commitment to the Global Fund

Infectious disease and the rise of drug resistant disease pose a serious threat to the economic growth and inclusive development of middle-income countries. Diseases such as tuberculosis, which has recently surpassed HIV as the deadliest infectious disease in the world, are increasing in prevalence in Asia-Pacific region with the rapid spread of multi drug resistant strains of the disease. On current estimates, the emergence and spread of tuberculosis is likely to cost countries between 4 and 7 per cent in lost GDP each year.³⁰ Despite this, most countries in the region are currently underinvesting in the surveillance, detection and treatment of communicable infectious diseases.

²⁸ NGO partners were: CARE, Oxfam, Plan International, Act for Peace, The Nature Conservancy, Live and Learn, Save the Children, Australian Red Cross, Environmental Defence Fund, SNV Netherlands Development Organisation

²⁹ ACFID's 2014 Humanitarian Policy Paper 'Humanitarian Action for Results,' Available: <http://www.acfid.asn.au/resources-publications/files/humanitarian-action-for-results>

³⁰ Asian Development Bank, Tuberculosis: A global problem requiring an Asia-Pacific solution, Available: <http://blogs.adb.org/blog/tuberculosis-global-problem-requiring-asia-pacific-solution>

This represents a direct risk to Australia's own health security given our trade, business, and tourism ties with other countries in the region. Australia has a strong interest in building capacity within our regional partners to detect and control emerging infectious diseases. ACFID recommends the Australian Government invest in initiatives that increase regional surveillance and diagnostic capacity, provide training to increase medical skills and expertise, and establish functional laboratory systems. Based on the Global Plan to End tuberculosis funding requirements, Australia should increase bilateral support for programs to prevent and treat tuberculosis to \$20 million by 2018-19. Based on the Roadmap for Ending Malaria in the Asia-Pacific region, Australia should commit \$15 million per year to bilateral and regional programs to prevent and treat malaria.

In addition, the Global Fund to Fight AIDS, tuberculosis and Malaria, which is the largest international source of funding for tuberculosis and malaria, will be seeking further commitment for the period 2017 to 2019 at a replenishment meeting in 2016. Australia should plan to increase its commitment to the Global Fund in the 2017 to 2019 period from the 2014 to 2016 pledge of \$200 million to approximately \$300 million. Payments from this further pledge would start in the 2017-18 financial year.

ACFID further urges the Australian Government to leverage its diplomatic credentials to facilitate a coordinated regional response to diseases such as tuberculosis. This could involve a regional summit to discuss the threat posed by these diseases, and to identify regional financing or co-investment mechanisms to arrest their spread.

6.3 Invest \$67 million to improve access to water, sanitation and hygiene services (WASH) in rural and urban areas

Alongside investments focused on improving diagnostic capacity and treatment of infectious diseases, investment in preventative health interventions are also required. Safe water, a sanitary environment and good hygiene practices are fundamental to good human health. Estimates suggest that up to 50 per cent of hospital beds in developing countries are filled by people with diseases linked to unsafe water, sanitation and hygiene.³¹ Investment in these basic services will reduce the disease burden in the countries we provide aid to, leading to improved quality of life, reduced healthcare expenditure (both at the national and household level) and increased productivity.

ACFID recommends that the Australian Government restore \$67 million in investment in WASH to return to 2014-15 funding levels. As part of this, Australian aid should also focus on ensuring health care facilities are built with adequate, sustainable water and sanitation services and that health care workers are committed to following and promoting good hygiene practices.

CAPITALISE ON AUSTRALIAN EXPERTISE

RECOMMENDATION 7:

Australia should continue to lead on gender equality and women's empowerment

7.1 Increase support for preventing and responding to violence against women and girls in Melanesia

Violence against women and girls is widespread, persistent and unacceptably high throughout the Melanesian region. The violence women experience includes, but is not limited to, family and sexual violence, tribal conflict, sorcery-related violence and the impact of harmful cultural practices such as polygamy and bride price. Current programming and research into this area do not match the sheer scale of violence against women in the region.

