



New Policy, New Government: The Pathway Forward

ACFID 2023-24 Pre-Budget Submission



Revitalising Australia's international development program

Labor will, over time, achieve a funding target for the international development program of at least 0.5 per cent of Gross National Income. Labor will increase aid as a percentage of Gross National Income every year that we are in office starting with our first budget.

ALP National Policy Platform 2021

“



We will work with our Pacific family to support specific projects that deliver real change in areas of health, economic growth, education, climate change adaptation and resilience."

Senator the Hon Penny Wong
Minister for Foreign Affairs
26 April 2022



A decade of successive cuts to Australia's aid program are leaving a vacuum for others to fill, which has strategic implications for our region and for our own security."

Hon Pat Conroy MP
Minister for International Development and the Pacific, 9 May 2022

“

Development spend will increase each and every year - including through a first budget which will happen this year.”

Overview

In 2022, the new Government responded decisively to the pressing needs of our region. In the October Budget, the Government announced **\$1.4 billion in new funds** over the forwards, including \$97.6 million of new funding for the 2022-2023 financial year. The Government also folded the Temporary, Targeted, and Supplementary (TTS) measures into the base, giving the ODA Budget a more secure footing from which to grow.

This has been an excellent start – particularly in parallel to the design of a new *International Development Policy* which will be launched in mid-2023.

The challenges, however, remain vast. While funding is more secure, **our ODA to GNI ratio remains at 0.2%, as it was under the previous government after a decade of cuts.** At historically low levels, there is more we must do. Australia continues to lag behind the global average, despite our commitment to step up multilateral engagement and contribute to shared global challenges.

How, and how well, funding is spent is equally important. We will be watching for **investments that match the priorities of our partners** in the 2023-24 Budget. Funding should be directed to those areas of the development program that most effectively address urgent humanitarian needs and recent backsliding in development gains.

2023-24: ACFID's budget proposals



To deepen Australia's regional relationships and deliver on our commitments as a good international citizen, the revitalisation of Australia's development program requires:

1. **A budget framework to reach the 0.5% ODA/GNI commitment as a matter of urgency, given the world is in a state of polycrisis**
2. **Strategic investments in the 2023-24 Federal Budget, as the ODA budget is increased:**
 - a) Doubling the humanitarian emergency fund (\$150m p.a.) and humanitarian crises prevention (\$350m p.a.) to respond more effectively to global humanitarian need
 - b) Investments in human development, including high-performing programs which enable NGOs to deliver outcomes across key areas, including climate change adaptation, health systems strengthening, gender equality, disability inclusion and leveraging private investment in development (\$2bn over 4 years)
 - c) Building DFAT's capability and enabling systems to deliver on the new *International Development Policy*, including establishing a civil society hub and restoring capability in fragile states and independent evaluation (30m p.a., as new departmental funding)

Outcomes this investment will achieve

➤ **Respectful and trusted partnerships in our region**

The Government's strong start in building stronger relationships with countries in our region must be fulfilled. As people and governments in our region face rising poverty and grapple with the effects of the climate crisis they largely did not cause, any slowing of our support risks hampering the trust and goodwill we are building.

➤ **Stronger multilateral engagement to address global challenges**

If Australia plans to host a COP with our Pacific Partners in 2030 and run for a seat on the Security Council for 2029-30, we must contribute our fair share on climate financing and humanitarian crises, including the food security crisis in the horn of Africa.

➤ **Supporting our region on climate change adaptation and mitigation**

International development assistance is the primary avenue Australia has to support climate adaptation and clean energy transitions in our region. As the world's fourth-largest energy consumer, ASEAN's energy transition is vital to preventing global warming above 1.5 degrees. In the Pacific, ODA supports our partners to prevent and respond to crises, including displacement and disaster recovery.

➤ **Stronger regional security and people-to-people links for the next generation**

In one of the most contested geostrategic environments since WWII, Australia can invest more deeply in helping solve human development challenges in health, education, agriculture, and position our technical expertise, and build people-to-people connections for the coming generation.

Development outlook: severe and worsening

RISING POVERTY IN THE PACIFIC

7 million people in the Pacific survive on less than \$3.65 per day ([World Bank, 2022](#)). Most of these people are in PNG and other Melanesian countries.

