

Australia's overseas aid and development assistance program in light of the Government's \$4.5 billion cut to international development assistance, with particular reference to:

a. Australia's ability to deliver aid against stated policy objectives and international commitments;

Australia's aid program is a world leader, playing a vital role in international poverty alleviation initiatives which are successfully delivering real and tangible improvements to the lives of children and families in developing countries.

In recent years, many of Australia's development programs have focused on achieving the Millennium Development Goals (MDGs), following the Howard Government's commitment to the Millennium Development Declaration. This has received bi-partisan support since its inception in 2000, with successive governments reaffirming their commitment to increasing Australia's aid budget to the target of 0.5% of GDP.

To date, MDG initiatives have resulted in significant achievements. This includes five million fewer child deaths per annum, two billion people given access to a safe water source, and 90% of children globally now enrolled in primary education. The Australian aid program has played an important role in these successes, which have also resulted in greater levels of security and prosperity in the Asia-Pacific region.

However, the sustainability of any overseas development assistance (ODA) program relies on predictable funding. It is extremely difficult to plan and deliver programs that will make significant inroads to poverty where budgets are cut or revised during the implementation phase, and where agreements with aid organisations delivering services in-country are vulnerable to unexpected change and revision. If the Government wishes to ensure that its aid program delivers benefits that are sustainable and provide long-term benefits, then the funding streams must also be secure.

There is a serious risk that progress toward the MDGs will be lost if global efforts are reduced and aid funding is not maintained. The diversion of aid spending by the previous Government and the recent \$4.5 billion cut to Australia's ODA budget mean that programs underway to achieve MDG targets by 2015 will have to be scaled back or halted, putting at serious risk the headway made to date.

Australia is currently a signatory to a number of international agreements. These include the Convention on the Rights of the Child, the United Nations' Convention Relating to the Status of Refugees and the subsequent Protocol, and the Kyoto protocol. Australia has a proud history of supporting and advancing international frameworks and being a responsible aid donor. Australia has a key ambassadorial role within the Asia-Pacific region, both in terms of promoting these rights and working towards advancements in living standards. Australia's legacy, and the example it sets for other countries, are diminished by a reduction in its overseas development contributions.

b. Australia's ability to maintain its international development priorities, including sectoral, regional, bilateral and multilateral international relationships;

Australia's OECD DAC ranking in 2012 was thirteenth out of 24 member economies, based on the ratio of aid to gross national income (GNI). Even prior to the recent cuts, Australia's annual development assistance lagged behind the average effort of other OECD DAC donor countries as a percentage of GNI.

In 2013, the OECD noted that the medium-term outlook for the Australian economy was good, with Australia's public finances in good shape in comparison to other OECD countries. In this context, they recommended that Australia continue to increase its development assistance. Despite this recommendation, Australia has not only failed to increase its aid budget, but has reduced it even further.

At a global level, Australia has failed to increase its contribution to the Global Fund to Fight Aids, Tuberculosis and Malaria over the next three years despite these health issues being the most significant among our nearest neighbours. Despite the rapid increase in natural disasters and associated humanitarian emergencies, Australia has also significantly reduced its global emergency response fund, making it less viable for us to support countries in the Asia-Pacific region.

Currently, 18 of Australia's 20 closest neighbours are developing countries. The many significant cuts made to the overseas development assistance budget may jeopardise relationships with our neighbours in the region.

c. the integration of AusAID into the Department of Foreign Affairs and Trade and the freeze in international development assistance funding;

The integration of AusAID into the Department of Foreign Affairs and Trade (DFAT) has generated much uncertainty around aid administration, funding, policy commitments and partnership arrangements.

The aid portfolio entails a substantial budget, highly complex arrangements with multiple partners and numerous policy and operational challenges. Strong leadership, clear policy directions, professional administration and a deep understanding of the complexities are required. It is vital that a knowledgeable and experienced department be retained and valued in order to administer the Government's aid program effectively. The merger of the departments risks undermining the dedicated focus on aid policy and administration, and could lead to the loss of valued professionals.

The strong collaboration between AusAID and the Australian non-government sector, particularly in the areas of transparency, accountability and the measurement of development effectiveness, will now need to be redefined and re-built with DFAT. An environment of uncertainty about future partnerships prevails.

Senior Government Ministers are on record commending the cost-effective work done by Australian aid NGOs in delivering improvements to marginalised and vulnerable communities. However, recent aid cuts were delivered to NGOs that had established contractual partnerships with Government, it is unclear how future development assistance programs will be funded and whether the Government will continue to support the work done by NGOs.

d. any unintended consequences of these changes; and

The cuts to aid funding included a reduction in the grants to Australia's largest aid charities. These cuts will have real impact on development projects delivered by NGOs and their partners. Imposing the cut midway through the year creates added difficulty as the full cut is applied to a half year of operations and with no time to plan ahead.

The cut to ChildFund's grant will have an impact on ChildFund's education, health, food security and income-generation projects being implemented in Papua New Guinea and South-East Asian countries.

ChildFund projects which are expected to be affected include immunisation patrols, building and equipping of primary schools, teacher training, maternal and child health initiatives, crop diversification schemes, vocational education for youth, and construction of safe water and sanitation systems.

The Australian public demonstrate their confidence in the work of ANGOs by providing most of their operational funding every year. Most supporters believe that development aid is best delivered at the local level by NGOs with strong relationships with communities. They are also concerned at the support costs of programs run by global organisations or delivered through government-to-government arrangements, especially where managing contractors are involved. NGOs are frugal by comparison.

In addition, many mechanisms have been put in place in recent years, by the NGOs themselves through the Australian Council for International Development (ACFID), and by the Australian government through the accreditation process, development of Due Diligence and Effective Assessment Frameworks and the Monitoring, Evaluation and Learning Framework (MELF), to increase transparency and accountability for results.

We would thus argue that the government should not be cutting support to ANGOs in the future but rather, for reasons of effectiveness, efficiency and public support, should actually be increasing the proportion of Australian ODA delivered by ANGOs.

e. any other related matters.

ChildFund commends the Government on their involvement with ACFID on developing benchmarks for the aid program and encourages this dialogue to continue to enable the final release of evidence based benchmarks for the sector.

Despite an original commitment made by the Howard Government in 2000 to double Australia's aid budget, and subsequent bipartisan support, successive governments have delayed the timetable by which this is to be achieved. ChildFund calls on the Government and Opposition to establish concrete dates to honour the commitment to contribute 0.5% of GNI to overseas development assistance.

ChildFund Australia urges the government to retain the Australian Charities and Not-for-profits Commission (ACNC) as a way to ensure accountability among aid and development NGOs. This should include addressing one of the core aims of the ACNC, which is to reduce and streamline the many state-based regulatory systems that charities currently have to navigate.

Australia has endorsed the Busan Partnership for Effective Development Co-operation and the Paris Declaration and Accra Agenda for Action. These standards must be taken into account if the Government is to develop benchmarks based on, and work in accordance to, best practice in international aid.