³¹ Carvajal, L., Coppard, D., Fuentes, R., Ghosh, A., & Giamberardini, C. (2006). Human Development Report 2006: beyond scarcity: power, poverty and the global water crisis. United Nations Development Programme (UNDP).

The globally high prevalence of violence against half the population of Melanesia warrants consideration as a serious human rights issue with economic implications.

Australia is a leading voice in global efforts to empower women and girls. In line with its commitment that 80 per cent of aid programming address gender equality, ACFID recommends that the Australian Government increases its support for preventing and responding to violence against women in Melanesia. Part of this increased funding should support the work of women's organisations in the region as they are typically on the front line working with communities to address gender discrimination and are essential to embed long term solutions to gender based violence. ACFID further recommends that the Government continue to support the Pacific Women Shaping Pacific Development fund as mechanism to provide long term, substantial investment for women and girls in the Pacific.

7.2 Australia should meet its commitment to the 2012 Family Planning Summit

At the Family Planning Summit in London in 2012, Australia committed to increase spending on family planning to \$53 million per year by 2016. Australia came close to fulfilling its promise, but is now \$20 million short. Investing in Family Planning initiatives is extremely cost effective. Emerging evidence indicates that for every US\$1 invested in sexual and reproductive health, there is an economic return of between US\$20 and US\$120, providing a greater economic return than reducing malaria and tuberculosis combined.³² Family planning helps reduce the cost of sexual, reproductive and maternal health complications, it helps women and girls plan their pregnancies around education, training and careers, achieve better health outcomes, and better invest their own and their family finances into their children's health and education.

In the Asia Pacific region, this would lead to stronger economies, better enabled to financially engage with Australia and the region. ACFID calls on the Australian Government to increase investment in family planning to meet commitments made at the 2012 Family Planning Summit.

RECOMMENDATION 8:

Australia should assist regional efforts to address urbanisation

8.1 Invest \$50 million over 5 years to urban-focused programming to address the impacts of rapid urbanisation in the Asia Pacific region

Urbanisation is one of the defining trends of our time. Its impacts will be felt most in the Asia Pacific and sub-Saharan Africa, where the majority of the urban poor reside. Cities are now home to extreme inequality with some of the worst forms of deprivation and environmental degradation risking human development gains and economic growth. In many countries, the number of slum dwellers has increased significantly in recent years.

Sound urban development can contribute to ending extreme poverty and close the gap on inequality while improving the economic performance of cities as global growth engines. Such an approach places the importance of cities and urban areas at the centre of development efforts, reflecting the targets of Goal 11 of the SDGs. Action on infrastructure investments, urban land-use systems, spatial plans, housing and community engagement are paramount.

To promote economic opportunities and improve human development, the Australian Government should be a leader in promoting sustainable cities in the region. Australia has expertise to share in this area as a highly urbanised nation. ACFID recommends the Australian Government establish a revolving venture capital facility,

³² The Economist, 22 Jan 2015, <http://www.economist.com/news/finance-and-economics/21640361-debate-heats-up-about-what-goals-world-should-set-itself-2030>

managed by Australian NGOs, to invest in urban housing, slum upgrading, small-scale infrastructure, and utilities for the working poor in developing countries. Australian NGOs have the partnerships, the experience, and the technical capacity to invest Australian aid capital through in-country partners to address the impacts of rapid urbanisation in our region.

There is strong precedent for such a facility with both USAID (USA) and DFID (UK) establishing similar models to create sustainable funding pools which are used to upgrade the built environment and the communities that reside there. ACFID calls on the Government to invest \$50 million over 5 years to establish and fund this facility.