GLOBAL FOOD CRISIS & LOOMING FAMINE

6 million people in Afghanistan and 7.1 million in Somalia ([WFP, 2022](#)) are facing acute food insecurity. Millions of children experience acute malnutrition – meaning they are at risk of lifelong health complications and possible death.

ECONOMIC DOWNTURN IN ASIA

Emerging market and developing economies in Asia are projected to be 13% smaller on average by 2025 than they would have been pre-pandemic. ([IMF, 2021](#))

CLIMATE INDUCED POVERTY AND DISPLACEMENT

Climate change is expected to push up to 132 million people into poverty over the coming decade. ([World Bank, 2021](#))
6.5 million people fled Pakistan alone in September 2022 due to catastrophic flooding. ([OCHA, 2022](#))

This has severe consequences for our economy and security

Treasurer Chalmers: “the pressures we feel around our kitchen table are brought to us from around the world.”

Prosperity



While the cost-of-living crisis affects us all, it will hit emerging economies and vulnerable people hardest.

Economies that are key to diversifying Australia’s regional trade, investment and skilled migration relationships will not recover without international support.

Stability



Shrinking civic space, conflict and climate change all contribute to decreased regional stability and a weaker region.

Rising illiberalism and declining trust between and within societies is enabling increased disinformation, misinformation and foreign interference.

Resilience



COVID-19 has exposed some of the weaknesses in both formal and informal systems of service delivery, social protection and emergency response throughout our region.

As climate and conflict related crises increase in the frequency and intensity, the time and resources available to recover will diminish.

Australia’s international development program addresses these strategic challenges.

Australia's opportunity

While global development faces serious challenges, there are solutions. Australia's contribution to these solutions, given our values, interests, and middle-power status in the Indo-Pacific, is unique and vital.

A revitalised international development program is pivotal to the Government's priorities:

- Strengthening partnerships in our region;
- Stepping up our multilateral engagement; and
- Combatting imminent threats to the stability and prosperity of our region and the world, such as climate change and rising illiberalism.

Despite being one of our greatest assets in achieving these economic and security priorities, Australia's international development and humanitarian program remains under-utilised and underfunded relative to other tools of statecraft.

Healthy economies rely on healthy people and communities. We must invest in preventing and curbing the pressures that affect our world, our closest neighbours, and are ultimately felt at our kitchen tables. Shrinking economies, climate crisis, and increased instability – the development program is our avenue for action in these areas.



PART ONE – Rebuilding the
ODA budget



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

A framework to reach 0.5% ODA/GNI

Our geostrategic situation compels a different approach, where we scale up ODA with ambition, to match our defence and diplomatic efforts.

We cannot afford to be reducing our investments in regional prosperity and stability at a time of polycrisis and rising competition – it will create a vacuum and it would be detrimental to Australia's interests.

Australia ranked 21 out of 29 OECD DAC countries on ODA generosity in 2021, despite having the 9th largest economy in the group. If we want to be a credible multilateral player, we must do better.

Sustained increases to the development assistance budget are critical to Australia's ability to build trusted partnerships in the region. This enables us to engage multilaterally to address global challenges and combat imminent threats to the stability of our region and the world.

Given the exigency of the development crisis and Australia's strategic circumstances, we call for a legislated 0.5% target for ODA/GNI and a budget framework to reach this benchmark as a matter of urgency.

These investments are foundational to enduring regional partnerships

“Australia’s engagement with our Pacific neighbours is of the highest priority and transcends domestic politics.”

Senator the Hon Simon Birmingham

Shadow Minister for Foreign Affairs, 11 December 2022

“I commit to working with, and listening to, this generation of Pacific leaders to navigate these challenges together.”

Australia will remain a critical development partner for the Pacific family in the years ahead.”

