

AUSTRALIA **AHEAD OF THE CURVE**

An Agenda for International Development to 2025

ACFID National Conference 2016

A compilation of

think pieces



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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 18 affiliates operating in more than 100 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.658 billion (2014-15), \$921 million of which is raised from over 1.64 million Australians (2014-15). 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.

ACFID acknowledges its long-standing partnership with the Department of Foreign Affairs and Trade.



Australian Government

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Disclaimer: Views contained in this publication are those of the authors and do not necessarily reflect the views of their employers, ACFID or ACFID members.

Introduction

As the peak body for Australian NGOs involved in international development and humanitarian action, ACFID is focused on ensuring that Australia is an effective global player for sustainable development, whether through Australian Government policies and programs; through the work of Australian NGOs, academic institutions and private sector actors; or through collaboration between these actors. *Australia Ahead of the Curve: An agenda for international development to 2025* is ACFID's new flagship project: a collection of bold ideas on how Australia should engage with the world over the next decade.

Earlier in 2016, ACFID put out a public call for think-pieces. We asked for established thought-leaders and new and emerging voices, both from within the development sector and outside of it, for their ideas on the question: *What should Australia's role be in assisting developing countries and responding to global development challenges to 2025 and beyond?*

So far, we have received over 35 submissions, ranging from overarching perspectives on the way that Australia engages with the rest of the world, to targeted analysis of the shifts needed in sectors such as health and humanitarian response, for us to have impact on poverty and inequality.

This compilation of pieces for ACFID National Conference 2016 profiles some of the thought-provoking ideas we've received so far, to help stimulate the discussion at Conference on the theme of *Impact: A future development agenda for Australia*.

The pieces in this compilation all speak to ways in which Australian development actors can increase their impact. They speak to the way that Australia's aid program can position us to engage with the world, the role of Australian NGOs in increasingly localised development and humanitarian systems, and the need for all actors to collaborate to increase their impact.

The pieces also cut across the global challenges and issues facing the world today – climate change, conflict and insecurity, voluntary and forced migration – that will require global solutions. At the same time, emerging donors such as the BRICS nations are playing increasingly important roles, and local actors at all levels are challenging the traditional model of development.

ACFID has grouped the pieces in this compilation around the sub-themes of ACFID National Conference:

- Australia's official aid program
- The future of Australian NGOs
- Collaboration for impact

At Conference we'll be exploring these themes in more detail, as well as many of the other ideas discussed in these think-pieces.

In past ACFID Conferences we have looked at the disruptive changes facing Australian development NGOs and the need for us to find innovative solutions to both old and new challenges. This year, we'll be building on these discussions and exploring a bold, future agenda for the Australian development sector, taking into account the changing context for development and the need to innovate and do development differently in order to have impact.

So if you had an idea that would fundamentally change the way we do development for the better, what would it be?

Maybe you'd like to see Australian NGOs cede power to local actors and redefine themselves as social movements, building a public constituency that is outraged by injustice and stands in solidarity with movements for peace, freedom and equality around the world.

Or you could look for new ways of working in partnership, through innovative co-working arrangements, or partnerships with other development actors such as the private sector or diaspora communities.

Perhaps you would protect the official aid budget by shifting the narrative away from a false dichotomy that says charity begins at home, to one that recognises aid as contributing to our own national interest – or maybe you can't think of anything more dangerous than conflating our own interest with our responsibility to help others.

In this compilation of think-pieces you'll find these ideas and more. We encourage you to read the submissions and bring your own ideas for Australia's role in international development to the discussions you will have at Conference, whether it be in one of the participatory workshops, in a Q&A with one of our keynote speakers, or over a cuppa at morning tea.

ACFID National Conference 2016 is an important moment in *Australia Ahead of the Curve*, but it's not the end of the journey. We'll still be accepting think-pieces until the end of the year and publishing them on our website. And in 2017 we'll continue the conversation through policy dialogues and a final publication that explores what this means for ACFID, the sector, and Australia, as we develop an agenda for international development to 2025.

Alice Ridge, *Australia Ahead of the Curve* project coordinator, ACFID

ACFID will be accepting submissions of think-pieces until the end of 2016. To find out how you can be involved, and read full submissions from the authors in this compilation and others, visit our website: www.acfid.asn.au.

PART 1

Australia's engagement with the world and our official aid program

Senator the Hon Concetta Fierravanti-Wells

Australian aid: Relevant, effective and innovative for a changing region

As Australia's Prime Minister, Hon Malcom Turnbull MP, said recently to the United Nations General Assembly, 'The tenor of our times is change. Accelerating with a pace and scale unprecedented in all of human history'. In a matter of decades, billions of people have been lifted out of poverty and billions more enabled to connect to each other and to a world of knowledge and ideas in a manner barely imaginable a generation ago.

Traditional methods of aid delivery are no longer sufficient to address emerging development challenges and realise the aspirational goals articulated in the 2030 Agenda for Sustainable Development (which includes the Sustainable Development Goals and the Addis Ababa Action Agenda on Financing for Development). Development relationships are no longer characterised by the old donor/recipient paradigm. In developing countries around the world the private sector accounts for 60% of Gross Domestic Product, 80% of capital flows and 90% of jobs. Remittances dwarf aid funding, as exemplified in the Pacific where remittances from Australia far exceed our aid funds.

According to the World Bank, within the next 15 years Asia will be home to at least half the world's middle class. The proportion of Australia's aid will diminish compared to spending by national governments. In contrast, Pacific Island states have not experienced the same strong economic growth rates and reductions in poverty. The Pacific faces structural challenges including small populations (with a large youth bulge), geographic dispersion, remoteness from markets, and higher risk of natural disasters. Recognising the different contexts in our region, Australia is transitioning to long-term economic partnerships with Asian neighbours heading towards middle income status and striking new development partnerships with Pacific Island countries.

Australia's 2016 Defence White Paper identified the security and stability of Australia's neighbourhood as our highest strategic priority after the defence of Australia. Australia's aid policy with its focus on promoting prosperity, reducing poverty and enhancing stability, is well positioned to meet this changing context. The stronger alignment of our aid, trade and foreign policy agendas is ensuring we are able to assist our partner countries according to their different needs. Our partners are keen to harness Australia's policy expertise in areas as diverse as trade negotiations, private sector development, health, and education. On my recent trip to Tonga, I signed the new Tonga–Australia Aid Partnership, focusing on what's practical and achievable to advance our joint efforts towards economic reform, skills development and better access to health services, including for people living with a disability.

We also know that stable countries are vital for both human development and private sector development. They provide services for their citizens, predictability and confidence for markets to function, and opportunities for businesses to invest in new companies, and new ideas that provide jobs. Empowering men and women across the region to participate in the labour market is a key to Australia's support for stability and growth in our region. But this strategy can only work if people are well educated, healthy and able to exercise their basic human rights; if markets are functioning (good governance, and stable political systems are key); and if countries have somewhere to sell their goods or services.

During my recent visit to Samoa, I had the pleasure of opening an Australian-funded road upgrade project, which has substantially improved links between Apia Port, the central business district, and Samoa's main industrial zone. Our aid for trade investments like this one, our negotiations with Pacific partners on PACER Plus, and our commitment to labour mobility, are helping to provide the platform for stability and economic growth in our region.

Investing in health, education and social protection for people in our region is important for our neighbours and for Australia. That's why, for example, Australia is a strong supporter of the Global Fund, which is on track to save 10 million lives in our region by the end of the year, through treating and preventing HIV, tuberculosis and malaria.

The risk of a new health crisis is high in Asia and transmission to the Pacific would challenge health systems. Preserving regional health security is of continuing importance. Ebola shows the potential for diseases to quickly overwhelm countries with inadequate health systems. The costs can move beyond the immediate impact of the physical disease to include the closure of schools, clinics, markets and workplaces.

We need to build on what has worked in the past and create new ways of delivering aid for the future. Innovations like the Government's Business Partnerships Platform promote important collaboration between business, civil society and others. Our partnership with Bloomberg Philanthropies, known as 'Data for Health', is an innovative approach. It takes the strengths of the Bloomberg organisation of financial markets data collection, analysis and response, and adapts it to improve health data collection and policy responses in developing countries.

But, as our aid program also recognises, the stresses of climate change, lack of gender parity and issues like income inequality have the potential to derail the economic trajectories of many countries in our region.

Our region is home to eight out of the top 11 very high disaster risk countries in the world. To assist developing countries, the Australian Government has committed \$1 billion to build climate and natural disaster resilience and reduce emissions over five years. In addition to our work in Asia, we are assisting Pacific countries to respond to these challenges. While in Pohnpei in September, Prime Minister Turnbull joined other Pacific Islands Forum leaders to endorse the framework for resilient development in the Pacific.

The interdependence of economic growth and strong human development indicators is undeniable. UN Women reports that closing the employment participation and wage gap for women has the potential to deliver a global benefit of up to \$17 trillion. Evidence has shown us that educating women and girls result in higher incomes for families, lower rates of maternal death and healthier children. You do not have to be an economist or a banker to see that advancing opportunities for women to participate in an equal way with men makes good economic sense.

Australia continues to empower women and girls through our foreign policy agenda and aid program. Building on our already strong record, we have created a new \$55 million Gender Equality Fund. Recognising the skills of non-government organisations in supporting social change, I recently announced a new \$10 million, Gender Action Platform for NGOs to promote women's economic empowerment, women's participation in leadership and peacebuilding, and to drive progress in ending gender-based violence in the Indo-Pacific region.

Australia's aid program is firmly positioned to support our partner countries to meet the challenges of the next 10 years and beyond. We will continue to tailor our assistance to individual country contexts and shared regional priorities. We will promote innovative approaches and creative partnerships with other donors, civil society and the private sector, and remain a strong partner to meet the 2030 Agenda for Sustainable Development.

Ultimately, by promoting sustainable economic growth and poverty reduction, we are promoting a more prosperous, stable and secure region.

Senator the Hon Concetta Fierravanti-Wells is Minister for International Development and the Pacific

Andrew Leigh MP and Senator Claire Moore

Agile aid for fragile states

In 1970, countries from across the globe agreed to a common aid goal: that for every hundred dollars of national income, they would give 70 cents of aid to developing countries.

In almost half a century since then, Australia has repeatedly reaffirmed our commitment to the international aid target. Other nations have gotten there. Unlike Sweden, Denmark and the United Kingdom, Australia has never met the 70 cent goal.

But like any target, we can still judge Australian governments on how close or far they have come to meeting this commitment to the world's poorest.

When Labor was in government, overseas foreign aid increased from 28 cents in every hundred dollars in 2007–08 to 37 cents in 2013–14. Had Labor been returned, aid was budgeted to rise to 50 cents in every hundred dollars in 2017–18.

Then the Coalition won office with an aid commitment that matched Labor's, but then put us on a very different path. Today, Australia spends just 23 cents per hundred dollars on overseas aid. The 'madness of endless aid cuts', as they've been described by World Vision CEO, Tim Costello, have damaged both our reputation and our relationships with neighbouring countries, have put Australians at risk by cutting public health, education, infrastructure and biosecurity projects.

The awful truth is that it doesn't have to be like this. Spent wisely, foreign aid can transform lives for the better.

A strong aid program is in our enlightened self-interest. Eighteen of our 20 nearest neighbours are developing nations. We sell over \$90 billion worth of goods to developing countries each year. Disadvantage helps fuel instability and violence in fragile states. Addressing the unprecedented flood of refugees requires working to address the reasons that so many are forced to flee their homelands. Whether you care about trade, terrorism or asylum seekers, a smart aid program can be part of the solution. The number one purpose of foreign aid is to alleviate disadvantage. But few developed nations have as much self-interest in running a good aid program as Australia.