RECOMMENDATION 9:

Australia should continue to be a global leader on disability inclusive development

- 9.1 Ensure the annual investment of \$12 million in funding for disability inclusive development grows in line with CPI**
- 9.2 Fully resource the implementation of the DFAT's strategy for strengthening disability-inclusive development across the aid program aid**

The Foreign Minister has demonstrated consistent leadership on, and commitment to, disability-inclusive development. Disability and poverty are connected in a cycle of reinforcement, each exacerbating the exclusion and vulnerability caused by the other. Investment in disability-inclusive development means that people living in poverty will be less likely to acquire a disability, and people with disability will be better included in the community and able to live fulfilling lives. Globally, 80 per cent of those with disability live in developing countries, where they make up a fifth of those living in poverty.³³ The Asia Pacific region is home to approximately two thirds, or over 400 million, of the world's population of people with disability.³⁴

The importance of embedding disability inclusive principles has been recognised as crucial to Australia's aid program in the Government's aid policy³⁵ and further in *Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid*, which was launched last year.

ACFID calls on the Government to commit to increase its investment in disability-inclusive development – first, to maintain current investment levels in real terms to enable disability inclusion to be embedded across all aid investments, and secondly to fully resource the implementation and monitoring of DFAT's strategy on disability-inclusive development. An increased allocation to disability-inclusive development will improve the inclusiveness and effectiveness of Australia's aid investments, and will cement Australia's reputation as the catalyst for, and global leader in, disability-inclusive development.

³³ World Bank and World Health Organisation (WHO), 2011, World Report on Disability

³⁴ World Bank, 1999, Poverty and Disability: A Survey of the Literature

³⁵ Australian Government, 2014, Australian aid: promoting prosperity, reducing poverty, enhancing stability

Ensuring DFAT is ready to deliver – building development expertise and effectiveness

RECOMMENDATION 10:

Australia should reinvest in the skills and expertise of the Department of Foreign Affairs and Trade and elevate Australia’s development efforts

10.1 Reinvest in the recruitment of development experts, and build development skills across the Department

The SDGs pose new demands on the Department of Foreign Affairs and Trade (DFAT) as the lead agency for the Australian aid program. It has been almost two years since the Australian Government merged the dedicated Australian aid agency, AusAID, into DFAT. This has been a trying period for the aid program particularly as it has coincided with substantial reductions to the aid budget and the departure of a significant number of former AusAID staff.

ACFID and others have publically and privately expressed concern for the loss of decades of aid and development expertise. Since 2013, the number of dedicated development staff in Canberra and at Post has fallen substantially. Aid and development experts have an in-depth knowledge of poverty and its causes, and understand the economic, social and cultural drivers of lasting and inclusive improvements to wellbeing. This is a skill set distinct from, although beneficial to, foreign affairs, trade or diplomacy.

ACFID calls on the Australian Government to reinvest in the recruitment of development experts, and build development skills across the Department. This is particularly vital in light of the 2030 Agenda which necessitates all areas of DFAT to understand and effectively implement the SDGs across Australia’s trade agreements, our aid program, as well as our diplomatic efforts.

10.2 Elevate the importance of development within DFAT by better integrating development into Australia’s diplomatic efforts

ACFID believes that aid and development must be accorded equal status within the merged Department. If the twin goals of the DFAT are achieving peace and prosperity, then achieving sustainable and inclusive development is an integral component of its *raison d’être*. It is vital that the aid program is sufficiently staffed, that development expertise is valued within DFAT, and that there is meaningful integration of development principles across all aspects of DFAT’s work.

ACFID believes there is an opportunity to better integrate development into Australia’s diplomatic efforts. We term this ‘development diplomacy’ – using Australia’s technological and policy expertise to support developing countries and emerging economies to build shared prosperity while also harnessing Australia’s significant convening power to bring together key states in our region to tackle development challenges.

By way of example, Australia has a tremendous opportunity to demonstrate regional leadership by bringing together key states to discuss the threat of emerging infectious diseases and rising disease resistance in the Asia Pacific region. The threats posed by disease outbreaks are felt by all nations in the region – both developing and developed. Australia could substantially raise its profile by taking leadership and bringing states together to collaborate on building regional health security. This could involve a hosting a regional summit for key countries in the region, including South Korea and China, to devise solutions to the spread of tuberculosis within individual countries and across our region.