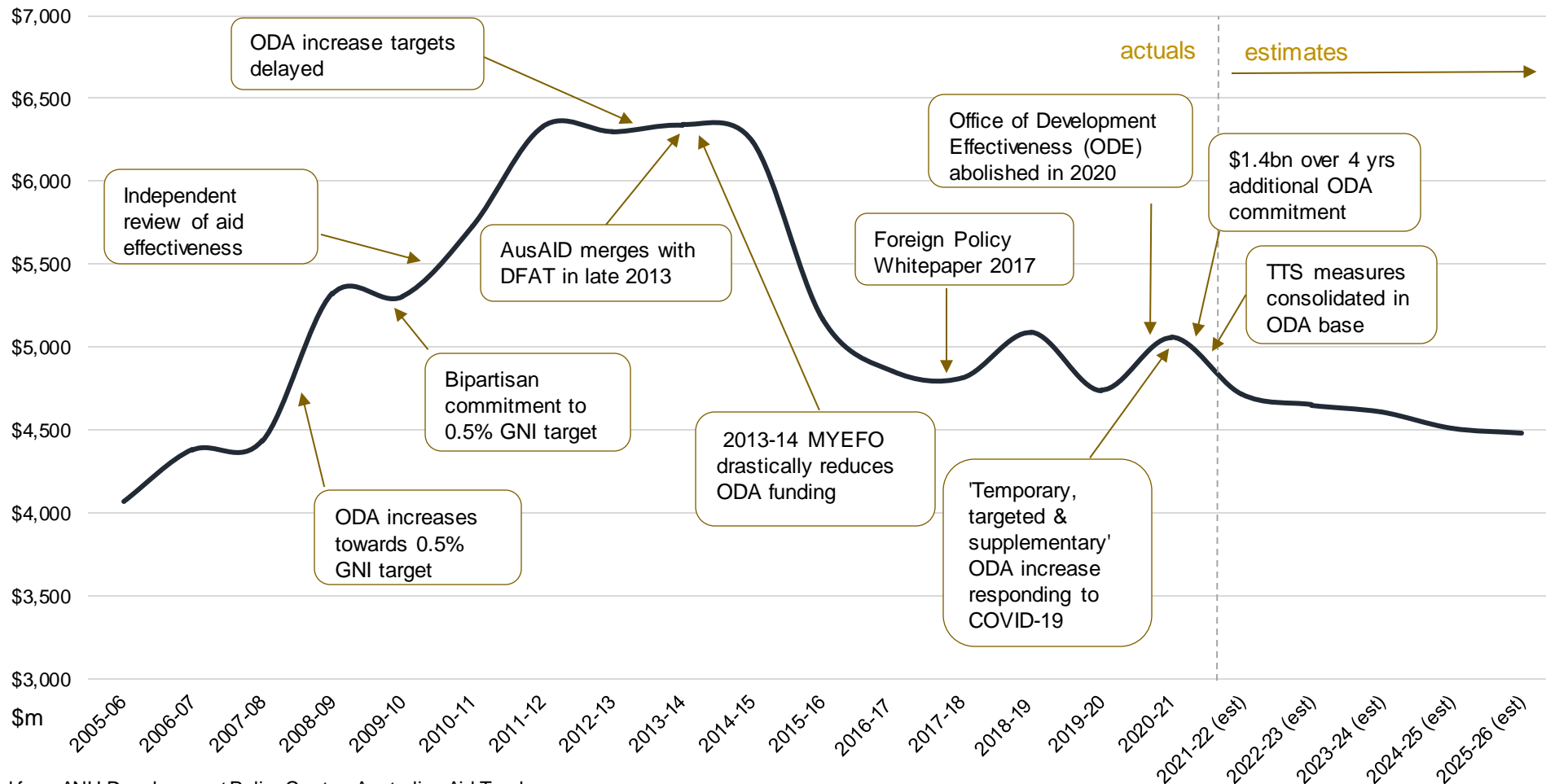
Senator the Hon Penny Wong

Minister for Foreign Affairs, 26 May 2022



