



TEAR Australia SUBMISSION TO THE SENATE INQUIRY INTO AUSTRALIA'S OVERSEAS AID AND DEVELOPMENT ASSISTANCE PROGRAM

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Key points:

- Cuts to the aid budget will have a significant negative impact on programs to reduce poverty
- Australia's support of effective development is in Australia's national interest
- Promoting and supporting effective aid results in the reduction of poverty, inequality and its consequences
- Strengthening civil society is critical to promote sustainable and locally owned aid programs
- Aid or development effectiveness measures must reflect the complexity of development processes
- Development is a long-term process that requires funding security and predictability

TEAR Australia

TEAR Australia is a Christian-based Australian non-government aid and development organisation that has worked for more than 40 years through local partner organisations in 25 countries across East Africa, South Asia, South-East Asia and the Pacific. TEAR Australia currently supports nearly 200 projects implemented by 95 partner organisations.

TEAR Australia is currently a Partner Agency of the former AusAID and now the Department of Foreign Affairs and Trade, receiving government funding through the Australian NGO Cooperation Program (ANCP).

TEAR Australia is making this submission out of concern that the cuts to the Australian aid budget will have a negative impact on the ability of aid and development programs to reduce poverty and create a more just and equitable world. TEAR is also concerned that other changes within the administration and management of the Australian Government's aid program are focused on ensuring effective and sustainable development in partner countries.

Effective aid reduces poverty

Since the adoption of the Millennium Development Goals as a unifying focus for development aid, there has been a reduction from 47% of the world's population living on less than \$1.25/day in 1990 to 22% in 2010, mortality rates from malaria have fallen by more than 25%, more than 2 billion people received access to clean and safe water, the mortality rate for under-5s dropped by 41%, maternal mortality declined by 47%, and the target of halving the number of people suffering from hunger is possible to achieve by 2015.¹

It is difficult, if not impossible, to attribute these changes to any single aid program. Nevertheless, it can be said without a doubt that Australia's aid funding has been a contributor to the improvements that have been seen in levels of poverty, particularly in Australia's own region. The Australian aid program, both the official aid managed and funded through Australian Government programs, and that administered by NGOs and other agencies, is effective. The 2011 Independent Review of Aid Effectiveness noted this fact:

¹ UN Statistics (2013) *The Millennium Development Goals Report 2013* (United Nations, New York) pp.4-5

“The Review Panel has itself seen substantial evidence of the positive impact the program is making in many countries and sectors.”²

Cutting the aid budget will reduce Australia's ability to contribute to improvements in global poverty reduction. Furthermore, cutting the aid budget will reduce Australia's influence in the international development sector, is against Australia's national interest, and will have a negative effect on Australia's international reputation.

Focusing on poverty - in the national interest

Much of the government's rationale for merging AusAID with the Department of Foreign Affairs and Trade (DFAT) is to bring Australia's aid program more in line with Australia's national interests.

A strong aid and development program is most definitely in Australia's national interest. To best achieve Australia's national interests it is necessary for Australia's aid program to be strongly poverty-focused. To most effectively contribute to the growth in development, and also make significant contribution to economic growth in countries that need it most, it is necessary to pursue a more focused aid program targeting poverty reduction as its first priority.

TEAR Australia believes that it is through programs which focus on poverty reduction that Australia's interests will best be served. This is a view accepted by the Independent Review of Aid Effectiveness:

“Poverty reduction should indeed be the foundation objective of Australia's aid program, but, in the first place, this in itself is in Australia's national interest and, in the second place, national interest is an obvious and legitimate factor focusing Australia's aid effort.”³

History and economic theory shows that poverty reduction focused policies are the most effective at improving wider economic growth.⁴ Poverty prevents at least 20% of the world's population from actively participating in economic activity beyond subsistence levels. Poverty also reduces people's productivity through illness, the inability to take investment opportunities, inability to invest in improved technology and a lack of education.