Australia should also use its diplomatic relationships to pursue development goals particularly for our region. For example, the Global Forum on Migration and Development in Bangladesh in February 2017 provides an opportunity for the Australian Government to play a proactive role in supporting development outcomes, such as through reducing the cost of remittance flows, supporting the rights of migrant workers, and better regional responses to forced migration and regional refugee flows.

10.3 Invest \$20 million in development research to increase development expertise in DFAT and ensure aid programming and policies are based on evidence

Investment in development research is critical for the effective delivery of aid. It is vital that the Australian aid program is based on sound evidence, and that programming is informed and systematically improved upon by learning from past successes and failures, and analysis of emerging issues. This is particularly important for the achievement of the SDGs, which necessitate an evidence-based approach to development.

The 2014 Office of Development Effectiveness (ODE) report, *Research for better aid: an evaluation of DFAT's investments* and the accompanying management response identified areas where DFAT's management, coordination and use of research based evidence could be enhanced. The ODE report recognised that DFAT, as the lead agency implementing the Australian aid program, must ensure that its policies, programming and strategies are evidence based. The ODE also recommended that DFAT develop a clear policy on the priorities, processes and standards for the department's investment in research.

Despite this, funding to development research within the aid program has noticeably decreased over the last few years. In the Federal Budget 2015-16, only \$6 million of aid funding was allocated to development research. DFAT does not currently have a strategy in place to guide its development research though ACFID understands that work on such a strategy is underway.

ACFID calls on the Australian Government to increase its investment in development research to at least \$20 million in FY2016-17. This additional funding would enable DFAT to implement its forthcoming research strategy. As part of this new investment and strategy, the Department could consider new models for ensuring that research and the collection of evidence is a core part of all large aid investments. For example, a project to increase the number of skilled birth attendants could include a grant to a research institute to work alongside the program implementers to collect empirical data on the outcomes of the program. There is also significant scope to consolidate monitoring and evaluation functions across aid investments in a given country program to draw on newly emerging research fields or 'big data' to understand trends and effects of aid investments in relevant populations.

10.4 Invest in collecting quality data, disaggregated by appropriate target groups

Current approaches to the measurement of poverty tend to rely on household-level data and fail to identify the unique and differentiated situations of individuals. This is particularly problematic for programs that seek to assist marginalised groups such as women, children, the elderly, people with disability or indigenous groups. For example, currently the Australian Government only tracks a small proportion of its expenditure on gender equality and women's rights, those where gender equality is a 'principal objective.' No financial information is available about expenditure on activities to mainstream gender equality and women's empowerment in other programs, which make up the bulk of the aid program's investment in gender equality.

ACFID calls on the Australian Government to invest in the collection of disaggregated data and the use of new measures of poverty, such as the Individual Deprivation Measure, to ensure that policy initiatives are underpinned by a strong evidence base and their outcomes are captured.³⁶

RECOMMENDATION 11:

Australia should commit to improving efficiency and transparency within the aid program

11.1 Reinstate the development of an aid blue book

The lack of transparency and predictability of aid are key impediments to the effectiveness of aid investments. Recent studies indicate that the effectiveness of aid is reduced by 15 to 20 per cent when it is delivered in an unpredictable or volatile manner.³⁷ Uncertainty about future resources hampers budgetary decisions and can impede the implementation of longer-term programs and reforms.³⁸ The SDGs require all donor countries to ensure a high level of transparency in the delivery of aid.

ACFID welcomes the recent steps taken by DFAT to improve the transparency of the aid program. In particular, we note that considerably more information on the aid program has been made available on the DFAT website. However, there remain some key gaps in the available content. We still lack detailed information on individual programs and do not have published forward estimates for the total aid program or regional projections.³⁹

There is also limited information available on sectoral investments – particularly at the country or regional level – giving rise to concerns about the deterioration of DFAT's internal budget processes. For example, previous blue books outlined 'Australia's response' under each priority area of the aid program. These sections provided detail on the steps and programs the Australian Government was undertaking in each partner country to further each of its key priority areas. While this information may be available on the website, it is difficult to locate.