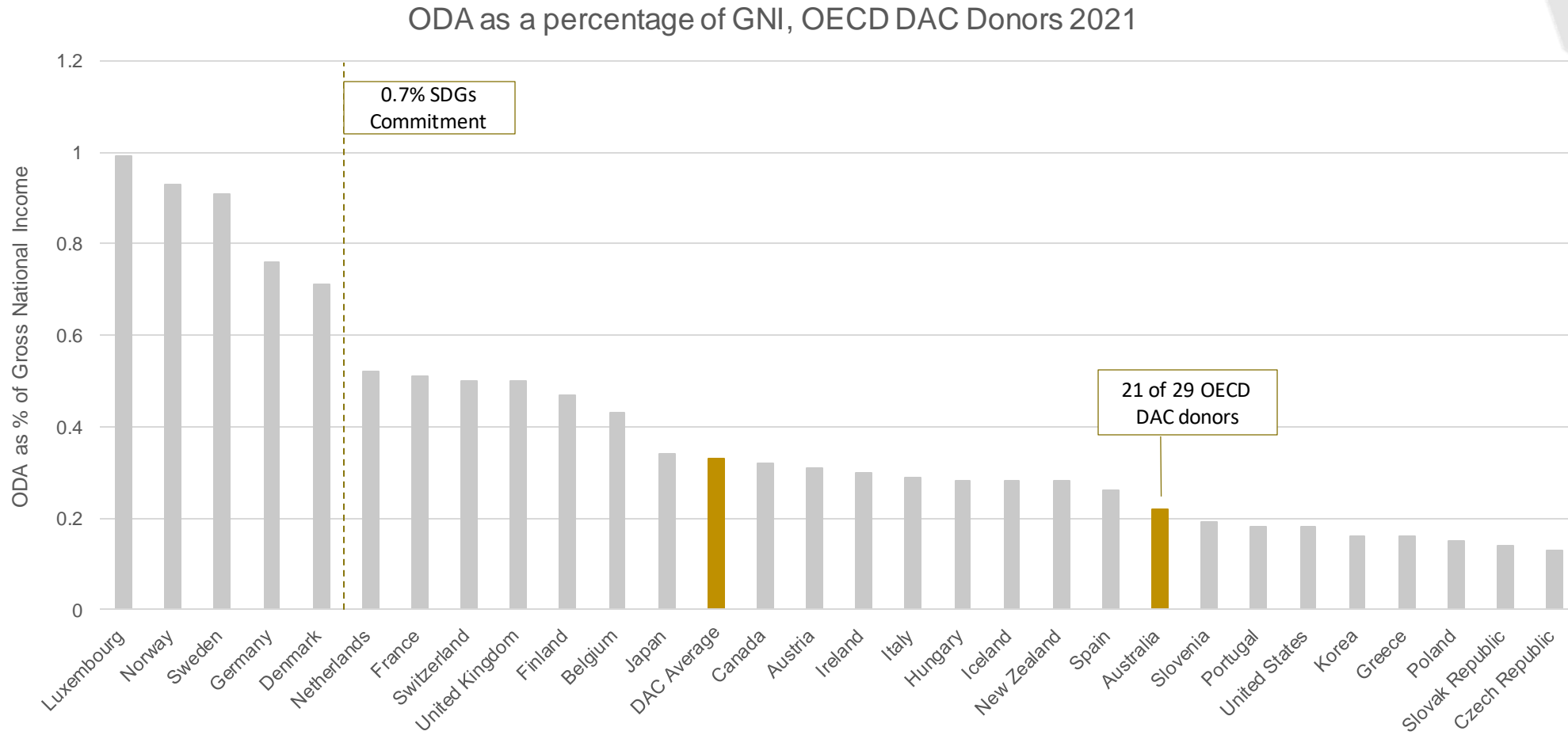
ODA budget context

Total Australian aid budget (inflation adjusted, 2022-23 AUD millions)