In part, our aid program is defined by our place in the world. Ours is the largest economy in a neighbourhood dominated by developing countries. Basic services and governance in countries like Indonesia, East Timor and Papua New Guinea rightly remain a core focus of our aid program.

Australian aid should also be defined by a clear public recognition of what it is, not what it isn't. It is not, and never has been, one big bucket of money into which governments scoop whenever they see fit. To mindlessly cut foreign aid is to forget the second half of the saying: 'Charity begins at home – but doesn't end there'.

It is the responsibility of Australian governments to explain the benefits of Australia's aid contribution for all of us. Australia has a duty as good global citizen to do what it can to reduce poverty and inequality, as well as respond effectively to humanitarian crises. Policymakers must tell the story of nations like South Korea, which has gone from being an aid recipient to an aid donor.

But Australia also needs to think about where our aid can be most effective. We need to concentrate on areas where we have a comparative advantage and rigorously evaluating our aid programs.

The principle of comparative advantage is that individuals and nations should specialise in things that we do best. Comparative advantage applies to altruism too. Where there is need in the world, it makes sense for Australia to focus on the foreign aid strategies that we are comparatively best at.

Our first comparative advantage is that we are unusually well endowed in natural resources. This is particularly important in light of the 'resource curse' – the fact that developing nations who have more natural resources are more likely to be poverty-stricken dictatorships. If we can help developing nations to make better use of their natural resources, the resulting fiscal flows could help societies to transform themselves for the better. If developing countries can benefit from their minerals, the payoff could dwarf anything that aid might hope to deliver.

Australia's second comparative advantage is in dryland farming. Today, African cereal yields are 66% below the global average, and Africa is a net food importer. Australian farmers have experience in good water management, in selection of hardy crops and animals, and management of seed stocks. Improving agricultural productivity is critical to boosting living standards. Wherever possible, we should export our expertise in Australian dryland farming.

Our third comparative advantage is operating in post-conflict environments. Where our other advantages were things we chose, this is one that was thrust upon us. From our experience in East Timor and the Solomon Islands, Australia has acquired valuable experience in post-conflict environments where improving basic education is one of the most powerful tools for economic development, better governance, and stopping extremism.

We need greater certainty about how Australia's aid programs impact on the developing world. Although randomised trials are not the only evaluation tool, for most purposes they are superior to other impact evaluation approaches.

Take the case of bed nets. To answer the question of whether or not free anti-malaria bed nets were taken up and used for their intended purpose, researchers from the University of California Los Angeles carried out a randomised trial, in which villagers in Uganda and Madagascar were randomly selected to receive bed nets that were free, or bed nets that were merely subsidised. Their results provide a clear answer: free bed nets have substantially higher take-up rates than subsidised bed nets – and free bed nets are equally likely to be used for their intended purpose. Randomised trials provide extremely strong evidence for or against particular policies, yet the Australian Government conducts very few of them.

Looking at the challenge of development, it is easy to become pessimistic. Hundreds of millions of people live in extreme poverty and many of these are in our region. Every day, 17,000 children under the age of five die from preventable or treatable conditions. Millions are living in makeshift camps, displaced from their homes by conflict and economic hardship. Teenage gangs commit acts more appalling than any Hollywood horror movie producer would dream up.

And yet, there is reason for optimism too. For Australia, some of the challenges of the developing world are challenges that we have faced in the past. Since the Eureka Stockade, our nation has been devoting attention to ensuring that mineral wealth benefits all of us. Making a living from agriculture in the world's driest inhabited continent was a challenge for the Indigenous people as well as for European settlers. And in our social policies, there is an increasing recognition that improving the quality of evaluations will help us make the best use of scarce taxpayer dollars. Spent wisely, Australian aid can, literally, help to change the world.

Andrew Leigh is the Shadow Assistant Treasurer and his website is www.andrewleigh.com.

Senator Claire Moore is the Shadow Minister for International Development and the Pacific and her website is <http://www.clairemoore.net/>.

Sam Byfield

Aid and national interests: Bridging idealism and realism

Introduction

The importance of national interest in the provision of development assistance is highlighted in aid strategies and policy documents in Australia and internationally. Yet this area has generally escaped critical analysis, and little effort has been made to explore the ramifications of the aid–national interests relationship. This is *prima facie* surprising: after all, the *purpose* of Australia's aid program is fundamentally important to its design, implementation and evaluation. This article explores the relationship between aid and national interest, and details some of the benefits that may arise through a stronger focus on this area.

Context

Recent Australian aid documents have emphasised the relationship between aid and national interests, with broad bipartisan agreement though some differences in nuance.

The 2011 *Aid Effectiveness Review*, and the 2012 *An Effective Aid Program for Australia* under Labor asserted that 'The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia's national interests by promoting stability and prosperity'. In 2014, the Coalition Government's *Australian aid: promoting prosperity, reducing poverty, enhancing stability* used similar language, but elevated national interest to the *primary* purpose of Australia's aid program: 'The purpose of the aid program is to promote Australia's national interests by contributing to sustainable economic growth and poverty reduction'. In the lead-up to the 2016 Federal election, both major parties reaffirmed this focus.ⁱ

These developments have been reflected elsewhere. In 2015, *UK Aid: Tackling Global Challenges in the National Interest* included a 'very clear guiding principle: that the UK's development spending will meet our moral obligation to the world's poorest and also support our national interest', while the US has a long history in this area, including notably detailed analysis in the 2002 publication *Foreign Aid in the National Interest*.

Exploring the connections

The concept of 'national interest' has traditionally been understood to encapsulate two broad areas: economic interests, and strategic/security interests. It is also arguable, in today's interconnected world, that a third category of national interest should be considered, that of being, and being seen to be, a 'good international citizen'.

1) Economic interests

Reducing poverty through economic growth is a central plank of Australia's aid program. As the *Aid for Trade Strategy* outlines, this 'will help achieve coherence in Australia's understanding of the trade and development nexus, and will complement Australia's foreign and trade objectives'.

A related example of mutual benefit is the relationship between economic growth and education. As the *Australia in the Asian Century White Paper* highlighted, economic growth in Asia creates opportunities for exporting Australian education, which benefits Australian universities and schools and enables the creation of regional networks and knowledge that have longer term diplomatic and security benefits.

2) Strategic and security interests

The relationship between poverty and insecurity on the one hand, and transnational challenges including crime, terrorism and refugee flows on the other, is frequently referenced. It's hard to argue with the logic that reducing poverty and insecurity overseas is good for Australia, or that a prosperous South East Asia, for instance, where marginalisation and poverty are minimised and education and opportunity prevail, ultimately enhances Australia's own security.

A commonly cited example in this area is public health. The *Health for Development Strategy 2015–2020* asserts that health aid 'helps to protect Australia and our region from infectious diseases and other health challenges that pose major threats to Australia's economic, trade, and political interests'. For instance, health aid can help alleviate the spread of diseases into Torres Strait from Papua New Guinea.

3) Good international citizenship

A further useful conceptual framework is the notion of 'good international citizenship'. This concept suggests that our understanding of the relationship between Australia's international engagement and national interests should include 'a national interest in being, and being seen to be, a good international citizen'. Gareth Evans argues by being a good international citizen – for instance, by promoting international human rights or arms control, or providing development assistance – a country benefits in two ways: through reputational enhancement, which brings positive economic and security advantages, and through reciprocity, with other countries more likely to help Australia because we've helped them.ⁱⁱ

Implications

Elevating national interest on the aid agenda has, unsurprisingly, raised concerns. In the UK, the potential for national interest to undermine poverty alleviation and aid effectiveness was highlighted during a recent aid program review.ⁱⁱⁱ In Australia, the 2015 Australian Aid Stakeholder Survey found that stakeholders felt that improving lives and reducing poverty had become secondary to Australia's strategic and commercial interests.^{iv}

Understanding aid as one tool Australia can utilise in the pursuit of self-interest creates both risks and opportunities. I would argue that being able to *quantify* the contribution of aid to national interest is potentially important. If aid strategies are going to refer to national interests, then being able to measure this impact is a logical corollary. This is, however, not without its challenges. Measuring the direct benefit of Australia's aid program to our security or economic interests – let alone in a less proximal area like the benefits derived from being a good international citizen – presents both practical and theoretical challenges. But by shifting beyond a superficial understanding of this relationship, several things may be achieved.

First, it will help strengthen the foundation for advocacy to increase the size of Australia's aid program. By articulating a national interest argument with more depth and nuance, advocates will be better equipped to engage in policy dialogue and influence policy makers, particularly those who might not be swayed by morality-based arguments. Similarly, it will provide a foundation for governments to justify aid budget increases to those who argue that charity should begin at home.

Second, a fuller understanding of the relationship between aid and national interest may help increase coherence between the different arms of Australia's international engagement. Better understanding of the role of aid in reducing regional instability and contributing to Australia's security interests can, for instance, increase coherence within government, and between government and the range of other stakeholders engaged in aid funding and delivery. The same logic could be applied to finding synergies between trade and development, or between development assistance and diplomacy.

Taking this a step further, a more sophisticated understanding of these themes may contribute to creating a context in which it's not just aid that's seen as a tool of national interests, but rather one where development outcomes are seen as important aspirations of other policy areas.

Sam Byfield has a decade of experience in civil society and government working on aid policy issues.

The author thanks Professor Gareth Evans and Stuart Mooney for comments received on a draft of this article.

ⁱ ACFID, *Election 2016, 10 Questions on Aid – How the Parties Responded*.

ⁱⁱ See Gareth Evans, *Good International Citizenship: Values and Interests in Foreign Policymaking*, address to Sydney University Law School, 27 August 2015.

ⁱⁱⁱ House of Commons International Development Committee, 16 March 2016, *UK Aid: allocation of resources, interim report*.

^{iv} Terence Wood et al, 2016, *The 2015 Australian aid stakeholder survey*, p. iv.

Nicholas Ferns

Disinterest vs. self-interest: Australian engagement with international development

As a historian who is interested in the ways that Australian experts and policymakers attempted to guide 'developing' countries in its region through the developmental process following the Second World War, I am faced with a dilemma. I am constantly frustrated by the debates aimed at limiting Australia's financial contributions to the regions to its North. These contributions were ostensibly aimed at improving the standard of living in places such as Papua New Guinea and the countries of South East Asia, an enterprise that appears benevolent and humanitarian on the surface.

My dilemma stems from the fact that these programs were rooted in a number of assumptions that took their cues from earlier colonial processes, with their paternalistic and exploitative overtones. 'Development' itself is a deeply loaded historical concept, which despite entering a new phase after the Second World War, hardly emerged out of an intellectual, political, and economic vacuum. For as long as we have had an official aid program, a common tactic used by Australian policymakers has been to frame Australian aid spending as being in the national interest. Following the inauguration of the Colombo Plan (Australia's first bilateral aid program) in 1950, Minister for External Affairs Percy Spender sold aid expenditure to South East Asia as being 'in our interest to foster commercial and other contacts with them and give them what help we can in maintaining stable and democratic governments in power, and increasing the material welfare of their peoples'. In the face of low levels of public support for overseas aid spending, appeals to national self-interest have been employed to counter public disinterest.

Aid policy has always been based on a range of considerations, from the humanitarian to the deeply self-interested. The post-war notion of development was rooted in a number of assumptions that shared a long lineage with earlier colonial practices. So-called 'experts' examined the process whereby 'poor', 'underdeveloped', 'backward' countries (the terms were effectively interchangeable) could be encouraged to 'modernise' and therefore raise their standards of living. This process could not be properly promoted without the intervention of Western expertise and capital, which was provided on both a bilateral and multilateral basis.