ACFID continues to urge the Australian Treasury to provide an aid 'blue book' as has been provided in previous years. While ACFID acknowledges that some of the information contained in previous blue books is now available on the website, it is worth noting that it was not made available on budget night as it has been in previous years and it remains difficult to navigate efficiently. The aid blue books were an invaluable resource as they provided an easily accessible and comprehensive picture of the breadth and reach of Australia's aid program.

³⁶ Further information on the Individual Deprivation Measure can be found here: https://www.iwda.org.au/assets/files>IDM-Report-16.02.15_FINAL.pdf

³⁷ OECD, 2013, Aid Predictability, Available: <http://www.oecd.org/dac/aid-architecture/>

³⁸ OECD, 2013, *Aid Predictability*, Available: <http://www.oecd.org/dac/aid-architecture/>

³⁹ To date the overall aid budget projections have been obtained through the Senate Estimates process, rather than through formal publication by DFAT

Driving a multi-stakeholder approach to sustainable development

The Sustainable Development Goals recognise that achieving sustainable and inclusive development will require action and collaboration across sectors – government, civil society, the private sector and academia. Australia, particularly through the work of DFAT, can take a lead role in bringing key stakeholders together for action on, and investment in, initiatives to promote sustainable development.

RECOMMENDATION 12:

Australia should invest in the capacity of civil society

12.1 Include greater support for local civil society through country-level aid investments, particularly to strengthen the enabling environment for civil society

ACFID strongly welcomes DFAT's new NGO engagement framework – *DFAT and NGOs: Effective Development Partners* – which strategically outlines the value-add of NGOs as development partners and sets out priorities and principles for engagement with NGOs. ACFID looks forward to working with DFAT to support the implementation and promotion of the framework and to monitor its effectiveness in driving strong development partnerships and outcomes.

As outlined in DFAT's new framework, an informed and engaged civil society is a development outcome in its own right, enabling poor people to fully participate in the economy and society, and helping them to shape policies and partnerships and oversee their implementation.⁴⁰

An effective civil society is fundamental to implementing and achieving the SDGs within developing countries. There is a need to ensure a strategic approach to working with civil society in country, informed by an analysis of legitimate actors in civil society that values diversity and their contribution to development.

While there are good examples of the Australian aid program taking a strategic approach to supporting civil society – including the PNG Churches Partnership Program and initiatives in the Philippines – this has not been a primary focus of our aid investments. There are important opportunities for donors such as Australia to provide assistance to strengthen the enabling environment for civil society. As noted in an ODE evaluation of support to civil society, Australia has the opportunity to help civil society organisations develop self-regulating processes to improve their effectiveness, assist partner governments develop the legal framework for civil society organisations' operations, and support dialogue and cooperation between governments, private sector and civil society organisations.⁴¹

ACFID recommends that the Australian aid program strengthen the enabling environment for civil society as part of its strategic efforts to strengthen civil society and support good governance. Such work is important alongside the aid program's focus on supporting an enabling environment for the local private sector.

12.2 Scale up investment in the Australian NGO Cooperation Program by an additional \$30 million annually

Australian NGOs play a vital role in the delivery of the Australian aid program. They are important actors in the implementation of the SDGs, particularly to build capacity within local organisations and systems but also in the provision of essential services to underserved communities.

⁴⁰ The framework can be found here: <http://dfat.gov.au/about-us/publications/Pages/dfat-and-ngos-effective-development-partners.aspx>

⁴¹ ODE 2012, Working beyond government: Evaluation of AusAID's engagement with civil society in developing countries, Available: <http://www.oecd.org/derec/49905692.pdf>

ACFID believes the Australian aid program has continued to under-invest in the strengths and expertise of NGOs. The Australian NGO Cooperation Program (ANCP), the key funding window for Australian NGOs, was cut by 5 per cent in the last Federal Budget, despite delivering significant results, strong value for money and important public diplomacy benefits.