Data source: adapted from ANU Development Policy Centre, Australian Aid Tracker

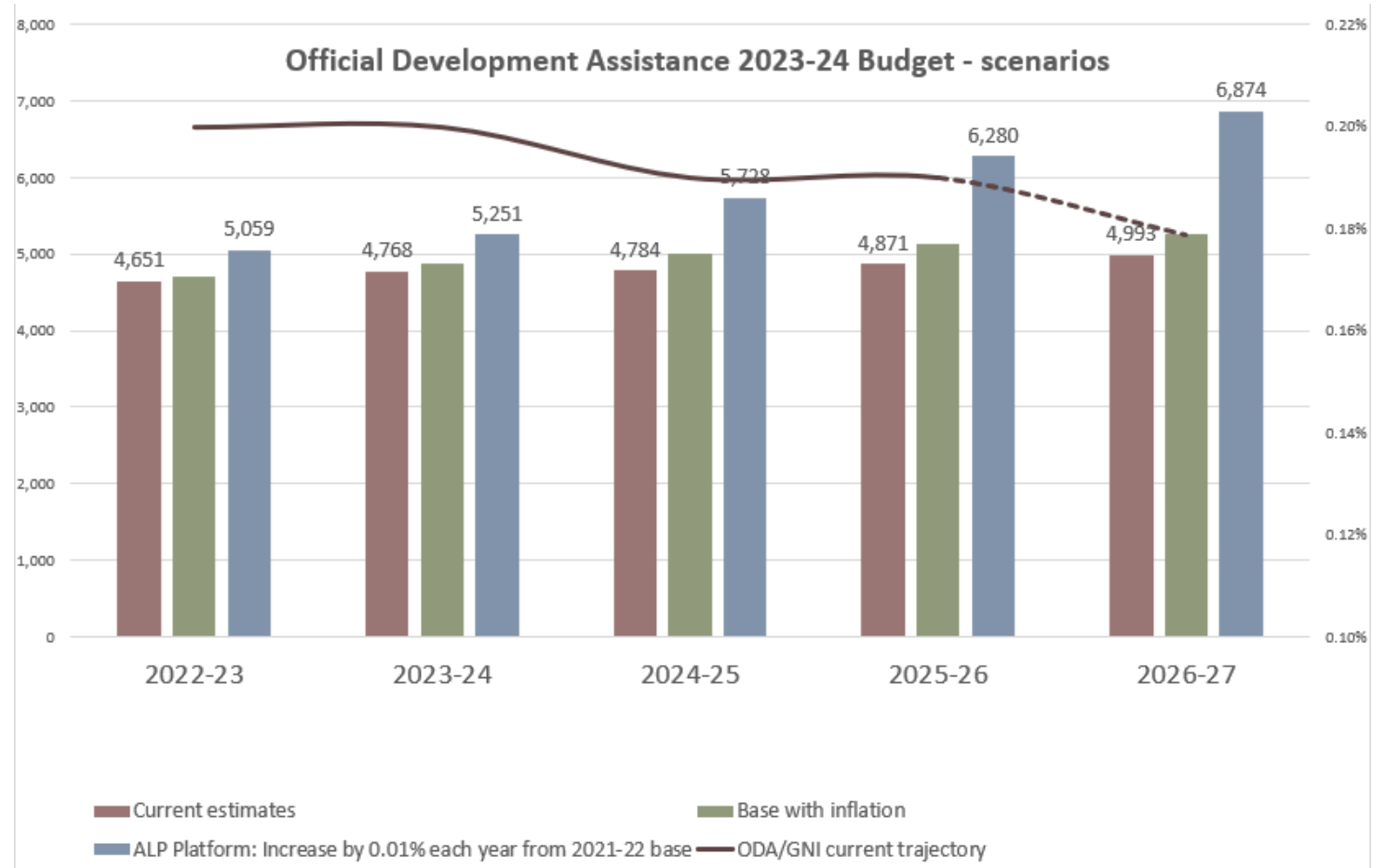
Australia's generosity relative to other donors



Current ODA budget trajectory

Rebuilding the aid budget

- Australia's generosity measured by the proportion of ODA to Gross National Income is estimated at **0.20% in 2022-23**
- Given the global inflationary environment, the purchasing power of each aid dollar is **decreasing in real terms**
- Labor's National Policy Platform pledged to increase the aid budget every year beginning with the first Budget. This was affirmed by Labor's spokesperson for International Development in May 2022.
- Yet even on the current trajectory, the ODA budget is insufficient to keep up with rising development and humanitarian need.
- **It is not fit for purpose in a time of polycrisis and rising competition.**



Figures provided with the assistance of the ANU's Development Policy Centre's Aid tracker



PART TWO – Budget 2023-24: Strategic Investments



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Budget 2023-24: Strategic Investments

While ODA increases to meet our commitments, the Government must ensure that investments reflect the priorities of our partners – particularly in:

- Humanitarian emergency funding
- Climate change (including adaptation and loss and damage)
- Health systems strengthening
- Gender equality and disability inclusion.
- Leveraging private investment in development

To ensure the effectiveness and impact of all investments, we also call for departmental funding for improved policy, delivery and evaluation.

	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)
1. Increase the humanitarian emergency fund and investment in prevention of humanitarian crises	500	500	500	500
2. Invest in human development, including high-performing programs which enable NGOs to deliver outcomes across key areas, including climate change adaptation, health systems strengthening, gender equality, disability inclusion and impact investing	440	480	520	560
3. Invest in DFAT capability and enablers to deliver on the new International Development Policy	30	30	30	30

1. Strategic investment: Humanitarian action

Challenge

The number of people in need of humanitarian assistance rose by 70% in the four years between 2018 and 2021 – from 122 million people to 218 million people (UN Humanitarian Needs Overview).