Investing in poverty-focused aid and development programs will therefore increase the number of people participating in economic activities, producing opportunities for wider national and international economic growth. As the 2013 Human Development Report stated:

“The link between growth and human development is not automatic. It needs to be forged through pro-poor policies by concurrently investing in health and education, expanding decent jobs, preventing the depletion and overexploitation of natural resources, ensuring gender balance and equitable income distribution and avoiding unnecessary displacement of communities.”⁵

Economic growth alone is not enough to ensure poverty alleviation. For sustainable growth to occur, the status of the poorest members of society must be improved. Studies show that

² Commonwealth of Australia (2011) *Independent Review of Aid Effectiveness* (Australian Government, Canberra) pp.66, 68

³ Ibid p.102

⁴ See, for example, D. Rodrik (2000) “Growth versus Poverty Reduction: A Hollow Debate” *Finance & Development*, IMF, December 2000, Vol.37 No.4

<https://www.imf.org/external/pubs/ft/fandd/2000/12/rodrik.htm>

⁵ UNDP (2013) *Human Development Report 2013: The Rise of the South* (UNDP, New York) pp.63,64

a significant catalyst for economic growth is a growing middle class (earning from \$2 - \$13/day in developing countries). It is therefore critical to help people escape poverty and disadvantage so that they can participate economically and socially in their own countries and by doing so contribute to wider economic growth and stability.⁶ Addressing inequality through gender, disability, systemic and cultural reasons and through a more equitable access to decision making power is therefore a necessary aspect of development programming.

It is important therefore, that Australia's aid program is focused on poverty-reduction programs in the countries that need them most. TEAR Australia is concerned, for example, to see aid funding reducing in countries that are in the bottom quarter of the Human Development Index and in greater need of development support. These include some Pacific nations and others that are in Australia's sphere of direct interest:

- Small Pacific Islands have had their aid cut collectively by 22%
- Bangladesh (ranked 146/186 in the Human Development Index and with a high level of Multi-dimensional Poverty), in the Indian Ocean region and among the poorest countries in South Asia, has had its aid cut by 27%.
- Even more significant, Australian Government funding to sub-Saharan Africa, where there is the greatest intensity of poverty in the world, has been collectively cut by 37%.⁷

A strong aid program enhances Australia's global reputation

"Australian Aid" is a brand that enhances Australia's reputation internationally. As Australia's Minister for Foreign Affairs, Ms Julie Bishop stated in a recent speech, "[Australian aid] helps project a positive image of Australia in the countries where our aid and development programs operate, reinforces Australia's standing as a model international citizen and good neighbour, and strengthens the aid program's contribution to wider foreign policy objectives."

An improved reputation and greater influence results in a corresponding level of international commitment and responsibility. Effective development programs require long-term commitments, especially in fragile and complex states. Cutting the aid budget, particularly in the middle of a year after program commitments have been made and while programs are being implemented, will require the cutting back or cancellation of worthwhile development activities. Such budget cuts can only result in a negative impact on the achievement of aid policy objectives, international commitments and development effectiveness. This jeopardises Australia's reputation with organisations facing funding cuts and with governments and communities that are affected. The cuts to the aid budget are noted throughout the donor community and reflect poorly on Australia's desired level of international significance.

Australia is a nation that prides itself on having a sense of justice and promoting fairness. Australia has a strong track record in its contribution to international affairs whether through individuals holding high office, the conduct of our peace-keepers when they have been deployed, and even in more recent times in complex situations like Afghanistan, where Australian official assistance through Provincial Reconstruction teams has been seen as

⁶ See, for example, World Bank (2006) *World Development Report; Equity and Development*, (World Bank, New York) pp.73ff and for a summary of research see, Summer (2011) "What's really happening to inequality?" <http://www.globaldashboard.org/2011/07/01/what%E2%80%99s-really-happening-to-inequality/>