An independent evaluation of the ANCP by the ODE completed last August, found the ANCP to be a ‘successful and highly valued program’.⁴² In 2013-14, the ANCP delivered 18.2 per cent of outputs reported in DFAT’s aggregate development results, despite representing only 2.7 per cent of the overall aid budget. The evaluation also found that the ANCP extends the reach and scale of the Australian aid program, including by providing residual capacity to scale-up or respond to future shifts in the aid program’s sectoral or geographic focus. In addition, the ANCP delivers public diplomacy benefits by encouraging a positive relationship between the constituencies of Australian NGOs and the Australian aid program, and through the connections and networks of Australian NGOs in developing countries.

The ANCP also delivers value for money and furthers the reach of the aid program by enabling DFAT to leverage the resources of Australian NGOs through match funding arrangements. The ODE evaluation found that although the required ratio of NGO to DFAT funds is 1:5 under the ANCP, the actual ratio achieved is closer to 2:3 (i.e. Australian NGOs invest \$2.00 in the program, for every \$3.00 invested by DFAT).

Given the efficiency and effectiveness of the ANCP – a program that has stood the test of time for 40 years – ACFID calls on the Australian Government to scale up investment in the ANCP by an additional \$30 million annually.

RECOMMENDATION 13:

Australia should engage private sector organisations in sustainable development

- 13.1 Use DFAT’s new Business Partnerships Platform to encourage businesses to align with the SDGs**
- 13.2 Invest in research on the drivers of shared value development projects**

Private sector organisations have a critical role to play in the achievement of the SDGs. They are an important source of new finance, expertise and skills. Moreover, their business operations have a significant impact on the prospects of developing nations. A growing number of private sector organisations are interested in shifting business practices and developing projects that generate positive development outcomes. Recent research conducted by ACFID suggests that there is significant potential to encourage Australian private sector organisations to embed sustainable development considerations into their core business activities.⁴³

DFAT’s newly launched Business Partnerships Platform could be a useful mechanism to ensure private sector partners engaged in the aid program further the SDGs through their programming. One approach could be to require prospective partners to demonstrate how their projects contribute to the achievement of the SDGs as a key tender criterion.

ACFID’s research also showed there was an opportunity to encourage Australian private sector organisations and NGOs to partner to develop shared value projects. Shared value projects are projects that are commercially viable while achieving strong development outcomes, and could be a powerful catalyst for poverty reduction in Australia’s region. ACFID has welcomed the Government’s recent Ministerial Statement on Shared Value, which

⁴² ODE Report, *Evaluation of the Australian NGO Cooperation Program Final Report*, <https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/ode-evaluation-australian-ngo-cooperation-program-final-report.pdf>

⁴³ ACFID’s Report, *Partnering for Development: How Australian NGOs partner with private sector organisations in international development* can be found here: https://acfid.asn.au/sites/site.acfid/files/resource_document/Partnering-for-development-final.pdf

encourages shared value partnerships. To advance this work, ACFID recommends further research be conducted into the drivers of shared value partnerships in the Australian context, their key characteristics and how they are formed.

RECOMMENDATION 14:

Australia should invest in academic partners to ensure a rigorous evidence base for sustainable development

At the outset, ACFID would like to acknowledge the Australian Government's recent funding of a new three-year program which will be run through the Research for Development Impact Network—a collaboration between the Australian Council for International Development and Australian universities. This funding will strengthen the links between development academics and practitioners, ensuring that aid policies, programming and practice is informed by rigorous data, research and analysis.

14.1 Allocate \$50 million over 3 years for a new research funding scheme

Australian universities are home to significant expertise needed to inform strategic, evidence-based investments in development and diplomacy. Until 2013, DFAT maintained a strong research investment, particularly through the well-supported Australian Development Research Award Scheme (ADRAS). Since being established in 2008, the ADRAS focused on mobilising regional and national research expertise, in particular from universities, supporting applied research to inform development policy and practice. The ADRAS have produced critical research for Australia's aid program, informed by DFAT's sectoral priorities.

In 2015, however, the ADRAS were discontinued by the Australian Government. This is a real loss to the aid program as it cannot deliver better outcomes unless it has the evidence, methods, tools and systems that will allow it to achieve goals beyond those reached in the past. In particular, this decision is at odds with the Government's focus on innovation.

The ADRAS were focused on key policy priority areas, and as a result have offered significant impact on policy and practice. For example, the findings from a current ADRAS grant on private sector involvement in water and sanitation services has been drawn upon by both the Government of Vietnam and by DFAT in directing its investments in this area, supporting a focus on access to finance for enterprises and an improved regulatory framework to protect public interests.

Another ADRAS grant on DFAT scholarships clearly demonstrated the individual impact of scholarships on recipients but highlighted challenges with regard to their re-integration and ongoing engagement with Australia. This has supported the DFAT Africa scholarships team's work on deepening alumni engagement and also exploring innovative delivery mechanisms for Australian scholarships in African countries.

ACFID recommends that the Government recommit to investing in research and announce a new research funding scheme for academic partners with \$50 million of funding available over three years (this is in addition to the earlier recommendation for greater investment in development research within the aid program). This new research scheme should align with the policy and investment directions of the Government in innovation, and should contribute to the implementation of the SDGs. The scheme should be designed to capitalise on the potential for Australian and regional universities and academics to partner with other development partners (including NGOs, private sector, bilateral or multilateral aid partners) to both drive and assess the outcomes of innovation. Such a scheme should, like the ADRAS, consist of applied, policy-relevant research, and should support partnership and engagement between Australian and regional research institutions.

Engaging the Australian public

RECOMMENDATION 15:

Australia should invest in building community awareness of the Sustainable Development Goals and Australia's development efforts

15.1 Develop a public communications and engagement strategy for the Australian aid program and the achievement of the Sustainable Development Goals

The Australian aid program is a critical element of Australia's international engagement. It contributes to reducing poverty and building prosperity and stability around the world, and generates significant returns for Australia's trade, diplomatic, and security interests. Australia's aid is an important investment of Australian taxpayer funds. Despite this, the Australian public is largely uninformed about where Australian aid is invested, how it is delivered and the strict compliance regime that underpins it. The merging of AusAID and DFAT and the reductions to the public education budget has contributed to this lack of public awareness.

It is vital that the Australian public is made aware of how their money is used and the substantial contribution that is being made in their name. ACFID urgently calls on the Australian Government to develop a department-wide public communications and engagement strategy for DFAT to raise community awareness of the work of Australia's aid program, particularly in relation to achieving the SDGs. ACFID and Australian NGOs stand ready to assist the Government in sharing the stories of the difference Australia's aid program makes around the world.

Annex A: List of ACFID Members

Full Members:

- ACC International Relief
- Act for Peace - NCCA
- ActionAid Australia
- Adara Development Australia*
- ADRA Australia
- Afghan Australian Development Organisation
- Anglican Aid
- Anglican Board of Mission - Australia Limited
- Anglican Overseas Aid
- Anglican Relief and Development Fund Australia
- Asia Pacific Journalism Centre
- Asian Aid Organisation
- Assisi Aid Projects
- Australasian Society for HIV, Viral Hepatitis and Sexual Health Medicine
- Australia for UNHCR
- Australia Hope International Inc.
- Australian Business Volunteers
- Australian Doctors for Africa
- Australian Doctors International
- Australian Federation of AIDS Organisations
- Australian Foundation for the Peoples of Asia and the Pacific
- Australian Himalayan Foundation
- Australian Lutheran World Service
- Australian Marist Solidarity Ltd
- Australian Medical Aid Foundation
- Australian Mercy
- Australian Red Cross
- Australian Respiratory Council
- Australian Volunteers International
- Beyond the Orphanage
- Birthing Kit Foundation (Australia)
- Brien Holden Vision Institute Foundation
- Bright Futures Child Aid and Development Fund (Australia)
- Burnet Institute
- Business for Millennium Development
- CARE Australia
- Caritas Australia
- CBM Australia
- ChildFund Australia
- CLAN (Caring and Living as Neighbours)
- Credit Union Foundation Australia
- Daughters of Our Lady of the Sacred Heart Overseas Aid Fund
- Diaspora Action Australia
- Diplomacy Training Program
- Door of Hope Australia Inc.
- Edmund Rice Foundation (Australia)
- EDO NSW
- Engineers without Borders
- Every Home Global Concern
- Fairtrade Australia New Zealand
- Family Planning New South Wales
- Food Water Shelter
- Foresight (Overseas Aid and Prevention of Blindness)
- Fred Hollows Foundation, The
- Global Development Group
- Global Mission Partners
- Good Shepherd Services
- Grameen Foundation Australia
- Habitat for Humanity Australia
- Hagar Australia
- HealthServe Australia
- Hope Global
- Hunger Project Australia, The
- International Children's Care (Australia)
- International Christian Aid and Relief Enterprises
- International Needs Australia
- International Nepal Fellowship (Aust) Ltd
- International RiverFoundation
- International Women's Development Agency
- Interplast Australia & New Zealand
- Islamic Relief Australia
- KTF (Kokoda Track Foundation)
- Kyeema Foundation
- Lasallian Foundation
- Leprosy Mission Australia, The
- Live & Learn Environmental Education
- Love Mercy Foundation
- Mahboba's Promise Australia
- Marie Stopes International Australia
- Marist Mission Centre
- Mary MacKillop International

- Mary Ward International Australia
- Mercy Works Ltd.
- Mission World Aid Inc.
- Motivation Australia
- MSC Mission Office
- Nusa Tenggara Association Inc.
- Oaktree Foundation
- One Thousand Villages
- Opportunity International Australia
- Oro Community Development Project Inc.
- Oxfam Australia
- Palmera Projects
- Partners in Aid
- Partners Relief and Development Australia
- People with Disability Australia
- PLAN International Australia
- Quaker Service Australia
- RedR Australia
- Reledev Australia
- RESULTS International (Australia)
- Royal Australian and New Zealand College of Ophthalmologists
- Royal Australasian College of Surgeons
- Salesian Missions
- Salvation Army (NSW Property Trust)
- Save the Children Australia
- Service Fellowship International Inc.
- School for Life Foundation
- SeeBeyondBorders
- Sight For All
- So They Can
- Sport Matters
- Surf Aid International
- Tamils Rehabilitation Organisation Australia
- TEAR Australia
- Transform Aid International (incorporating Baptist World Aid)
- Transparency International Australia
- UNICEF Australia
- Union Aid Abroad-APHEDA
- UnitingWorld
- University of Cape Town Australian Trust
- Volunteers in Community Engagement (VOICE)
- WaterAid Australia
- Women for Women in Africa
- World Education Australia
- World Vision Australia
- WWF-Australia

Affiliate Members:

- Australian National University – School of Archaeology and Anthropology, College of Arts and Social Sciences
- Deakin University – Alfred Deakin Research Institute
- La Trobe University – Institute of Human Security and Social Change
- Murdoch University – School of Management and Governance
- Refugee Council of Australia
- RMIT – Global Cities Research Institute
- Royal Institute for Deaf and Blind Children
- University of Melbourne – School of Social and Political Sciences
- University of Queensland – Institute for Social Science Research
- University of Sydney – Office of Global Engagement
- University of the Sunshine Coast – International Projects Group
- University of Technology, Sydney – Institute for Sustainable Futures
- Vision 2020
- University of Western Australia – School of Social Sciences
- Western Sydney University – School of Social Sciences and Psychology**

* Denotes Interim Full Member

** Denotes Interim Affiliate Member