As a growing number of countries globally become affected by protracted crises, the need for later-scale and longer-term responses is placing unsustainable pressure on humanitarian organisations.

In the face of climate change, rising conflict, challenges to the global rules-based order and the hunger crisis, Australia needs an invigorated focus on humanitarian action, principles and capabilities. Currently, we are not fit to respond to rising the challenges that lie ahead.

Proposals

Double the Humanitarian Emergency Fund

The Humanitarian Emergency Fund is the key source of funding for the Australian Government to respond to humanitarian needs as they emerge. It has not increased in the last five years despite a significant rise in global humanitarian need.

This injection will increase the ability to respond to increasing global crises, including immediate relief and famine prevention in critical hunger spots of Afghanistan, Syria, Yemen, and the Horn of Africa. It will also enable continued support for our pacific neighbors through cyclones and other climate induced disasters.

Additional: \$600 million over 4 years

Build a pathway to Australia's fair share of humanitarian funding

Australia's fair share in 2023-24 is \$1.15 billion.

The ODA Budget should map out a pathway to meet this over time, including through investments in food security, anticipatory action and protracted crises.

This additional budget should enable humanitarian agencies and civil society to address the root causes of humanitarian crises, including:

- delivering a medium-term strategy to address root causes of global food insecurity including climate impacts – [see proposal here](#)
- Scaling up successful anticipatory action pilot programs
- Investing in building capacity to fund local actors in protracted crises

Additional: \$1.4 billion over 4 years

“One person is likely dying of hunger every 48 seconds in drought-ravaged Ethiopia, Kenya and Somalia, according to estimates by Oxfam and Save the Children.

When famine last struck Somalia in 2011, Australia was one of the top five country donors, both in absolute terms and relative to GDP.”

‘Dangerous Delay 2: The Cost of Inaction, highlighting the world’s repeated failure to stave off preventable disasters.’



“

Globally, we know the world’s poorest nations face serious food security challenges – especially in Africa, the Middle East, and the Pacific. This is a looming crisis.”

Prime Minister, Anthony Albanese MP

30 June 2022



“

Humanitarian support is essential, but it is not enough. Because this is not just a food crisis. It goes beyond food and requires a coordinated multilateral approach, with multidimensional solutions... We cannot accept mass hunger and starvation in the twenty-first century.”

UN Secretary General Antonio Guterres

24 June 2022

2. Strategic investment: Climate resilience

Proposals

Fund a new NGO-led Climate Adaptation Program

Design and deliver a flexible funding pool for NGOs and local communities to propose and deliver climate adaptation and resilience projects in the Pacific and Southeast Asia.

- ✓ Identifies ways to increasingly fund local NGOs directly
- ✓ Pro-poor and focuses on most vulnerable
- ✓ Gender-responsive
- ✓ Identifies local Indigenous organisations

Allocate \$400 million over 4 years

Increase existing high-performing Climate Adaptation Programs in the region

Strengthen disaster risk reduction and climate adaptation by investing further in the Australian Humanitarian Partnership's *Disaster READY* program.

Harness civil society expertise and traditional knowledge by ringfencing additional allocations for civil society organisations through the *Australian Pacific Climate Partnership*.

- ✓ Includes monitoring and evaluation

Allocate \$145 million over 4 years

Increase Climate Finance

As part of the new International Development Policy process, the Government should deliver a pathway to meet Australia's fair share of the global climate finance need and to consider the proportion targeted to gender-responsive climate adaptation and environmental objectives.

- ✓ Considers current obligations and global renegotiations in 2025

Increase climate finance to \$3 billion over 2020-25 and develop pathway to achieve our fair share of USD \$100 billion by 2025

Action on climate change is of existential importance in our region

As Australia looks to host a COP in partnership with Pacific countries, how well we support our neighbours in responding to the climate crisis will be vital.

Between 1990 and 2018, the average annual cost of climate-related damage across the Asia Pacific Region was **50% more** than the global average.

Climate change is set to drive up to **132 million people into poverty** in the next ten years and extreme weather events are causing mass displacement. Already **in the Pacific, 7 million people live on less than \$3.85 per day.**

ASEAN is the world's fourth-largest energy consumer and fossil fuels still comprise 83% of power generation. A just energy transition in Southeast Asia is vital to Australia's economic and security interests.