⁷ Ibid. See statistical tables pp.145, 146. See also aid figures for 2013-2014 as released by DFAT 18 January 2014.

productive and creditable.⁸ There is a deep-seated sense that working to eliminate poverty and suffering is “the right thing to do”, and that as a wealthy nation we have a moral obligation to contribute our share towards developing a just world where people, wherever they live, have an opportunity to determine their lives and futures. The broad support within the Australian community can be evidenced by the fact that Australians are the second highest private donors to non-government organisations in the world.⁹ This obligation was officially formalised as Australia signed the Millennium Declaration that states:

*We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.*¹⁰

Strengthening civil society

As well as reducing poverty, good development in partner countries will promote good governance and the protection of human rights. Creating an enabling environment for civil society helps ensure the effective targeting of development policies, rights-focused programs and the strengthening of governance and democratic processes.

The value of including civil society within aid delivery and strategies was affirmed by the Office of Development Effectiveness' (ODE) own evaluation, which stated that it was “integral to the development process”. This is the case particularly in policy dialogue and implementation of sector-wide approaches.¹¹ The Outcome Document of the Busan High-Level Forum on Aid Effectiveness declared that “civil society organisations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation.”¹²

The importance of a strong civil society was recognised in the Civil Society Engagement Framework adopted by the previous government, saying:

“The Australian Government recognises the emergence of an informed and engaged civil society as an important development outcome in its own right, enabling poor people to claim their rights, and helping to shape development policies and partnerships and oversee their implementation.”¹³

The Civil Society Engagement Framework (CSEF) was a positive and constructive tool by which the Australian Government was able to work effectively and constructively with various civil society organisations within Australia and internationally. It created opportunities for innovative partnerships that were focused and resulted in shared learning leading to improved development outcomes. TEAR Australia strongly supports the affirmation of the CSEF by the government.

⁸ TLO (2010) *The Dutch Engagement in Uruzgan* (TLO, Kabul) pp 52-53

⁹ DFAT <http://www.dfat.gov.au/un/millennium-development-goals.html>

¹⁰ UN (2000) *Resolution adopted by the General Assembly 55/2: United Nations Millennium Declaration* point 2, “Values and principles”.

¹¹ ODE (2014) *Lessons from Australian Aid: 2013 report on independent evaluation and quality assurance*, (DFAT, Canberra) pp.7, 11.

¹² Busan Partnership for Effective Development Cooperation (outcome statement from the fourth high-level forum on aid effectiveness in Busan, Korea, December 2011) p.6

¹³ AusAID (2012) *AusAID Civil Society Engagement Framework: Working with civil society organisations to help people overcome poverty* p. 4

People and communities impacted

The \$4.5 billion cut to the aid budget will make a difference to people and communities. Many of the programs affected by the cuts are those that make the most significant impact on reducing poverty and promoting sustainable and equitable development.

For example:

- Cuts to the Global Fund to fight malaria, TB and HIV – part of \$108.6 million cut to health programs. Providing bed nets to reduce the incidence of malaria is one of the most cost-effective means of improving a household's health, food security and livelihood. Even one mosquito net in a household reduces the incidence of malaria, which improves a parent's ability to work, and also reduces the amount spent on medical bills, which improves the household's ability to send children to school and gain an education to improve their prospects of getting a job that may lift the family out of poverty.
- \$20.6 million in cuts or deferrals to the aid budget for Afghanistan comes at a time when the country is in an extremely vulnerable position, and yet a period where effective development will be an investment in rebuilding a nation beset by conflict. The Afghan people desperately wishes for peace and development programs that invest in local level infrastructure, education, health, promotion of women's empowerment and access to local services will be a stabilising factor. The Australia Afghanistan Community Resilience Scheme is an example of a program that was developed through extensive consultation with non-government organisations, agencies and stakeholders in Afghanistan and Australia, and projects had been designed with communities and Afghan organisations to deliver food security and livelihood projects in rural areas the development of small scale income generation initiatives, access to micro-finance and improving market opportunities for poor farmers.
- Approximately \$229.8 million of cuts or diversions will directly impact programs that have a primary outcome for women. Programs affected include those promoting women in leadership (\$2 million), programs on water, sanitation and health (\$89.5 million), maternal health programs (\$8.9 million in Cambodia and the Philippines alone.)

Delivering long-term outcomes

Development is a long-term process, especially when it includes elements of capacity building, empowerment of women, people with disabilities or other marginalised groups, or in changing health attitudes and behaviour. Such issues require working within, on and occasionally against, systems and relationships of power and influence within countries and communities. Attempting to achieve short-term gains while not taking into account the complex local realities will reduce effectiveness.¹⁴ Australian aid funding needs to acknowledge this reality with long-term, predictable funding cycles. The reduction in the aid budget made mid-year when projects had already commenced is severely disruptive and will result in less effective development outcomes. The freeze in international development assistance funding in future years will inhibit Australia's ability to continue ongoing programs, and result in the cancellation or prevention of new projects.

¹⁴ ODE (2014) The ODE report raised this learning point, stating: "The activities likely to deliver deep and long-lasting benefits to the rural poor were those guided by a shared strategic intent, developed in consultation with partner governments and informed by analysis of the political, economic and social systems in which they were situated. The programs that displayed this 'systems' perspective were designed from the outset to influence the drivers, institutions, rules and actors constraining poor people livelihoods and, as a consequence, were better placed to scale up early successes." p. 16

The number of people living in poverty is increasingly concentrated in complex or fragile situations or states. In 2012-2013, more than half of Australia's country-specific official aid went to conflict-affected or fragile states.¹⁵ Even more than in development within stable environments, programs in complex situations must take a long-term view as short-term gains are easily erased by conflict, disaster, mass people movements or political instability.

To improve predictability and to enable longer-term commitments to be made to projects, there should be funding clarity for agencies receiving government funds for at least a three-year period. This is important in terms of development effectiveness and in achieving long-term outcomes from the aid program.

A specialist aid program

A successful aid program requires a significant level of specialisation in its management and implementation. Staff implementing and managing Australia's aid program need both technical skill and also an understanding of the local operating context and culture – particularly those managing country or sector programs.¹⁶ Over the past few years, the increasing stability in staffing within the former AusAID, and the active recruitment of people with a development background, qualifications or experience has resulted in far greater levels of trust, productive partnerships and collaboration than was previously the case. TEAR Australia strongly supports the retention of a core of development professionals within DFAT to manage and oversee Australia's aid program.

Assessing aid effectiveness

Along with the move to align aid with national interests is a desire to see a "results-based" aid program in which funding is prioritised to those programs that provide the "best results".

TEAR Australia is in favour of government funding being channelled through the most effective means. The key consideration is how those means are identified and by what measures they are assessed. Any assessment criteria must keep the complex nature of the development process in mind.

In the past two years the former AusAID developed, in consultation with NGOs, agencies and other stakeholders, a comprehensive set of assessment, monitoring and evaluation tools. These existing effectiveness measures,

- Monitoring, Evaluation & Learning Framework (currently ANCP only),
- Due Diligence Framework,
- Effectiveness Assessment Methodology

have been through a trial and review period and are starting to prove their value to both the government, NGOs and other agencies. These measures should be retained and modified in the light of experience. Together, and alongside the current accreditation process and external standards such as the ACFID Code of Conduct, they provide a valuable set of assessment tools.

¹⁵ ODE (2014) p. 4

¹⁶ The ODE report (2014) on *Lessons from Australia's Aid Program* stated: "However, understanding the context for aid and development in individual countries is fundamental to any aid program..." p.6 and "Success of policy dialogue processes in Indonesia, for example, has been in part due to Australia's investment in skilled advisers with strong cultural understanding and language skills. ", p.9

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