In a ground-breaking article written in 2000, Nick Cullather framed post-war development projects as expanding state power, forcing entry into closed societies and creating an inventory of resources to be exploited 'under cover of a humanitarian mission expressed in neutral, technical language' (Cullather, 2000, pp. 645–6). Development, through its promotion of cultural, economic, political, and social change serves to reinforce the 'naturalness' of various aspects of 'Western' social behaviour. This often comes at the expense of 'traditional' practices.

One of the logical consequences of developmental assistance being provided according to the interests of those who provide it is that the chosen projects may not be suited to the situation in recipient countries. 'Development', which has long been framed as a natural process that can be promoted through economic and technical assistance, therefore becomes something that can be manipulated for strategic and political purposes.

The post-war history of Australian developmental assistance is filled with relevant examples. Attempts to reform agricultural practices in Papua New Guinea brought villagers who lived a subsistence existence into a market system. While it is important to note that these programs were part of a broader policy that improved health and standards of living, they also produced changes that fundamentally altered the lifestyles of these

people. As a result, a program that reflected the Australian conception of development caused social upheaval amongst those who had previously behaved according to 'traditional' practices.

Nils Gilman, in his 2003 study of modernisation theory, the dominant paradigm of developmental thought in the 1950s and 60s, reflected upon the universalising tendency of these ideas. Focusing on the global spread of American power, Gilman wrote that modernisation did not incorporate the 'world's manifold cultural, political, and economic traditions in a higher order of circulation and exchange. Rather, it meant the imposition of 'modern' (i.e., contemporary American) values on 'backward societies' and the economic integration of all economies into the world capitalist system as junior members'. (Gilman, 2003, pp. 14–5).

The period of high modernism marked the peak of the connection between developmental change and the imposition of 'Western' values in poorer parts of the world. In the decades since, experts have reconfigured their understanding of development to consider the environmental, social, and economic costs. Australia has been no exception to this process, as its aid program has undergone significant shifts since the establishment of the Colombo Plan in 1950.

Nevertheless, while development has a very different meaning to the immediate post-war period, the concept itself is still central to overseas aid policy. The implementation of development has undergone profound change since the mid-20th century, as represented in the establishment of the United Nations' Sustainable Development Goals. These are a set of global aims that would not have been considered in the age of Walt Rostow and his modernisation theorist colleagues. Nevertheless, both sets of ideas seek to improve the lives of people in poorer parts of the world through the promotion of a particular form of development.

The historical legacy of the 1950s and 1960s continues to permeate the field of development studies, even despite the continued evolution of the idea. Attempts to alleviate poverty (itself a concept rooted in earlier developmental thought) throughout the developing world have an obvious humanitarian objective. It would be wrong to suppose that this paper calls for an end to this kind of practice.

However, to rely upon self-interest as the prime consideration for Australian engagement with international development will continue a practice that has existed since 1950, and which has not come close to solving the so-called development 'problem'. By emphasising Australia's interests in the provision of aid, it becomes too easy to lose sight of the interests of the country that is on the receiving end of our assistance. A clearer acceptance of this balance might help to overcome some of the issues associated with international development.

Nicholas Ferns is a doctoral candidate in history at Monash University. His thesis examines the connections between Australian colonial policy in PNG and foreign aid policy in SE Asia from 1945–75 through the historical lens of international development.

Travers McLeod

A larger policy community can make Australia a more constructive and influential regional power

By 2025, Australian diplomats and defence personnel will look out upon an older, hotter, more volatile and more porous region. Flashpoints might spring from traditional security concerns, such as nuclear proliferation and great power competition. They might emerge from non-traditional threats like political unrest, economic inequality, climate change and forced migration, which could threaten regional stability as much as any conflict or major power rivalry.

As we enter an era of unprecedented complexity and uncertainty, and an intensifying debate over the meaning of a 'rules-based global order', Australian policymakers must ask: What kind of regional power do we want to be?

For too long, Australian foreign policy has run on autopilot without a compass. This prompted former Prime Minister, Paul Keating, to argue recently that 'we both need and deserve a nuanced foreign policy which does take account of these big seismic shifts in the world'.ⁱ

For this to happen two changes are required.

First, politicians must stop downplaying or being muteⁱⁱ on foreign, security and development policy.ⁱⁱⁱ They should have a deeper interest in foreign policy strategy and the nexus between domestic and international policy. Second, we must unlock the gates on the foreign policy establishment and allow more non-government stakeholders and civil society organisations – both domestic and internationally focused – into this traditionally closed policy community. While many of these stakeholders are typically not involved in the international sphere, they must realise their interests are better served by engaging with 'regional' issues, which will become increasingly inseparable from domestic policy.

Two nascent causes of *insecurity*, climate change and forced migration, reveal why Australia must welcome inputs into foreign policy from a wider intellectual community. Both areas present unprecedented challenges that highlight how the foreign policy processes and inputs that worked admirably last century will be insufficient for the one ahead. However, with increased and better quality input, Australia can develop a shrewder definition of its 'national interest' and the values that underpin its international relations. In doing so, Australia can act in the region with greater authority, cohesion and influence.

Climate security

Climate change will be a game changer for national and regional security.^{iv}

Australia sits on the frontline of climate change.^v The top ten countries most at risk from sea-level rises and climate-induced displacement are in the corridor from India to the United States.^{vi}

By 2025, over 410 million people will be at risk to coastal flooding in urban centres in Asia^{vii} and the Pacific.^{viii} Climate change will cause larger and more frequent cyclones, floods, and droughts.^{ix}

Because changing climactic conditions will act as a threat multiplier, there are profound implications for national security and military capabilities.^x

Australia's primary allies, the United States and the United Kingdom, have already responded by mainstreaming climate change into their security policy.^{xi} Australia has been caught napping.

For several years, academics^{xii} and think-tanks^{xiii} have been pushing Australia's defence establishment to engage with climate security.^{xiv} In 2015, the Centre for Policy Development argued that the climate security risks for Australia are urgent and growing and that continued inaction increases our insecurity. The Climate Council reinforced this argument.

In 2016, the Defence Department acknowledged the security implications of a changing climate, with mentions in the 2016 Defence White Paper and a considered analysis at the recent Chief of Army Exercise.^{xv} We now have official recognition, albeit still limited, that our military will increasingly lead future humanitarian assistance and disaster relief missions^{xvi} and must coordinate these efforts more effectively with our neighbours.

Australia has a genuine opportunity to lead a regional response, but a more comprehensive domestic and regional engagement strategy to address the security implications of a changing climate is required.^{xvii}

Even though humanitarian assistance and disaster relief will occupy more of our military's capacity, there have been few calls^{xviii} for climate security engagement by the development and aid community. This must change.

A robust foreign and security policy can create sustainable connections between regional and state development, fragility, security, and individual wellbeing. It could boost the domestic capacities of our vulnerable neighbours^{xix} to ensure that their health, energy, and social services capabilities are prepared for the perfect storm wrought by climate change. Improving their climate resilience improves the collective security of the region.

Forced migration

The movement of the region's most vulnerable people is another example of where foreign, security and development challenges intersect and where our policy settings must be upgraded. The world is experiencing the highest forced migration flows since the Second World War. Unless better managed, forced migration will have intensifying negative impacts on the region.

Asia is home to the world's largest-known stateless group, the Rohingya. It hosts the world's largest group of undocumented labour migrants and the most refugees and displaced people of any region. Climate change will generate more displacement. Currently, the majority of climate-induced migratory flows are internal, as people move^{xx} from low-lying coastal or delta regions to increasingly dense urban centres.^{xxi} It is only a matter of time before climate-induced movement across sovereign borders accelerates.

The case study of Bangladesh is sobering. Its capital Dhaka already receives 2000 migrants a day.^{xxii} By 2050, there could be anywhere between 20 and 35 million displaced Bangladeshis.^{xxiii} Without considerable development assistance and planning, Bangladesh will be unable to cope and migrants will look externally, accelerating regional instability and exacerbating existing border security tensions.^{xxiv} Unless the region drastically scales up its preparation, statelessness and displacement will come to dominate its international relations in coming decades.

Several organisations are already working in the forced migration space, including the UNHCR, World Bank, the International Organization for Migration, Internal Displacement Monitoring Centre, and the Asian Development Bank. Yet building more effective regional architecture on forced migration has not been a core and constructive part of Australia's foreign policy agenda.

To rectify this, the Centre for Policy Development has begun the second track Asia Dialogue on Forced Migration (ADFM). Convened with policy institutes from Indonesia, Malaysia and Thailand, the ADFM is an emerging regional forum for independent and inclusive policy development. Its objective is to open lines of communication, build trust and confidence, and move towards a regional policy framework to respond more effectively to all forms of forced migration.

After three meetings, the ADFM has already produced positive outcomes, including Ministerial recognition in the Bali Process^{xxv} who agreed to review the Andaman Sea Crisis and create a regional consultation mechanism.^{xxvi} Concerted progress before the next crisis can make the region a critical node for more effective, dignified and durable action on forced migration and strengthen the 2018 Global Compacts on Migrants and Refugees.

The path forward

Expanding our foreign, defence and development policy community is a necessary and overdue step if Australia is to be an influential and constructive regional power in 2025. This community will be enriched if more civil society organisations permanently engage the space where domestic and regional security, trade and human wellbeing are now inseparable.

The new Foreign Policy White Paper is a valuable opportunity for a more inclusive and integrated approach to policy development. The principles that emerge for managing Australia's engagement with the world must reflect a decisive move away from a traditional, insular approach.^{xxvii}

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This piece has been enriched by advice from CPD Policy Director, Rob Sturrock, and assistance from Massimo Amerena, a CPD research intern.

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Geordie Fung

An Australia incensed by injustice, not satiated by charity

'Effective altruists to the left of us, charity-starts-at-home advocates to the right. Here we are, stuck in the middle with waning public and political support for poverty alleviation.' These would be the words of Gerry Rafferty and Joe Egan, had they compromised any shred of musical integrity to write songs that only aid and development wonks could relate to. We really are stuck in the middle, and I don't think it's too alarmist to suggest that the aid and development sector in Australia will fade into insignificance if we don't reignite broad support for what we do. It's time to take some of that sustainability thinking we love to use in our programs and apply it to how we think about our sector's ongoing health and impact. This highlights two imperatives: first, that we must fundamentally shift how we appeal to the Australian public to win back sustained support for what we are trying to achieve; and second, that we must genuinely engage with young people to ensure that future generations are nothing short of outraged by the persistence of global inequality and Australia's complicity in its perpetuation.

The distance between the aid and development sector and the Australian population when it comes to understanding poverty is profound, and it would serve us well to remain aware of the distance between our understanding and that of those who have not journeyed with us. This distance isn't about knowing what RCT stands for or having an appreciation of how complexity thinking applies to adaptive management, but is illustrated by a fundamental disparity in values. While the aid and development sector has long championed the rights of those outside Australia's borders, and our obligations towards them, it seems that the Australian public is becoming increasingly inwardly focused. We must acknowledge that as a sector, we have not adequately tapped into the values or fostered the understanding necessary for the Australian people to collectively acknowledge our responsibilities in addressing poverty.

Part of that is a branding problem. By marketing our work as charity, and using images that elicit pity and guilt to attract financial support, we have actively crafted simplistic understandings of poverty and the belief that people living in the 'Third World' are fundamentally different and distant from us. The impact of this failure must not be underestimated. How have we allowed ourselves to believe that the short-term benefits of systematically showing simplistic portrayals of poverty at the public outweigh the damage done to public and political support for action on poverty that these portrayals lead to? And, critically, how do we reengage the public, contest apathy and cynicism towards aid and development, and replace ennui with a deep-seated sense of global solidarity?