Australia's fair share to address the climate crisis is estimated to be \$12 billion p.a. by 2030. In addition to climate finance commitments, Australia must support loss and damage financing.



“

Nothing is more central to the security and economies of the Pacific. I understand that climate change is not an abstract threat, but an existential one...”

Senator the Hon Penny Wong
Minister for Foreign Affairs, 26 May 2022

2. Strategic investment: Stronger health systems

Challenge

The COVID-19 pandemic will have severe and long-term ramifications for health systems and population health outcomes in the Indo-Pacific region while exposing structural gaps and inequities in health which threaten the basic functioning of, and equitable access to, essential health services.

Ensuring long-term regional prosperity, regional health security, and the health and wellbeing of people across the Indo-Pacific can only be achieved by investing in health systems.

The direct and indirect impacts of the COVID-19 pandemic also continue to exacerbate existing inequalities and place a disproportionate burden on women, including in health care settings.

Proposal

Double the health ODA budget over 5 years

Establish a new, multi-year, Indo-Pacific Health Strategy that focuses on strengthening integration across health systems in collaboration with local partners, national governments, and regional institutions.

The strategy should include components including –

- healthcare workforce
- integrated models of care focusing on primary care and public health functions
- research, M&E, and ICT
- community empowerment and participation
- funding and resource allocation
- partnerships, local coordination, and multisectoral allocation

Core program principles include:

- Equitable and accessible health systems to support the advancement of universal health coverage (SDG3).
- The health workforce is a key building block of the WHO Framework for strengthening health systems.
- Localisation should be considered as a universal model for practice and apply to all activities, programs and initiatives.
- Resource optimization – preventative and early interventions can avoid the need for costly hospitalisation and emergency care.
- Solidarity with our neighbors in the Indo-Pacific to promote health, security and prosperity through quality public health systems and quality service delivery.

Allocate \$800 million over 4 years



2. Strategic investment: Gender equality

We welcome the Government’s target that 80% of development investments effectively address gender equality, including that all programs >3m AUD have gender equality as either a significant or principal objective (tracked against the DAC Markers). Within this 80% target, we recommend that 15% of investments have gender equality as a principal objective, and 5% of funding be directed to women’s rights organisations.

Proposals

Build civil society partnerships for gender equality

Re-establish direct partnerships with civil society by funding a second phase of the *Gender Action Platform*, a highly innovative and successful program which ran from 2018-2020. This should be managed in line with the existing Gender Equality Fund.

This should include the provision of core funding to support gender-responsive programming in Organisations of People with Disabilities.

Allocate \$20 million over 4 years

Support at-risk adolescent girls in the Pacific

Boost the *Pacific Women Lead* program – with focus on the Pacific Girl component – to provide dedicated support to address the cultural, social, economic and political barriers faced by young women and adolescent girls.

This additional investment should focus on building and resourcing women’s funds, women and girl’s rights organisations, women’s crisis centres, organisations of people with disabilities, and other women-led and community-based organisations.

Allocate \$40 million over 4 years

Expand gender programs in Southeast Asia

Allocate additional funding to advance gender equality across Southeast Asia.

This is additional to the \$300 million reprioritised from other ODA initiatives announced in May 2022 as the “Women Together” initiative) – no additional ODA was allocated to this program in the previous Government’s budgets.

This boost in funding will enable DFAT to respond to emerging gender equality priorities through consultation with local partners.

Allocate \$100 million over 4 years

2. Strategic investment: Disability rights & inclusion

People with disabilities comprise around 15% of the global population. Australia is in a strong position to provide strategic intervention by laying the foundations with and for people with disabilities to be included in mainstream services and all aspects of community and national life.

Proposals

Step up disability inclusion in the Pacific

Commit to fund the Partnership for an Inclusive Pacific (PIP) to accelerate the implementation of the Pacific Framework for the Rights of Persons with Disabilities 2016-2025 (PFRPD) and ensure pre-conditions are in place for the effective inclusion of people with disabilities.

Commit an initial \$200,000 in 2022-23 to the design of the PIP

Commit \$40 million over four years for implementation of the PIP

COVID-19 recovery and livelihoods package

Rebuild livelihoods and increase resilience as part of economic recovery from COVID-19 in our region.