The answer is at our fingertips – like Pokémon GO is at theirs. Young people present a huge opportunity to revitalise discussions about Australia's role in addressing inequality and eradicating poverty. We need to act now to seize this opportunity, but also understand that we are seeking long-term, sustainable changes in the way that people think. But if we do it right, these attitudinal changes could occur within a single generation.

Globally, young people represent 1.2 billion of the world's population and are invariably affected, either directly or indirectly, by international development programs. This enlivens their right to participate in decision-making that affects them, increases the effectiveness and sustainability of programming, and represents an investment in the current and future capabilities of social change agents. This is not just another box to tick in your program design, but is an essential priority area if we are serious about #innovation, about getting ahead of and leveraging mega trends and disruptors, and becoming relevant again as a sector. Young people have incredible potential to improve the way that we approach strategy development, in how we design programs, implement

projects, monitor, evaluate and learn from our impact, and ensure that change is locally informed, politically nuanced and inclusive.

In Australia, young people, necessarily the leaders of tomorrow (in politics and business as well as civil society), have the potential to break the cycle of apathy and ambivalence towards aid, development and Australia's global responsibilities. Here, as a sector, we can ensure the next generation is empowered and enlivened about change, that they embrace and are humbled by the complexities of poverty, are fiercely committed to ongoing learning, and that they are incensed by injustice and inequality, not satiated by charity.

By 2025 most of my generation will be in our mid-thirties, and I can imagine two timelines diverging. In the first, my peers, after countless disempowering internship experiences and years of fruitless attempts at employment in international development where all 'entry' positions require at least three years' experience, have moved overseas, or work in sectors they are not passionate about, disenchanted and embittered. These are the people who could have been the revolutionaries, champions and advocates of aid and development in Australia, but in this timeline, young people perceive aid and development as a niche area that has largely been debunked and now attracts just poorly-informed do-gooders; few NGOs exist, and there's little to hold the aid program to account, but there's little to account for anyway, given that Official Development Assistance has been in consistent decline since 2014.

In the second timeline, young people have been given opportunities all over the place: sitting on the boards of NGOs, consulting with the Australian aid program (which, incidentally, is seen as a global leader in education, governance, inclusive programming and more, partly because of its youth participation strategy) and are leading programs of their own. Savvy practitioners see young people's familiarity with technology, their novel perspectives and their eagerness to learn, and couple it with their own significant knowledge, and the sector is bristling with #innovative ideas, approaches and solutions, exemplified by the theme of ACFID's 2025 National Conference: *Innovation: Are We Done Yet?* The revitalisation of the sector, led by the engagement of young people, has seen public and political support for aid and development skyrocket, and the sector is widely credited for championing a vision of Australia's global responsibilities that has wildly increased impact on poverty alleviation, and revolutionised policy across a swathe of other issues.

We're at a divergence now. We have the potential to set an ambitious agenda up to 2025 that could improve the lives of millions – and also, critically, improve our sector. In order to set ourselves on this trajectory, we need to articulate and affirm the progress that has been made, but also acknowledge that this progress is unsatisfactory, and that we are collectively responsible for our current weaknesses. We can achieve this if we look outwards, form new partnerships and champion new thinking, especially from those systematically excluded from our decision-making, and act with courage. It's difficult, but this is the leadership required to live up to our responsibilities to those living in poverty, and that is demanded by the values and beliefs that we as a sector hold.

Geordie Fung is the Head of International Engagement at Oaktree, and leads Oaktree's work on youth participation, strategic positioning and program design, and has led several monitoring, evaluation and learning projects across the Asia-Pacific.

Paul Bird

Increasing public support for aid through Australian international volunteering

“Do you want the good news or the bad news?” said Adam Valvasori, the Campaign Manager for the Campaign for Australian Aid.

“The good news is that due to the Campaign more people approve of Australian aid to reduce poverty in our region.

The bad news is that it is still not more than half.”

“So, the majority of Australians do not support Australian Aid?” I was shocked.

Surely the majority of Australians do not want to see their neighbours in grinding poverty, suffering preventable diseases, malnourished and lacking education and opportunity. If not and only in self-interest, I'm sure they do not want to see millions fleeing to Australia in search of the water, food, medicine, shelter and education that we take for granted.

As a sector with the financial support of at least one in five Australians, how have we failed to influence the majority?

Do Australians believe that aid is not the answer? Are we taking money away from much needed domestic spending on infrastructure and services? Are we pouring good money after bad as the world's problems seem to escalate? Are we making a dent in what seems an overwhelming need? Is the term 'aid' misunderstood and smacks of welfare?

Most of the sector's communications have in the past been based on emotion, especially since the shock and power of the Ethiopian famine images of 1984 and subsequent emergencies and epidemics. Recently, the promotion of development solutions and upholding human rights has shown supporters how they are enabling positive change.

If we are to influence the majority, as well as appealing to the heart and mind, we urgently need to find other ways to meaningfully engage the Australian public.

With Australians relating to other Australians, AVI supports the Department of Foreign Affairs and Trade's public diplomacy narrative for the Australian Volunteers for International Development program. The passion of a life changing experience combined with stories from their lived experience of communities and development is an ideal platform for these development champions to engage their peer groups, fellow professional members, company colleagues, local networks and events, families and friends. Using Dunbar's number of 150 social relationships per person, the 20,000 Australian volunteers deployed over the last 65 years can influence 3 million fellow Australians.

Australian international volunteering is uniquely placed in engaging Australians to relate to the experiences of their fellow Australians as a window into the activities, outcomes and effectiveness of Australian aid to demonstrate sustainable economic and human development. This can be achieved through their professional associations, networks and their own companies and organisations. For instance, the ANZ emerging leaders deployed to build social enterprise in the Pacific have been champions across the business.

Indeed, the Executive Director of UN Volunteers, Richard Dictus, has said that international volunteers are the 'elite' and 'gold standard' of volunteerism, as the amino acid of development.

While international volunteer programs are not a new concept, the Sustainable Development Goals (SDGs) provide a framework for a renewed focus on this approach. With the SDGs as our one and only globally endorsed roadmap to end extreme poverty, inequality and climate change by 2030, Australian international volunteering is founded in SDG17, Partnerships and in particular 17.9 'enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all sustainable development goals, including through North-South, South-South, and triangular cooperation'.

In particular, Australian international volunteering has the ability to enable businesses, governments and communities to work together. The Myanmar Tourism Business Hub, for example, is a partnership between AVI, Australian volunteers, DFAT and The Intrepid Group as part of the Business Partnership Platform. This tri-sector initiative will enable community enterprises to establish, grow and participate in Myanmar's growing tourism industry, and a demonstration of the growing shared value movement.

By responding to the needs of partner organisations and sharing skills, expectations and values over on average 15 months, Australian volunteers build trust and mutual respect to minimise the North-South power differential and build sustainable capacity, with 91% of partner organisations seeing benefits continue after volunteer assignments concluded.

The SDGs also give us a fantastic opportunity to position Australian aid as *Australian investment*, helping achieve target outcomes, aligned and compared to our own SDG targets, now that these Goals relate to all countries. We could introduce an *international close the gap* comparing our SDG outcomes to a standard that assures an acceptable standard of living and wellbeing to the actual outcomes by developing country, together with the coordinated actions and solutions that need to be taken to reduce the gap.

We can still claim credit for the outcomes of our work, whilst Australians will see a wider picture and progress towards sustained economic and social development through the SDGs and Australian aid as an investment.

I look forward to harnessing the power of Australian international volunteers to demonstrate the power of Australian Aid and influence the hearts and minds of our caring nation.

Paul Bird joined AVI as CEO in 2015. Paul's passion for international development was sparked when he managed KPMG's West African practice and had the privilege to be involved in aid projects across the region, working with INGOs and government agencies.

PART 2

Future trends and the role of Australian NGOs

Danny Sriskandarajah

Australia must forge a new path through a rapidly shifting international development landscape

For the last three years, Australia's foreign aid budget has been in free-fall. As a proportion of Gross National Income, it has now sunk to its lowest level in decades. Indeed, on every measure of aid generosity that there is, Australia is tumbling down the international rankings. And, if the first budget of Prime Minister Malcolm Turnbull's coalition Government is anything to go by, this downward trajectory won't be reversed. A further \$224 million has been cut from the aid budget, leaving aid at just 0.22% of GNI in 2017–18, with no projected increase over the forward estimates¹.

These dramatic cuts come at a time when the international development landscape is changing dramatically. In one way, Australia's approach seems fitting: after all, development is no longer simply a question of how much aid should be provided, or about what the rich world can do for the poor. But it is about our shared responsibility to achieve a more sustainable future for everyone. And it is in this regard that Australia's new government must now seek to carve out an international role for the country.

Constructing the new development landscape will require a two-fold approach. On the one hand, it must be about protecting the core values that lie at the heart of the development project as a global public good: maintaining – or in Australia's case returning to – commitments to 0.7% of GNI minimum for development spending, and safeguarding all that is good about the current system and its foundational principles.

On the other hand, dismantling the 'development–industrial complex', that has shaped and dominated our landscape for the last two decades, will be crucial. Gone are the days of aid being flown into an impoverished global South by wealthy Northern governments and NGOs; gone are the days of rich countries bestowing their charity upon the poor. The new way of thinking about development has nothing to do with charity and everything to do with solidarity.

Finding this middle ground between protecting what is good at the heart of our current system and branching out into new, uncharted territory won't be easy. Already, tensions are clear to see.

Despite public assertions to the contrary, the latest round of Australian Government cuts to foreign aid spending seems to have little, if anything, to do with the quality or effectiveness of development programs. Nor can it be attributed to a crisis of funds, as Australia's most recent budget increased defence spending to 2% of GDP. But the changing face of development elsewhere in the world does offer us some clues as to what might lie behind Australia's new approach, as well as its potential pitfalls.

Increasingly voluble government rhetoric in the global North – echoed in Australia – is seeking to cast development priorities as synonymous with national interests. Such a narrative is understandable: we're talking about spending taxpayers' money, after all. But it also signals a worrying retreat from the notion of shared responsibility and the commonality of our struggle for a more sustainable future. The national interest and the global public good cannot always be served at the same time, or in the same way, and seeking to protect the former at the expense of the latter can be a false economy in the long-term.

The same could be said for the increasing corporatisation of development. More and more development dollars are being channelled through the private sector. In Australia, the focus for aid spending is now very much on investing in the key drivers of economic growth. By 2020, 20% of Australia's aid budget will be allocated to aid

for trade investments, and public commitments to a major role for the private sector in development have been reiterated by successive Ministers.

The problem with this kind of commitment to prioritising the private sector is that development is about much more than efficient delivery. It is about empowerment, ownership, longevity, strengthening citizen voice and democratic institutions. The science of delivery should not be confused with the art of social transformation.

By prioritising the private sector and the national interest, Australia is following a trend seen, to varying degrees, across the global North. In part, this trend seems to be a response to the move away from traditional aid patterns and the search for new aid modalities. But it is a trend that sits uneasily alongside the new global Sustainable Development Goals (SDG), the targets that will – or should – shape our development landscape over the next 15 years.

A new index designed to compare the progress of different nations against SDG targets has already ranked Australia 20th in the world, behind Canada and many European countriesⁱⁱ. If Australia wishes to carve out a role for itself in this new era, it will need to recalibrate its areas of focus.

First, it could buck the global trend towards prioritising the private sector and instead strengthen its commitment to civil society as a crucial development actor. As the only sector that can build lasting resilience in a country long after other aid actors have departed, in middle-income countries in particular, civil society often acts as the buffer that prevents the unravelling of democracy once the attention of the world has turned elsewhere. Last year, my colleagues at CIVICUS recorded serious violations of civic space in 109 countries. Now is not the time to renege on our commitments to protect and strengthen the rights of civil society to mobilise for change.

Second, Australia could lead the way by allocating a large proportion of its aid spending to civil society in the global South, not through sub-granting or through chains of Northern-based ‘fundermediaries’, but through direct funding of the kind that enabled civil society in the global North to establish itself. Building capacity in the global South has become critical to achieving our development goals, though this need not necessarily mean impending extinction for Northern NGOs. Often, Northern development organisations – now massive, competitive service-delivery-oriented bodies – started out as social movements and increasingly, they are returning to these roots. NGOs like Oxfam are rediscovering their original identities as membership networks, families of people interested in development issues, and powerful political voices for change.

Australia, like other countries, needs an agile civil society like this: one that is robust, engaged in development issues, a champion or critic of the government as circumstances require. In the country’s recent elections, a record number of voters gave their first preference to minor parties and independents and the declining trust – the disconnect – between citizens and the political system has been well-documented. Polling, prior to the election, showed discontent with Australian cuts to aid and the country’s retreat from world issues. Ending poverty and increasing aid were influential factors in people’s votes, yet neither major party made this a centrepiece of their election platformⁱⁱⁱ.

Thirdly therefore, the Australian Government should seek to ground its development work, and policy, firmly in Australian civil society, not in technical fundermediaries designed to deliver aid elsewhere and not in private sector organisations that deliver an efficient, but hollowed-out version of development at a time when sustainability and inclusivity is key. This grounding in Australian civil society would help to reconnect its citizens with the political system and ensure that Australia’s development priorities are shaped, owned and driven by its own people. As we operate on the development landscape, we need to ensure that we keep people and principles – the lifeblood of our endeavours – at its heart.

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ⁱ DFAT, 2016, <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf>

ⁱⁱ SDSN, 2016, <http://sdgindex.org/>

ⁱⁱⁱ Australian Aid Campaign, 28 June 2016, New poll shows ending poverty and increasing aid are influential election issues, <http://australianaid.org/2016/06/28/new-poll-shows-ending-poverty-and-increasing-aid-are-influential-election-issues/>

Stephen McDonald and Sarah Ireland

The future of Australian aid and the humanitarian perspective

It's 2025 and change in the Asia–Pacific region has happened at a rate the world has never seen. Over the past two decades there has been an explosion in the working age population, a rise of the middle class, growing inequality, increasing urban populations, and rising security challenges both intra- and inter-State. The widespread penetration of technologies to even the poorest communities has resulted in an increase in access to tools and information supporting education, healthcare, livelihoods, banking and insurance, with largely positive results.

On the other hand, the real effects of climate change through rising sea levels and an increase in the intensity and frequency of extreme weather events has seen mass displacement, millions of children out of school, and many people losing livelihoods and sinking deeper into debt and poverty. At the same time, a burgeoning private sector and increase in small- to medium-sized enterprises, as well as the decline of European and North American influence, has reshaped and refocused Australian aid in ways not envisaged in 2015.

Donors and aid organisations seeing the changing landscape have eventually started to change themselves, shifting from development-focused activities in all but the very poorest of countries, but recognising the need to work more on protecting the development gains made through greater investment in humanitarian response, climate change adaptation and risk reduction activities. International NGOs have finally learned to let go, realising that exerting influence and supporting local collaboration is much more effective than controlling resources. In an effort to reduce costs, improve value for money and ensure their ongoing relevance, most Australian agencies – and their federated families – have moved to shared services providers in the Philippines and India, and now draw the vast majority of their international technical teams from service hubs around the region, employing local rather than international staff.

In 2013, the Government of the day significantly reduced Australia's aid budget as part of its broader budget-saving measures. By 2016, these cuts led to an all-time low for Australia when it came to its aid generosity as measured by a proportion of Gross National Income (GNI). While subsequent changes of government resulted in increases in the aid budget, the overall spend on foreign aid never returned to previous levels.

These cuts meant that the Australian Aid program was unable to keep pace with the emerging trends and threats that came between 2015 and 2025, even when the aid budget began to catch up. The early gains that would have been made through thoughtful investment in those years were diminished or lost due to the size of the cuts made. As a result, Australia's influence in the global aid and development debate gradually diminished, which in turn meant that the usually pragmatic and innovative thinking that came from the Australians was lost in the reforms led by the United States and the Northern Europeans. At the same time, China, Japan and India strengthened their positions in the Asia–Pacific region by investing substantially in aid and development programs with not just their near neighbours, but also with Pacific Island nations.

However, in 2025 some progress has been made, with bipartisan and legislative commitment to meet the 0.5% of GNI target by 2025 and 0.7% by 2030 in line with UN recommendations. One benefit of the narrowing of focus of Australia's aid investment is that it has become more agile and innovative, although it has struggled to make this scalable until more recent years as the aid budget was gradually restored.

In 2025, the Australian Government, aid agencies and the private sector have been working more closely together with regional and global partners in addressing some of the most vexing humanitarian challenges, from

capability through to response and recovery deficiencies, and as a result the aid budget is starting to reflect what aid agencies have known for some time, which is that humanitarian work makes up to 40% of overall aid and development expenditure.

This funding is also being increasingly localised, with at least 30% now being provided directly to local organisations who have undergone a regional level vetting and assurance process to ensure that they are able to cope with the project management, compliance, and financial demands of handling greater income flows. Australian NGOs have also realised that they need to reflect this approach, whilst at the same time providing reassurance to the public that their funds are going to be spent appropriately and are well managed.

However, this has, over the course of the last ten years, and with increasing use of private sector resources in humanitarian assistance, posed a challenge to humanitarian ethics and principles. Humanitarian agencies are having their values challenged not just by the involvement of the private sector, but also by their own 'corporatisation' which has continued apace over the last decade. The competition for funding will force many humanitarian actors to 'relax' their attitudes towards the principles of independence and neutrality, having no choice but to accept funds from the relative newcomers to humanitarian action such as China, India and global corporations who seek to integrate their foreign policy or organisational objectives into humanitarian action, and increasingly start to define the humanitarian response in their own terms. This has resulted in internal tensions growing as demand for humanitarian assistance increases. This puts pressure on traditional actors to adapt to this new way of working, while at the same time trying to ensure that humanitarian action is primarily based on need, and those most vulnerable are still being prioritised for support regardless of external influences.

A prosperous and stable region

An increase in well-managed foreign aid allows Australia to address the root causes of regional challenges such as poverty, disease, migration, terrorism and climate change. Addressing these issues is the right thing to do and firmly in Australia's own national interest. Additionally, it provides stability to poorer countries and a degree of consistency to those relying on Australian aid to deliver programs.

By putting in place independent evaluations and consistent monitoring of aid spending, Australia can also focus on ensuring the quality and impact of aid, and ensuring that those most deprived and marginalised are the key beneficiaries of this aid package. Such a focus empowers marginalised communities and prioritises sustainable and long-term outcomes that are essential to ensuring a stable region which continues to grow economically and peacefully. Australia needs to make sure that despite the reduction in the aid budget, our capacity to provide comprehensive, long-term reconstruction and development assistance following disasters does not negate the positive impact produced by previous goodwill built by a strong aid program in the Asia-Pacific region.

It's 2025, and the landscape for delivery and effectiveness of aid in Asia-Pacific has changed, with several trends emerging even back in 2015. Both the Australian Government and aid agencies must re-look at how the sector operates with new and influential stakeholders such as the private sector, philanthropists and diaspora communities, how we ensure local actors are being empowered to respond directly in their own markets, and how the humanitarian ethics and principles that define our sector are not compromised in a way that impacts on our ability to effectively reach those most in need.

The decisions of the first two decades of the 21st century have huge ramifications for those living in Asia-Pacific and beyond. Both the Australian Government and Australian humanitarian agencies need to adapt to these emerging trends, with one eye on maintaining humanitarian effectiveness in this future landscape and the other

on ensuring our work and our relationships with other stakeholders are still in line with our values and principles as humanitarian actors.

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Aarathi Krishnan

Localisation and the future of Australian NGOs and INGOs

Our world is experiencing change at an unprecedented pace. ANGOs across both the humanitarian and development space know the challenges that are being faced: numbers of those in need growing, climate change, resource shortages, urbanisation, the entrance of non-traditional actors, new technologies, protracted conflicts.ⁱ These challenges and trends are interlocked and they will continue to play out in a highly networked world. Though we in the sector know what these changes and challenges are, we either lack the skills needed to navigate through them, or we don't understand their implications for the future of our organisations.

This much is certain: our current baseline will not continue. To think so is based on an assumption of a continuing Western hegemon. It is not just that we don't connect the dots with future trends and challenges, but it also lies in the huge assumptions we make about the context in which such trends and challenges might occur. For example, it is not that ANGOs are not aware of the rise of such emerging powers as Brazil, Russia, India and South Africa or indeed the resurgence of sovereignty around the globe. Rather, we find it difficult to move beyond our traditional systems and approaches to accommodate new paradigms. We fall back on approaches where we try to find ways to have traditional systems and approaches fit into new contexts, rather than exploring new systems and approaches for accommodating changing contexts.ⁱⁱ

Further, our discussions often only address the first-order effects of those trends on our operations, not the second-order impacts on our business models. Failing to see the interconnections between trends, we risk being at the mercy of oversimplified framings of complex issues.ⁱⁱⁱ

In its landmark 2016 report *Time to Let Go*, the Humanitarian Policy Group noted that 'there is a growing sense, both from ongoing research on the changing humanitarian landscape and in conversations with policy makers and practitioners that the traditional humanitarian sector is on the cusp of a decisive moment in its history'.^{iv} Policy makers across the development and humanitarian sector argue that the prevalent 'charity/aid' model is clearly creaking as it fails to capture the imagination of emerging generations and to enable sustainable transformation for people in poverty.^v

Merely re-arranging the deck chairs on the proverbial sinking ship won't result in real change in the new paradigm we exist in. We can no longer talk about future changes or trends as something happening somewhere else or indeed, talk about future changes through a lens of 'protecting our space'. Fundamentally the challenge is not capital, or capacity, but a paucity of vision and appetite for a scale of innovation. The time for change has come and if we don't adapt along with it, we risk running irrelevant programs, unwanted by the communities we work within. It involves recognising that neither the individual nation state nor the present humanitarian/development sector has the tools or the scale of tools to deal with this systems and interdependent reality, and a fundamental shift to a clear slate is required.

Based on all the changes and trends we know, I hypothesise that in the next 5–10 years the traditional structures and operations of Australian NGOs and INGOs will look vastly different from the models we know today. To fully grasp the implications of the changes on the future of ANGOs, I posit that we need to interrogate these trends deeply and ask ourselves questions that go to the underlying assumptions of our organisations.

I pose a few of these questions here as a start to a bigger conversation:

- 1) If an increasingly larger amount of humanitarian financing is flowing directly from donors to local actors, bypassing the 'middleman' operational models of ANGOs, what is our future role?

- 2) If local actors can access a wider variety of international actors from which to procure funding, goods and services (rising new actors), why would they pay relatively high costs for Australian services over more cost efficient regional models?
- 3) If national governments want to significantly decrease the amount of international ‘boots on the ground’ in development and humanitarian programs, what does this mean for the traditional ‘fly-in-fly-out’ models or indeed even international programming operational models with expat staff, in-country^{vi}?
- 4) With the spread of innovative mobile technology (Facebook’s ‘I’m OK’ replacing tracing programs, Kickstarter replacing traditional donor grants) enabling DIY solutions to many issues ANGOs traditionally help with, what does this mean for traditional ANGO programs?

There isn’t a crystal ball that we can look into to see what the future ANGO would look like, but my hypothesis is that the ANGO in 2025 will have a much smaller space to operate in and will potentially evolve to non-programming functions. With the advent of localisation and the increasing practice of Doing Development Different (DDD),^{vii} for example, it is also very likely that ANGOs will shift towards programs significantly led by local actors. If we consider the rise of sovereignty and the increasing resistance of national governments to external intervention,^{viii} it appears logical that international deployment response models will be drastically reduced in favour of regional and local deployments in emergencies and crises.

So here is my next conversation starter: Is it likely the future models of Australian ANGOs will be much narrower in focus, concentrated around the enabling environment of development and humanitarian programming? Does the ANGO of the future become more of an enabler rather than a doer?

Could this possibly be what the Australian ANGO in 2025 looks like?

ANGO 2025 is an organisation that focuses its efforts on facilitating an enabling environment for emerging economies to implement their own development and aid programs. The organisation has moved away from directly programming projects and activities, and it works with indigenous local civil society organisations (CSOs) and governments. It has very few expat staff or satellite offices in-country. Its operations in Australia are focused on seven functions. Contract management and fundraising: Australian-based staff are contract managers and fundraisers who manage and facilitate contracts between donors and local partners, drive fundraising, and impact on investment strategies. It also supports the back office operations of local CSOs to manage contractual requirements. The ANGO acts as a multiple-actor coordinator, to coordinate partnerships across a range of traditional and non-traditional actors.

The ANGO leverages its brand, experience and reputation to drive policy changes in the sector. It works to raise public support and awareness for global development and humanitarian issues, and the Australian Aid program through targeted communications and advocacy. ANGO 2025 also focuses on capacity development activities and training with local actors to foster regional and local programming and deployments. In addition, the organisation prides itself as an incubator of research and testing, driving a range of academic and applied research projects and creating spaces for testing new approaches to development and humanitarian aid.

In short, the role of Australian ANGOs in 2025 is fundamentally different from what we are used to. If our actions are to truly match our rhetoric, then the time to ‘let go’ is upon us and we need to focus on how we change our models of operations. If our focus is truly on fundamental changes to systemic issues of poverty, inequality and injustice, then changing our focus from budget size and power to ‘relevance’ is absolutely essential.

We cannot afford to merely appear to be ‘about change’ while relentlessly holding to paradigms which are no longer relevant. My hypothesis is, at the end of the day, a hypothesis. But it is fundamentally aimed at getting us as organisations and as a sector to start the very difficult conversations on ‘what next for us?’

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ⁱ Ferris, E, December 2011, *Megatrends and the future of humanitarian action*, International Review of the Red Cross.

ⁱⁱ Kent et al, 2015, *The Future of Non-Governmental Organisations in the Humanitarian Sector*, Humanitarian Futures Program.

ⁱⁱⁱ Currion, P, *The Future of Humanitarianism*, June 2016, <https://medium.com/@paulcurrion/how-do-we-get-there-from-here-the-futures-of-humanitarianism-6083d55de83e#.vfoakajel>.

^{iv} HPG, 2015, *Time to Let Go: Remaking humanitarian action for the modern era*, Humanitarian Policy Group.

^v Gustavsson, L, August 2016, *Futures work in the CSO sector: Where we stand, and where we are headed*, Disrupt & Innovate.

^{vi} Refer recent move by Kenyan government to crack down on the amount of foreign NGO workers in country, <http://www.bbc.com/news/world-africa-36587518>.

^{vii} ODI, *Adapting Development: Improving Services to the Poor*, Overseas Development Institute, 2015.

^{viii} Kent et al, op. cit.

Denise Cauchi

Unlocking the potential of diasporas: a new approach to development

Australia is home to diasporas from countries all around the world, who are active contributors to development, peacebuilding and humanitarian response in their countries of origin. And Australia's future development agenda stands much to gain from engagement with diasporas, who are often thought leaders, investors, civil society organisers, development practitioners and peacebuilders.

Diasporas operate in ways that are often fundamentally different from international NGOs, yet inhabit an overlapping space: they offer fresh insights and potential solutions to challenges such as rising inequality, xenophobia and mass displacement.

A striking feature of diaspora-related initiatives is their leverage of people-to-people links between friends, family and communities, not only in their countries of origin but also in countries of transit and resettlement around the world. Diaspora transnational networks are rapidly activated during times of emergency and also leveraged for international advocacy campaigning. This type of diaspora activity is decentralised, organic and highly responsive.

Australian-based diasporas are engaged directly in development, humanitarian and peacebuilding initiatives. They build schools and medical centres, train grassroots peace builders, advocate for human rights, and assist families and communities seeking asylum.ⁱ After conflicts have ended, many return to take up positions in government and contribute to post-conflict reconstruction. Their intimate familial and community ties give diasporas high levels of contextual knowledge and relationships of trust which enable them to identify needs at the grassroots and provide culturally appropriate solutions. Their readiness to accept risk, access to remote populations and ability to 'fly under the radar' enables them to operate in challenging contexts where no international agencies are present and government services are very limited or non-existent.ⁱⁱ

Because this work is generally small scale – and often not 'professionalised' – it can fail to attract the interest of the international development sector. And while many projects have the potential to be scaled up and replicated elsewhere, to focus on size is to miss the point: diasporas fill gaps in the international system and have a high capacity for innovation. An evaluation of the Danish Refugee Council's Diaspora Programme, which successfully funded 21 diaspora-led projects in Somalia and Afghanistan in its first two years, found that diasporas were almost equally valued for their innovative thinking and advanced capacities as they were for their monetary contributions and cultural remittances.ⁱⁱⁱ

But diaspora remittances, which currently represent more than three times the volume of overseas development assistance (ODA) annually, should not be underestimated. Remittances have long been recognised as significant sources of income to developing countries, contributing to household income, the establishment of small businesses, investment opportunities, and macroeconomic stability.^{iv} The Somali community in Australia, for example, remits approximately \$10 million to Somalia each year,^v contributing to the support of the more than 40% of Somali families who are dependent on some form of remittance for the purchase of basics such as food, education and healthcare.^{vi}

As long-distance contributors to the family income, diaspora members also play a role in household decision making, which ranges from familial income distribution to the level of education of a sister and even a cousin's involvement in an insurgency group. Diasporas therefore influence attitudes and behaviours at the very level where social change begins.

As citizens and residents of Australia, diasporas also have an impact on Australian society. By raising awareness of humanitarian crises and human rights issues among the general public, diasporas are potential allies for the international development sector in its mission to build public interest in international development and demonstrate its relevance in Australia's multicultural society.

Diasporas can be key allies in countering extreme ideologies in Australia, through community leaders who consciously build campaigns of social harmony and reconciliation. Another area of domestic-focused activity is the settlement support diasporas provide to newly arrived refugees and migrants. As the ultimate destination of refugees is usually where their families are, diasporas provide financial support, information about visa processes and transit routes, and act as advocates and intermediaries in applications for asylum.

The mobility of diasporas between countries of origin and residence is now recognised as an asset in development, constituting a 'brain gain' for their countries of origin as returned diasporas apply the knowledge and skills acquired in settlement countries to the development challenges. The US and UK Governments have both invested in professional volunteering programs to foster this exchange. And the UK-based African Foundation for Development has had success with consultants from the diaspora supporting entrepreneurs and enterprise development in Ghana and Sierra Leone.^{vii}

The opportunities for engaging with diasporas to enhance development outcomes also come with a set of risks and challenges. Much attention has been paid to the role of some diasporas in prolonging conflicts by directly financing armed actors or maintaining animosities long after attitudinal shifts have occurred in their countries of origin. This creates significant challenges to governments in host countries and countries of origin. While not ignoring these realities, a growing body of work in recent years is focusing on constructive peacebuilding interventions and provides guidance in navigating the sometimes turbulent waters of diaspora politics.^{viii}

Engaging with diasporas not only offers the possibility of new ways of working, but opens the way for a more culturally diverse approach to development that draws on the deep contextual and cultural knowledge of Australia's multicultural communities, and furthermore breaks down perceptions of development as a project of the Global North. In this regard, diasporas have a legitimacy that 'outsiders' – no matter how experienced – do not.

Partnership with diasporas can take many forms. It may entail private and public sector collaboration to ease the currently restrictive regulatory environment for remittance transfer, or building relationships with chambers of commerce or investors within the diaspora to strengthen the business sector in developing countries. Educational institutions also have a role to play in furthering thinking about enhancing the development potential of Australian-based diasporas.

But to truly maximise the potential of partnership, it is necessary to look beyond the project cycle, towards a relationship that engages diasporas as people of influence both in their countries of origin and in Australia, recognising the wealth of knowledge that can be applied to solving some of development's most intractable problems.

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ⁱⁱ Svoboda, E and Pantuliano, S, 2015, *International and local/diaspora actors in the Syria response*, HPG Working Paper, Overseas Development Institute, available at <https://www.odi.org/publications/8714-international-localdiaspora-actors-syria-response>.

ⁱⁱⁱ Report available at

<file:///R:/Danish%20Refugee%20Council%20Diaspora%20Programme/Diaspora%20Programme%20Learning%20Brief.pdf>

^{iv} Agunias, D and Newland, K, 2012, *Developing a Road Map for Engaging Diasporas in Development: A handbook for policy makers in home and host countries*, IOM and Migration Policy Institute.

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^{vii} Chikeze, Chukwu-Emeka, 2011, 'Developing Capacity: Diasporas as Transnational Agents for Development' in *Realising the Development Potential of Diasporas*, Sharma et al eds, United Nations University Press.

^{viii} See, for example, Horst, Cindy, 2013, *The Depoliticisation of Diasporas from the Horn of Africa: From Refugees to Transnational Aid Worker*, Peace Research Institute, Oslo, available at tandfonline.com/doi/abs/10.1080/00020184.2013.812881?journalCode=cast20#.V57bKI9OKUk.

Dermot O’Gorman

A recipe for sustainable development: Understanding the SDGs through food

As the CEO of an organisation committed to a future in which humans live and prosper in harmony with nature, it may not come as a surprise that I am enthusiastic about a global development framework with a much more explicit environmental focus than the one that preceded it. However, the adoption of the Sustainable Development Goals (SDGs) was a win for everyone who recognises that the complexities of tomorrow’s development challenges can only be addressed by whole-of-society approaches that balance social, economic and environmental factors. We need new ways of thinking and working; we need to break down silos and move towards a genuine ‘beyond aid’ policy agenda that prioritises the wellbeing of people and planet.

We don’t know exactly what the greatest challenges facing global development will be by 2025, but we do know that issues related to the degradation of our planet’s natural resources, such as climate change and loss of biodiversity, will play an increasing role in driving poverty, hunger, inequality and conflict. We also know that addressing these challenges is going to require multi-pronged approaches from many different development actors, including the formation of ‘multi-stakeholder partnerships to prompt deeper change, learning and practical action’.ⁱ

Take, for example, the issue of food. Core to our existence, vital for our survival, central to our cultures, economies and social lives, there are few things that better demonstrate environmental, economic and social interconnectedness than our food supply. With a projected global population of more than nine billion by 2050, we will need to produce 70% more food than we do today.ⁱⁱ This is alarming, particularly when considering that global food production already uses 40% of global land area, 70% of the fresh water consumed worldwide, generates 20% of greenhouse gases, and use 30% of global energy.ⁱⁱⁱ Further, with 75% of the world’s food coming from only 12 different plants and five animal species,^{iv} the vulnerability of our food system and the need to protect and promote biodiversity is even more acute.

Travelling in East Kalimantan recently, I drove through what was once a thriving lowland rainforest but is now a smouldering checkerboard landscape, cleared to make way for palm oil plantations. Even closer to home, unsustainable agricultural practices, such as excessive use of pesticides, herbicides and fertilisers, and outdated fishing practices,^v compound the disastrous effects that climate change and industrialisation are having on the Great Barrier Reef, one of the most complex and important natural ecosystems in the world.

The environmental implications of our growing demand for food are staggering. We must invest in better ways to produce much more with much less. However, the economic implications are just as challenging. 80% of the farmland in Sub-Saharan Africa and Asia is managed by smallholders (working 10 hectares of land or less), providing the vast majority of the food consumed in much of the developing world.^{vi} Our global food system is highly reliant on these producers, yet smallholders comprise many of the poorest and most economically vulnerable households.^{vii} Their poverty and vulnerability is exacerbated by, and in turn often exacerbates, environmental degradation. Fourteen years ago, while based with WWF in the Pacific, I saw this first hand, watching local fishermen return home each day with fewer fish to feed their families and often resorting to unsustainable practices to try and fill the gap. In a region where the majority of protein for many people, as well as the main income stream for many families, is sourced from fish,^{viii} commercial overfishing and destructive fishing practices have economic and social implications just as significant as the environmental impacts.

Broader social factors cannot be overlooked either. While urban food deserts, generally characterised as ‘economically-disadvantaged areas where there is relatively poor access to healthy and affordable food’^{ix}

emerge across many city centres, between 24 and 32% of food is wasted. In addition to the environmental implications, food waste increases global demand, which contributes to increased food prices, which then contributes to rising inequality.

Anybody interested in peace and conflict should also be concerned. In 2008, food price spikes were linked to civil unrest in more than 30 different countries and in Sub-Saharan Africa, for example, drought and high food prices are a leading indicator for predicting civil conflict.^x

Further, despite comprising approximately 43% of the world's agricultural labour force,^{xi} in many countries women are systematically denied access to the resources needed to successfully produce food, such as land, technology, financial services, education, and markets. Not only is this gender inequality a major problem in its own right, it is also a significant food security issue. It is estimated that if women simply had the same access to the productive resources as men, they could increase yields on their farms by 25 to 30%.^{xii}

All of this can be overwhelming, especially if one considers that food is just one of the development challenges we will face in coming years. However, when I consider the 17 Global Goals, I see significant opportunity in their interconnectedness. The challenge of building a planet-friendly food system is an integrated and indivisible web of social, economic and environmental factors, and so too must the solutions be interconnected and mutually reinforcing. Of course, this goes beyond food, but I see in each of the Goals an opportunity to advance our efforts towards sustainable food systems and in doing so, we will advance efforts towards addressing other development challenges.

While the SDGs provide a good framework, we also need the systems and resources to support these combined efforts. Official Development Assistance will continue to play a crucial and catalytic role, but it will never be enough on its own. Beyond an aid *program*, Australia needs a broader international sustainable development *approach* that does not create new silos, but recognises the interconnectedness of the environmental, economic and social aspects of sustainable development and brings together all sectors of Australian society.

This approach cannot be the sole purview of one government department, one line of the Federal Budget, one sector within civil society or a handful of socially-conscious businesses. Rather, the principles captured by the SDGs need to be at the centre of Australia's foreign and domestic policies, the business practices and supply chains of Australian companies, and the choices of Australian consumers.

Due to its place in the world, the next decade will see Australia play an increasingly important leadership role in ensuring that the global push behind the 'beyond aid' approach to global development delivers for people and the environment, both at home and internationally. This is the promise of the SDGs. At the heart of this new approach is a growing recognition in Australia that the health, safety and prosperity of our country is intrinsically linked with that of our region, and our planet.

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ⁱ Oxford Martin Commission, 2013, *Now for the Long Term*, Report of the Oxford Martin Commission for Future Generations.

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^{iv} FAO, 2012, *Smallholders and Family Farmers*.

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^{vi} FAO, 2012, *Smallholders and Family Farmers*.

^{vii} *ibid.*

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PART 3

Impact through collaboration and research

Kirsten Armstrong

Boosting private finance for international development

We stand at a crucial stage of global development with world leaders last year agreeing on 17 Sustainable Development Goals targeted at ending poverty, fighting inequality and tackling climate change. These goals aim to remove the key systemic barriers to global development over the next 15 years.

Aid alone will not be enough. Financing these ambitious goals will require private international capital flows, foreign direct investment and strong international financial systems. However, with foreign direct investment in developing countries currently concentrated in just a few sectors and often bypassing the countries most in need,ⁱ there are significant investment gaps social impact investors could bridge.

As a leader in financial market innovation and regulation, and one of the few markets to emerge unscathed from the global financial crisis, Australia can, and should, lead on creating the environment needed to boost private finance in international development.

The Fred Hollows Foundation's work in the eye health sector provides a clear example of how this can be achieved. PwC research commissioned by The Fred Hollows Foundation to estimate the costs of ending avoidable blindnessⁱⁱ found an additional US\$3.8b (in 2009 dollars) was needed to eliminate cataract blindness in developing countries, and a further US\$11.8b annually was needed to sustain the healthcare systems to treat the ongoing incidence of blindness. That equals almost 40% of all Official Development Assistance (ODA) for health. Clearly, we can't rely on ODA alone.

Private investment is critical and we need to ensure investors can confidently and easily provide the capital for effectively growing and delivering healthcare systems.

Eye health strongly lends itself to social enterprise. The Aravind Eye Care System in India is one example, an eye hospital where wealthier patients' fees cross-subsidise inexpensive treatments for patients with limited funds.

However, for social enterprise to grow to scale, it needs investment. This is the essence of social impact investment: by bringing together public, private and not-for-profit expertise with private capital, social impact investment can deliver a social objective alongside a financial return.

Since 2007, social impact investment has grown to around US\$77b, or 0.3% of global managed assets, with suggestions it could reach between US\$400b and US\$1t globally by 2020.ⁱⁱⁱ

Accessing this market could potentially unlock billions of dollars in capital and expertise to drive better development outcomes through innovation. By accepting lower financial returns for riskier yet 'innovative' projects with the potential to catalyse major change, social impact investors can make a real difference.

The Addis Ababa Action Agenda recognised this potential and encouraged philanthropic donors to manage their endowments through impact investment.

However, impact investment only works if investors can be matched with social problems which can be addressed through social impact investment. This may explain why only a handful of sectors have benefitted so far, with housing, finance and energy accounting for over half of investments in 2015. Conversely, health (6%), education (4%) and WASH (1%) received a very small proportion. And most social impact investment originating in Australia stays in Australia.

The Fred Hollows Foundation's experience in Development Impact Bonds (DIBs) shows how difficult translating social impact investment into a development environment can be. DIBs are an adapted form of Social Impact Bonds (SIBs) used by governments predominantly in the UK, the US and now in Australia. While SIBs have successfully channelled private investment to social organisations, with at least 60 separate projects in 15 high-income countries including Australia under way,^{iv} DIBs have remained largely theoretical, generating a lot of attention but little action.

While governments alone cannot create a social investment market, they can be an important catalyst to help investors enter and adapt to a new market.

Following recommendations from the UK Social Impact Investment Taskforce report, the UK Government has made great strides by building a market that supports social impact investment; creating the space for innovation, prevention and improved outcomes for the most vulnerable; and stewarding the removal of barriers to social impact investing.^v

The Australian Government could, and should, take similar steps to coordinate and grow local impact investment, and make it easier to channel into international development. Whilst DFAT should be applauded for launching the Innovation Xchange and Seed Pacific, which leverages private sector investment to tackle development challenges in the Pacific, more groundwork is needed.

The Australian Government should lead social investment in development, by driving four areas of focus:

- *Boosting investment.* The Government should expand its own social impact investment to provide the much-needed certainty to catalyse the market. This has been achieved at a local level; for example, in New South Wales a commitment to deliver two new transactions annually will provide the certainty to grow specialist investment funds, intermediaries and advisory firms essential for a functioning social investment market.

Similarly, the UK Department for International Development (DFID) has taken a clear lead by committing to fund a DIB to prevent sleeping sickness in Uganda, while the US Government's Overseas Private Investment Corporation and the French Groupe Agence Française de Développement have channelled their investments to draw in other investors, by taking on the higher risk 'subordinated' tranches in Eye Fund I, a global fund established by Deutsche Bank to support social enterprise eye hospitals.

Tax relief, like the UK's Social Investment Tax Relief, might also help boost impact investment and regulatory review could help release investments from Australia's \$2t superannuation sector.

- *Educating investors.* Some governments are educating investors and providing the blueprint for action. For example, DFID provides online 'open source' knowledge platforms and a Development Cooperation Hub; the NSW Government has established an Office of Social Impact Investment and an expert advice exchange to connect NGOs with pro bono legal, financial and professional services. Similar advice for investors interested in development would be invaluable.
- *Building common standards.* NGOs like The Fred Hollows Foundation are guiding the market in constructive ways, but efforts tend to be piecemeal because of their relatively small size and the high cost of engagement. A recent survey of Australian investors identified that a well-recognised investment framework coupled with more reliable research, information and benchmarks, would encourage new investors to enter the market.^{vi} Common standards would also allow diversification of

risk across multiple impact investments. The NSW Government's Principles for Social Impact Investment and their database of benchmarking cost and outcomes are good examples.

DFAT could, however, go further by using the DFID example of directly cultivating a pay-for-performance market in its own development portfolio and creating common expectations of good social outcomes.

- *Identifying good opportunities.* Australian impact investors indicated they would ideally *triple* the size of their impact portfolios over the next five years if they could find more investable deals with evidence of social impact.^{vii} Support is needed to help connect investors to opportunities in international development and to help organisations build investable business cases. Creative solutions, such as the 'midway' corporate structure created in the UK in 2005, could identify organisations which are 'doing good' and have strong potential for investment. 'Midway' companies have proved popular in the UK, with some 10,000 'Community Interest Companies' registered in the first 10 years.

Social impact investing is unlikely to satisfy all of the unmet resource needs in international development. However, with combined expertise from the private sector and NGOs, and leadership from the Australian Government, new and innovative solutions that foster growth and improve development outcomes can be achieved. For The Fred Hollows Foundation, this means more people will be able to receive the gift of sight, and eliminating avoidable blindness becomes a real possibility.

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ⁱ *The Addis Ababa Action Agenda of the Third International Conference on Financing for Development*, 7 July 2015, Draft Outcome Document, UN Geneva.

ⁱⁱ PwC and Three Rivers Consulting, 2013, *The Price of Sight: The global cost of eliminating avoidable blindness*, Sydney, Australia.

ⁱⁱⁱ JP Morgan and GIIN, 2016, *2016 Annual Impact Investor Survey*.

^{iv} Social Finance, July 2016, *Social Impact Bonds – The Early Years*, UK.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418433/Letter_to_Sir_Ronald_Cohen.pdf.

^{vi} Impact Investing Australia, *2016 Investor Report*.

^{vii} Impact Investing Australia, *2016 Investor Report*.

Brendan Crabb and Mike Toole

Research as the foundation of health development and equity

The context

Progress toward the Sustainable Development Goals (SDGs) will go a long way to ensuring that the world continues along a path towards a more equitable and sustainable existence. Perhaps more than is widely appreciated, their success will depend a great deal on robust data and the embedding of research and evidence into all decision-making. Innovation, the development and application of appropriate technology, and knowledge generation will be crucial components of the approaches adopted to meet SDG targets. In a resource-constrained international development world, making intervention choices based on robust evidence and effective tools will be even more crucial.

The role of research in achieving universal health coverage

The *Good Health* SDG reflects the earlier commitment made by the world's nations to Universal Health Coverage (UHC). Broadly defined, UHC means *all* people receiving the services they need, including initiatives designed to promote better health (such as improved infant and young child feeding practices), prevent illness (such as vaccinations), and provide treatment, rehabilitation, and palliative care of sufficient quality. A central premise of UHC is that provision of these services does not expose the user to financial hardship.ⁱ

While more people have access to essential health services today than at any other time in history, global coverage remains inadequate. For example, in 2013 only 55% of new TB patients were diagnosed and successfully treated; only 37% of people living with HIV were on antiretroviral treatment; only 52% of children in high-risk malaria settings slept under an insecticide-treated bed net; and 36% of pregnant women did not receive adequate antenatal care.ⁱⁱ

Progress in generating research evidence to support UHC has been uneven, and low-income countries have yet to see a significant increase in research production. Currently, a mere 10% of health policy and systems research globally is conducted on low- and middle-income countries.ⁱⁱⁱ

There has been inadequate investment in the development and production of drugs, vaccines, and diagnostic agents for communicable diseases that cause a major disease burden among the poorest people in the world. For example, the standard prevention and treatment of tuberculosis in low and middle income countries employs a not very effective vaccine developed in 1921, a diagnostic procedure developed in 1895, and drugs that were developed in the 1950s and 1960s.

Research in the Australian aid program

In the not-so-distant past, the very word 'research' was anathema to the managers of Australia's official aid program and research was not often a significant element of the work supported by Australian NGOs. This attitude changed significantly in 2011 when the Independent Review of Aid Effectiveness proposed that research – specifically health and agriculture research -- be one of seven 'flagships' of the aid program.^{iv} The Australian Government of the day agreed 'in principle' with the review panel's recommendation to support medical and agricultural research within the aid program.^v

The new Coalition Government's aid policy, announced in June 2014, included the intention to 'invest in research for health development to improve the effectiveness and efficiency of health investments including supporting the development of new technologies'.^{vi}

Soon after, the Office of Development Effectiveness (ODE) commissioned an evaluation of the uptake of research by DFAT under the assumption that a critical precursor to aid innovation is the availability and use of good-quality research.^{vii}

The evaluation found that from FY 2007–08 to 2012–13 investment in research more than tripled to \$181 million, with the average spend of those six years being around 3% of DFAT’s programmable aid (compared to around 5% of the US and UK aid budgets). The themes that received the most funding were food security and rural development (\$140 million), compared with smaller amounts for environment (\$60 million), health (\$32 million) and education (\$17 million). There is no evidence that this lack of proportionality between sectors has been redressed since 2012–13.

The evaluation found that the largest competitive research initiative funded by the aid program was the Australian Development Research Awards Scheme (ADRAS), established in 2007. Total funding for the 2012 ADRAS round was over \$32 million, spread over several years, to 50 research projects. However, ADRAS has since been discontinued.

From research to policy and practice

On the road to universal health coverage, taking a methodical approach to formulating and answering questions is not a luxury but a necessity. (World Health Report, 2013)

The World Health Report (2013) identified research questions of two kinds. The first asks how to choose the health services needed in each setting, how to improve service quality and coverage and financial protection, and consequently, how to protect and improve health and well-being. Answering these questions requires a range of approaches, including intervention, operational, health systems and cost-effectiveness research.

The second type of research questions asks how to measure progress towards universal coverage for each population setting in terms of the needed services and the indicators and data that measure their coverage. The answer to this group of questions is a measure of the gap between the existing coverage of services and universal coverage, and through this to identify how best to fill that gap.

The Burnet Institute is a development organisation committed to achieving better health for vulnerable communities in Australia and internationally through translating discovery, research and evidence into sustainable health solutions.

Our vision for the health component of an Australian aid program is that all activities are informed by relevant and ethical research, and that this builds the research capacity of local research institutions. Indeed, research should be embedded in certain development initiatives, such as malaria elimination and the control of MDR–TB, where it is critical to identify local contextual factors. Not embedding research in development programs may represent a major missed opportunity because it is often more cost-effective than stand-alone research.

In 2025, as we assess the impact of the Australian aid program on progress towards achieving the SDGs in the Asia–Pacific region, let’s hope that we will have access to rigorous, research-generated data on health service coverage, equity and quality; access to effective and affordable drugs, vaccines and diagnostics; cost-effectiveness of interventions; acceptability of services to communities and healthy behaviour change; and health workforce capabilities (including research).

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ⁱ The World Health Report, 2010, *Health systems financing: the path to universal coverage*, World Health Organization, Geneva, <http://www.who.int/whr/2010/en/>, accessed 14 July 2016.

ⁱⁱ World Health Organization and World Bank, 2015, *Tracking universal health coverage: first global monitoring report*, http://www.who.int/healthinfo/universal_health_coverage/report/2015/en/, accessed 14 July 2016.

ⁱⁱⁱ Adam T, Ahmad S, Bigdeli M, Ghaffar A, Rottingen JA, 2011, *Trends in health policy and systems research over the past decade: still too little capacity in low-income countries*, PLoS One, 6(11):e27263.

^{iv} Department of Foreign Affairs and Trade, 6 July 2011, *Independent Review of aid effectiveness*, <http://www.aidreview.gov.au/report/>, accessed 14 July 2016.

^v Department of foreign Affairs and Trade, 6 January 2012, *An Effective Aid Program for Australia Making a real difference – Delivering real results*.

^{vi} *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, <http://dfat.gov.au/about-us/publications/Documents/australian-aid-development-policy.pdf>, accessed 14 July 2016.

^{vii} Office of Development Effectiveness, DFAT, February 2015, Canberra, *Research for better aid: an evaluation of DFAT's investments*, <https://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/research-for-better-aid-an-evaluation-of-dfats-investments.pdf>, accessed 14 July 2016.

Rhonda Chapman, Linda Kelly and Tim Ford

How to adopt new ways of working for social change

Innovation is widely touted as presenting the best opportunity to address current and future development challenges. However, innovation will only contribute to positive social change when a wide range of stakeholders can contribute new and different development thinking and practices.

One of the biggest challenges is enabling a broader range of actors beyond development professionals to effectively work together in the development context. This includes local actors, enterprising people in developing countries, private sector, funders and academics.

We believe this requires different ways of working, where the future is enabling enterprising and professional people from all walks of life to authentically collaborate to achieve positive social change.

Using modern ‘coworking’ⁱ approaches to enable inclusive collaboration of equals

We need to create an enterprising culture where in-country entrepreneurs and people from outside the development sector who are contributing to and participating in funded projects can communicate as equals with development practitioners in Australia and internationally.

‘Coworking’ communities enable entrepreneurship and innovation to flourish across traditional professional boundaries. There are emerging examples in Australiaⁱⁱ and internationallyⁱⁱⁱ that point the way. In a development context, a coworking model could see small focused teams made up of project doers (practitioners and entrepreneurs in the field), funders, and outsiders, working collaboratively. The teams would operate through shared commitment, responsibility, and learning, using technology to reduce geographic isolation and facilitate collaboration. In such groups, people focus on what they do best and identify gaps in their team that can be selectively filled with other coworkers. These small active teams have a clear purpose and adaptability with a small outlay and low risk. Together they develop understanding of the challenges, and share and develop ideas. The established global coworking network^{iv} offers the opportunity for knowledge exchange more broadly, geographically and across sectors.

Creating locally developed and co-designed solutions

Innovation and ideas that have ownership of all stakeholders more naturally lead to shared implementation, and improved participation and practices. This enables participants to gain different collaborative perspectives, ideas, suggestions, solutions and skills.

One such approach is hackathons.^v Hackathons were first used in the tech world of software development and coding to come up with innovative technical solutions to problems. They have since evolved more broadly as a short-term, co-design methodology to develop ideas, often involving the people who will benefit from the end solution. They are used by organisations or groups^{vi} in search of inexpensive and innovative solutions to challenges, bringing together skilled people from a variety of fields that may or may not be obviously relevant to the challenge at hand to advise, design and adapt alongside practitioners, funders, and others. Solutions take on a whole new perspective, with the added value of deepening understanding of each other’s perspectives, developing relationships, and creating ownership of the process and solution.

Embracing failure as essential to success

These new approaches require a risk appetite appropriate to supporting innovation, failure, entrepreneurship and trial-and-error. Development organisations will need to identify and accept a level of risk and failure, maintain high standards of accountability, and ensure transparent decision-making. The actual risk involved is often minimal whilst efficiencies are optimised.

So what?

If Australia is to be actively engaged with others to collectively solve contemporary development challenges into 2025 and beyond, new ways of working accompanied by new organisational forms need to emerge. This will take courageous leadership willing to adopt flexible work and management practices; develop new risk appetites which can accommodate experimental approaches to problem solving that are organic and unpredictable; a willingness to engage in diverse collaborations and partnerships that involve participants from within and outside the sector; and define a new understanding of and appreciation for failure and shared learning. The culture and systems of development organisations will need to radically change in order to keep pace with the modern, entrepreneurial approach to addressing the social challenges of 2025 and beyond.

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ⁱ The term 'coworking' was coined in 2005 in response to the way that technology was facilitating gatherings in new and unprecedented ways. Since then, the concept has evolved into a decentralised movement centred around a core set of shared values: Community, Openness, Collaboration, Accessibility, and Sustainability. While the exact set of values that comprise coworking vary somewhat by interpretation, it is commonly accepted that coworking represents something far more than simply that of people working in the same place. It represents a fundamentally new way of thinking about how we work and share with one another. See <http://whaticoworking.com>.

ⁱⁱ Cohoots Coworking in Central Victoria, www.cohoots.info.

This business brings together an explicit set of values that combines a concern with positive social change and effective business development in regional Victoria. It facilitates the use of local expertise and learning to support micro-enterprises to connect and flourish. It works from the assumption that the solutions and opportunities are most likely to be found locally and through connections between local groups and institutions. Cohoots uses a range of developmental skills to support enterprising people define for themselves how they want to further develop and how they will come together to create that change. The emerging successes point to the value of this support, particularly within a small town context.

ⁱⁱⁱ Cagnol, Remy, 4 April 2013, *Egypt, Lebanon, Jordan – when optimism meets coworking*, Deskmag, <http://www.deskmag.com/en/04-04-13-egypt-lebanon-and-jordan-when-optimism-meets-coworking>.

^{iv} The Coworking Movement is a decentralised assembly of those who ascribe to the values of the coworking concept. It can be found primarily in the form of a discussion group, a wiki, and a blog. There are natural leaders in this movement, but no formal power structure. The people who participate in the movement shape its future. See

<http://whaticoworking.com>. In May 2016, a 24-hour global virtual 'People at Work' summit was successfully conducted across seven continents. This was a highly accessible event conducted via two web-platforms (which worked well on non-high speed connections) and fostered broad accessibility, low conference fees and no expensive travel. See <https://www.peopleatworksummit.com>.

^v NASA regularly uses hackathons globally, and they are now commonly being used to find solutions to community and social issues such as mental health, chronic pain and public housing. The United Nations has recently used hackathons to find solutions to the refugee crisis in Europe. See Hack4Humanity at the World Humanitarian Summit, 22–23 May 2016, <https://www.worldhumanitariansummit.org/summit/specialevents/hack4humanity>

^{vi} Grey, Amanda, *Facilitating Coworking Collaboration through Hackathons*, 29 June 2016, Deskmag, Tools and Tips, <http://www.deskmag.com/en/facilitating-coworking-collaboration-through-hackathons-943>.

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- Grameen Foundation Australia
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