Reports from OPDs indicate that people with disabilities are among the hardest hit by the COVID-19 pandemic. People with disabilities have experienced higher job losses, food insecurity and face immense challenges in protecting themselves. Without strategic intervention the pandemic is set to widen inequalities and push people with disabilities and their families deeper into poverty.

Allocate \$10 million over four years

Increase central disability allocation funding

Increase DFAT's central disability allocation to a minimum of \$14.4m in FY2023–24 budget and increase at a minimum in line with GNI thereafter. Institute a new target for 70 per cent of all programs to effectively support people with disabilities.

Develop a new multiyear Development for All strategy, alongside the establishment of a regional partnership for donors to coordinate support for disability inclusion in the Pacific line with the Pacific Framework for the Rights of Persons with Disabilities 2016-2025.

Increase to a minimum of \$14 million per year

Development promotes growth and builds resilience

“Development assistance promotes economic growth and growth is a key driver in lifting people out of poverty. Studies have consistently found that development assistance has a positive long-term impact on a country's economic growth.

Growth boosts incomes, creates jobs, lifts people out of poverty and enables governments to invest in public services.”

Hon Pat Conroy MP

Minister for International Development and the Pacific, ACFID Conference 2022



“

“Healthy economies rely on healthy people and communities.”

Treasurer Jim Chalmers

“Capitalism after the crises”, 1 February 2023



2. Strategic investment: NGO-led impact investing

There is a 4.2-trillion-dollar gap in financing required to achieve the SDGs by 2030 (OECD, 2021). As the global economy undergoes significant contraction, it is vital that Australia supports emerging markets to weather these headwinds.

Blended finance offers the potential to leverage significant investment from the private sector toward development outcomes. For example, USAID Administrator Samantha Power recently announced the Enterprises for Development, Growth, and Empowerment (EDGE) Fund, which is designed to create new private sector partnerships that advance development objectives.

Non-grant financing offers a sustainable and effective method of development financing but is vastly underutilised in Australia's development program.

Proposal

Create a new NGO-led window for impact investing and explore the creation of development impact bonds

To leverage the expertise of NGOs in non-grant development financing, establish a new window in existing impact investment funds which would:

- Enable co-investment by government and NGOs in projects that have positive development impact for people and communities in our region
- Increases the quality and availability of social impact technical assistance for existing investment portfolios
- Expand market building and financial inclusion programs currently run by NGOs (this could help build the investment pipeline for funds, programs, and investors)
- Build networks between actors who are interested in impact investment in our region, laying the groundwork for future co-investment between government, the private sector, NGOs, and philanthropic organisations.

Allocate \$50 million over 4 years

3. Resourcing effective delivery

To become a world leader in development effectiveness and truly elevate development to the heart of Australian foreign policy, DFAT needs to recruit and promote more staff with strong international development and services/program experience.

While recruiting more junior officers with development expertise is important, it will not provide the strategic leadership and expertise that is urgently needed. Development capability and leadership needs to be expanded throughout the organization, including through specialist roles, and balances with an investment in systems.

Proposal

Increase departmental funding by \$30m per annum to support ODA delivery by:

Restoring capability that has been eroded over the past decade

Re-establish dedicated thematic expert teams, with specialist, qualified professionals for: governance, agriculture, climate change, infrastructure for development (including social infrastructure), First Nations Justice, intersectionality (including gender and disability inclusion), fragile states, and conflict prevention.

Re-establish Head of Development Cooperation positions at the Minister-Counsellor level at priority posts in Southeast Asia and the Pacific.

Building out capability in critical emerging sectors

Create a dedicated stream for development professionals with aims of retention and specialisation.

Create a new position of Associate Secretary for International Development and Humanitarian Assistance who would lead a reformed Aid Governance Board.

Prioritise the retention and hiring of experienced and senior locally engaged staff and empower them in program management roles.

Recruit a cadre of development leaders at the Senior Executive Service (SES) level.



THANK YOU



acfid.asn.au



advocacy@acfid.asn.au



[/ACFID](https://www.facebook.com/ACFID)



[/acfid](https://www.linkedin.com/company/acfid)



[@acfid](https://twitter.com/acfid)



14 Napier Close, Deakin, ACT 2600



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT