



Australian Government

Australian Government response to the Joint
Standing Committee on Foreign Affairs,
Defence and Trade report:

Partnering for the greater good: The role of the
private sector in promoting economic growth
and reducing poverty in the Indo-Pacific
region

20 January 2016

Recommendation 1

The Committee recommends that the Australian Government:

- draw on the experiences of like-minded and similarly resourced bilateral donors in the development of new strategies and programs for working with the private sector, and explore opportunities for joint programs in these areas;
- build partnerships and share expertise with other donors, including non-traditional donors, with a view to consolidating and better coordinating Australia's aid effort in the Indo-Pacific region; and
- continue to strengthen Australia's involvement and representation of Australia's development interests at international and regional forums, including the OECD and ASEAN.

Response

Supported

Australia actively works with other donor partners and through regional and global fora to advance our development interests. This includes learning from their experiences in private sector engagement and coordinating efforts in the Indo-Pacific region. Policy dialogue with our closest donor partners is comprehensive and candid, ensuring Australia has access to the latest experience and perspectives. Australia's formal development partnership arrangements with the US, UK, Canada and other donors include commitments to coordinate and cooperate on private sector programs. Practical examples include our role in the innovative Private Infrastructure Development Group (PIDG) in which we partner with the UK and several other European governments to develop private sector investment-ready infrastructure projects that provide essential services to the underserved.

Australia continues to explore opportunities to work with non-traditional partners to promote development outcomes in our region. For example, the Australian and Chinese governments signed an MOU for a Development Cooperation Partnership in April 2013.

The Department of Foreign Affairs and Trade (DFAT) advocates for Australia's development interests in international and regional fora, including the OECD, and will continue to do so. In November 2014, Australia and ASEAN entered a Strategic Partnership in recognition of the depth and breadth of Australia-ASEAN cooperation over many years, and acknowledging the potential for still greater mutual engagement.

Recommendation 2

The Committee recommends that the Australian Government:

- partner with countries in the Indo-Pacific region to promote ethical business approaches to supply chain challenges;
- support and facilitate opportunities which foster the participation of low income men and women in supply chains; and

- through its web-based information systems, communicate to the public information about Australian-funded ethical supply chain development and outcomes.

Response

Supported

Australia funds a number of initiatives in the Indo-Pacific region that enable smallholder farmers to sell into higher value international supply chains and promotes ethical business approaches. Our investment in these types of programs is expected to increase in line with new strategies on private sector development; and, agriculture, fisheries and water. Current programs include:

- ‘Fairtrade for Aid in the Indo-Pacific’ working with Fairtrade Australia New Zealand in the region to build demand for these products in Australia and to support developing countries to supply these products to the market
- the World Economic Forum’s (WEF) new ‘Grow Asia’ initiative which is an innovative public–private partnership platform seeking to catalyse sustainable and inclusive agribusiness opportunities across Southeast Asia
- a partnership with the UN Global Compact Network Australia to encourage Australian business to contribute to meeting the UN’s Sustainable Development Goals in our region
- a partnership with the Global Reporting Initiative to encourage Australian and multinational businesses working in the region to report and improve on social and environmental impacts of business activities
- supporting the APEC ‘Capacity-building Plan to Improve Supply Chain Performance’ which includes capacity-building in various customs-related, at-the-border functions in support of the WTO Trade Facilitation Agreement.

Information on these programs is available on DFAT’s website and DFAT will continue to consolidate online information and improve its web presence to communicate activities and outcomes of the Australian aid program.

At the international level, Australia has promoted inclusive business practices through the G20, including providing input into the G20 Inclusive Business Framework and contributing to the development of the G20 Leaders’ Call on Inclusive Business.

Australia also adheres to the OECD Guidelines for Multinational Enterprises which provide guidance to multinational businesses on how to conduct relations and activities with communities with whom their business interacts. The Office of the National Contact Point in The Treasury supports the Commonwealth’s implementation of the guidelines.

Recommendation 3

The Committee recommends that the Australian Government:

- review, and amend as necessary, relevant Australian company legislation to fully accommodate social enterprises, including cooperatives and B corporations;
- ensure aid initiatives support:
 - ⇒ the establishment of in-country company legislation that accommodates social enterprises and other community and village corporate forms to reduce costs and the complexity of business formalisation; and
 - ⇒ promotion and assistance, particularly for women, to help them engage in the business registration process and ongoing requirements of operating a formal business.

Response (input from The Treasury)

Partially supported

The *Corporations Act 2001* currently provides for the establishment of social enterprises while existing state and territory legislation accommodates cooperatives.

Australia has supported countries in the Pacific region to amend their company legislation to legalise the proposed types of business structures and supported women to formalise their businesses. DFAT will continue to consider these issues in future programs of support in this area.

Recommendation 4

The Committee recommends that the Australian Government work with the private sector and other non-state actors to develop opportunities to expand the range and reach of effective and affordable health care across the Indo-Pacific region, including by:

- exploring the feasibility of a flagship Australian initiative to enhance the role of private healthcare;
- engaging with governments in the region to support the development of appropriate policies for private sector health, specifically:
 - ⇒ addressing the integration and regulation of public and private systems;
 - ⇒ focusing on the needs of women, including for reproductive and maternal health services and products; and
- promoting pharmaceutical product development partnerships to better distribute or bring new medicines to poor communities.

Response

Supported

Working with governments, international agencies, philanthropic organisations, non-government organisations and the private sector is central to improving the health and economic potential of our region, and to minimising the risks of inefficient and inequitable 'health markets' in the Indo-Pacific region. There are opportunities and challenges in engaging with private sector actors in health. DFAT has established a partnership with the International Finance Corporation (part of the World Bank Group) to analyse private health sector markets in selected Asian countries, and to identify potential private sector investments and partnerships to improve health outcomes for the poor and near poor. Aid investments will continue to be prioritised according to health impact and partner country priorities.

In March 2015, Foreign Minister Bishop committed A\$30 million over three years to support Product Development Partnerships. This support will help bring to market diagnostic tools and medicines, developed through public-private partnerships, for tuberculosis and malaria. Both diseases place a high burden on the Indo-Pacific region and pose a health security threat because of drug resistance. In addition, the Australian Government has continued its commitment to GAVI, pledging A\$250 million to the 2016-20 replenishment.

Recommendation 5

The Committee recommends that the Australian Government:

- prioritise access to financial services and financial education, in particular to the most disadvantaged populations, and explore options to expand current private sector and donor programs beyond the Pacific; and
- address any negative consequences of increased financial independence for women by also engaging men to increase both women and men's financial resource access, and educate men and boys about the rights of women.

Response

Supported

Access to financial services is a key element of our development effort and this is expected to increase with our greater focus on private sector development and women's economic empowerment. An effective financial system contributes to wider economic growth. The Australian aid program is supporting increased access to financial services through a range of initiatives at the global level including through the G20's Global Partnership for Financial Inclusion and the Consultative Group to Assist the Poor and Women's World Banking. In addition, we are supporting programs that are leading to increased financial services including the Pacific Financial Inclusion Program and Shaping Inclusive Transformations which operates in Cambodia, Lao-PDR, Myanmar and Vietnam.

The Australian Government is committed to gender equality and women's empowerment. DFAT accords a high priority to promoting gender equality and women's empowerment across our foreign policy, economic diplomacy and aid program. The Australian Government has set a target requiring that at least 80 per cent of aid investments, regardless of their primary objective, should effectively address gender equality in their implementation.

DFAT has commissioned research in Papua New Guinea and Solomon Islands on the relationship between women's economic empowerment and violence against women which seeks to understand how to improve women's livelihood security without compromising their safety. The results from the research are being used to inform a wide range of activities, including financial inclusion and private sector programs, and ending violence against women programs.

Recommendation 6

The Committee recommends that the Australian Government take a whole-of-government approach to remittances and their role in international development by:

- identifying and addressing regulatory and non-regulatory constraints to providing remittance services, including where necessary implementing regulations that provide better protections for individuals;
- contributing to work being undertaken globally, ensuring that the interests of Australia and the countries of the Indo-Pacific region are adequately represented; and
- identifying the lowest cost but most efficient pathways for remittance service providers and recipients.

Response (input from AGD)

Noted

The Australian Government has adopted a connected approach in dealing with issues related to remittances. A low appetite for risk in the financial sector globally has seen some Australian banks decide to exit banking relationships with remittance service providers (remitters). Government recognises that remittances represent a major source of income for millions of people across the globe. However this benefit must be carefully weighed against the risks posed by remitters, to ensure that national security and financial system integrity are not compromised.

In 2014, the Australian Government formed a Working Group on Remittance Account Closures to consider practical measures to address the issue. Membership comprised AGD, AUSTRAC, DFAT, the Australian Crime Commission, the Australian Bankers' Association, the Australian Remittance and Currency Providers Association and the Somali Money Remitters Group. The final meeting of this Working Group was held on 16 September 2015 and an agreed Statement of Outcomes is currently being finalised. AUSTRAC data indicates that, to date, there has been no decline in the amount of money being remitted into or out of Australia. It was agreed that the Working Group can be reconvened if significant declines occur in the future.

Australian Government representatives currently participate in a range of international fora addressing issues in the remittance sector, including the Financial Action Task Force (FATF), the Asia/Pacific Group on Money Laundering and the G20. In 2014, during Australia's G20 presidency, Leaders committed to the *G20 Plan to Facilitate Remittance Flows*. Australia is also commenting on the draft FATF guidance paper on the Risk Based Approach to Money

Value Transfer Services as well as the development of FATF Guidance on Correspondent Banking, which will provide guidance to correspondent banks in response to the de-risking phenomenon that has affected the remittance industry.

Australia's support for the development of the financial sector in our region and initiatives, such as Send Money Pacific, a remittance cost comparison website, are contributing to the creation of low-cost and efficient remittance services to the region. During 2016, the Government will consider the recommendations of a study on technological and innovative solutions to facilitate remittances from Australia to countries in our region.

Australia's anti-money laundering and counter-terrorism financing regime, which is a key component of remitter regulation, is currently subject to a statutory review. This review, which has broad government consultation, has considered the regulation of remittances and a report is expected to be tabled in Parliament over the coming months.

Recommendation 7

The Committee recommends that the Australian Government review current Australian-funded business volunteering or mentoring initiatives to:

- improve connections to other Australian-funded business development initiatives;
- improve public information about Australia's volunteering programs;
- better collaborate with volunteering programs organised and funded by Australian businesses; and
- consider improved processes with a view to creating a more business-focused volunteering or twinning program.

Response

Supported

The Australian Volunteers for International Development (AVID) program is funded and delivered by DFAT in partnership with Australian Volunteers International (AVI) and Scope Global (SG). The third partner, Australian Red Cross, will exit the program by 30 June 2016. AVI and SG sub-contract Australian Business Volunteers (ABV) to send short-term volunteers to business-related assignments. ABV will send up to 70 volunteers in 2015–16. New AVID branding and guidelines were introduced in July 2015 to ensure greater recognition of AVID as a Government-funded volunteer program under the Australian aid program.

The agreements with the current delivery partners end in December 2017 and the design of a new Australian Government volunteer program commenced in 2015. Business-focused volunteering will be a key consideration in the design process which will include consultation with the Australian public and the business sector.

The New Colombo Plan's Internship and Mentorship Network is a further example of how DFAT programs are linking into the capacity of corporate partners to support skills development.

Recommendation 8

The Committee recommends that the Australian Government require gender balance in the participation of horticultural workers in the Pacific Seasonal Worker Program so that there are equal numbers of men and women participants from each country.

Response (input from Department of Employment)

Partially supported

Ensuring women are able to benefit from participation in the Seasonal Worker Programme (SWP) is important to the Australian Government. The Australian Government encourages the participation of women in the SWP through advocacy, education and technical assistance. The Australian Government does not, however, support a formal requirement or quota for the proportion of women participating in the SWP.

DFAT is funding the Labour Mobility Assistance Program (LMAP), which commenced in June 2015, to assist Pacific island countries to improve the supply and quality of seasonal workers, strengthen linkages with Australian employers and maximise development impacts of the SWP. Recognising the low uptake of women in seasonal work, and the limited recognition of the importance of gender equality by many stakeholders, LMAP has committed to:

- develop an Inclusion Strategy that identifies ways LMAP can increase the participation of women in the SWP
- support labour-sending units to ensure that recruitment and selection practices do not disadvantage women
- ensure all stakeholders in participating countries, as well as Australian employers, have an understanding of gender issues and can apply their knowledge thoughtfully
- develop pilot programs aimed at improving the participation of women
- disseminate the results and case studies of the pilot programs through regional forums, employer events and advocacy elements of other Australian-funded programs in the region and elsewhere.

In June 2015, the Australian Government announced (as part of the Developing Northern Australia White Paper) removing the annual cap on SWP places, expanding the program to include the broader agriculture industry, and making the accommodation sector a permanent part of the program. The Australian Government will use this expansion and the opportunities it provides to advocate with partner governments to ensure labour sending arrangements maximise opportunities for women.

Recommendation 9

The Committee recommends that the Australian Government seek to protect the rights of women and vulnerable groups, and help build country capacity in achieving gender equity and governance systems to support this, including by:

- continuing to support programs that collect health data, and monitor and assess the rates and prevalence of domestic violence;
- helping to strengthen country legislative frameworks, law and order, and legal and judicial systems to support real reductions in violence in communities; and
- assisting countries in the Indo-Pacific region to put in place and maintain robust births, deaths and marriages registers.

Response

Supported

DFAT is committed to protecting the rights of women and girls, vulnerable groups, and people with a disability across the breadth of the aid program. DFAT takes a twin-track approach to gender equality. This includes taking measures specifically designed to tackle gender inequalities, and at the same time incorporating gender issues into all aspects of our work.

The Australian Government engages bilaterally with partner governments to support their efforts to strengthen their law and justice systems. This includes supporting access to justice for all through work with police, courts, corrections systems, legal aid agencies and informal justice providers.

Australia also provides assistance to strengthen the safety and security of communities. Priorities include providing basic security and stability and ending violence against women, children, and marginalised people.

Australia is a world leader in supporting evidence-based responses to violence against women. The Australian Government has identified ending violence against women as a priority for aid investments. Australia's approach targets investments to assist partner countries to: develop and implement a strong justice sector capable of addressing violence against women; increase women's access to support services when they experience violence; and prevent violence against women through increased advocacy and community outreach, including prevention activities.

Australia has recently supported prevalence studies to understand the situation, extent and nature of violence against women in ten countries across the Pacific region using the World Health Organization methodology. DFAT has also supported prevalence studies in Timor-Leste and Cambodia.

The Gender Equality Fund (A\$50 million in 2015–16) has been established as part of the 2015–16 aid budget to accelerate support for gender equality in the Australian aid program. It will fund, jointly with country and regional programs, investments aimed at advancing gender equality and foster innovative work by private sector and non-government organisations, particularly women's organisations.

Australia is contributing A\$20 million to a US\$100 million partnership with Bloomberg Philanthropies for the Data for Health program. The partnership will build the capacity of governments in developing countries to collect and use vital health information to build better health systems. Globally, 65 per cent of deaths have no documented cause, and 40 million children are born without a birth certificate each year. The partnership will improve health information in three ways: improving data on births and deaths; conducting mobile phone surveys on health risk factors; and improving policymakers' use of health data.

Recommendation 10

The Committee recommends that:

- the Australian Government require all organisations partnering with Australia's aid program to be signatories to the UN Women's Empowerment Principles or otherwise demonstrate genuine commitment to these principles;
- the Department of Foreign Affairs and Trade (DFAT) ensure staff:
 - ⇒ have an expert understanding of the UN Women's Empowerment Principles and the UN Global Compact;
 - ⇒ are able to connect businesses, in Australia and overseas, to local representatives of UN Women and UN Global Compact; and
- DFAT use its web-based information system to identify which agencies or businesses are signatories to the UN Women's Empowerment Principles, including through linking to the searchable database on the Women's Empowerment Principles website.

Response

Partially supported

The Women's Empowerment Principles are designed for business and not all organisations that the aid program works with will be signatories to them. In addition they are voluntary and do not have a substantive compliance mechanism to ensure accountability. DFAT cannot base funding decisions on the Women's Empowerment Principles given these limitations.

DFAT staff have an awareness of international standards and guidelines for businesses such as the Women's Empowerment Principles promoted by the UN Global Compact. DFAT's Economic Diplomacy Charter includes a commitment to 'Inform business of international and domestic legal obligations, including on sanctions and anti-bribery, and voluntary international business principles and corporate social responsibility norms'. DFAT has established partnerships with the UN Global Compact Network Australia and the Global Reporting Initiative to help meet that commitment and will provide links to these organisations through its website.

The Government set a target requiring that 80 per cent of investments, regardless of their objectives, effectively address gender equality in their implementation. DFAT uses annual quality and performance data to monitor progress in meeting this target.

Recommendation 11

The Committee recommends that the Australian Government:

- continue to support existing women's leadership programs, including the Pacific Women's Parliamentary Partnerships Project and the network of Asia and Pacific Parliamentarians for Population and Development and its committee on male parliamentarians' involvement in elimination of violence against women;
- support and extend business leadership programs such as the Business Coalition for Women in Papua New Guinea across the Indo-Pacific region, including linking to women in leadership initiatives operating in Australia; and
- explore the future transition of the Pacific Women's Parliamentary Partnerships Project to one where all women's leadership positions are included for development and support.

Response

Partially supported

Australia continues to support women's leadership as a priority for aid program investments, particularly in the Indo-Pacific region.

DFAT has confirmed ongoing support for the Asian Forum of Parliamentarians on Population and Development to continue efforts to mobilise parliamentarians for the prevention of violence against women and girls in the Asia-Pacific region. The investment supports parliamentarians in the Asia-Pacific region to improve and advocate for national policies on prevention of violence against women and girls, and ensure their effective implementation.

The Pacific Women Shaping Pacific Development Program is a ten year (2012–2022) A\$320 million program aimed at improving the political, economic and social opportunities of women in 14 Pacific countries. DFAT will continue to support existing women's leadership programs, including the Pacific Women's Parliamentary Partnerships Project.

The Business Coalition for Women in Papua New Guinea is a successful model which the International Finance Corporation is looking to expand to Solomon Islands. We remain cautious of replicating programs in full across the Indo-Pacific region as we must recognise that the societies and economies of the region are very different, in this case to that of Papua New Guinea, and require a contextually appropriate approach.

The Gender Equality Fund (A\$50 million in 2015–16) has been established as part of the 2015–16 aid budget to accelerate support for gender equality in the Australian aid program. It will fund, jointly with country and regional programs, investments aimed at advancing gender equality and foster innovative work by private sector and non-government organisations, particularly women's organisations.

The Pacific Women's Parliamentary Partnerships Project is a program run by the Parliament of Australia for parliamentarians. It is not appropriate to expand the program to include different groups, given the range of other women's leadership programs currently underway or planned for the Pacific region.

Recommendation 12

The Committee recommends that the Australian Government continue to focus on projects that help build a system of legal land tenure in countries of the Indo-Pacific region that:

- take into account both individual and community customary tenure and any other access rights or titles that may be in place;
- seek to protect the rights and entitlements of women and vulnerable groups; and
- help build country capacity and governance systems through official exchanges of experts who have sufficient time and support to help effect change.

Response

Supported

DFAT strives to ensure that programs focusing on land tenure issues in the countries of the Indo-Pacific region take into account the full range of customary tenure and any other access rights that may be in place. DFAT also requires that programs consider and protect the rights of women and vulnerable groups. These programs take into account local governance and capacity needs. Official exchanges will be considered within the context of new programs addressing land tenure.

Recent programs include:

- The Vanuatu Land Program, which concluded in October 2015 and which supported the implementation of Vanuatu's Land Sector Framework 2009–2018. This included supporting the Ministry of Lands and Natural Resources to improve core land administration functions (surveying, land registration and valuation), supporting selected customary land activities and the work of the Malvatumauri (The National Council of Chiefs), and the development of land reform laws enacted in 2014 which have given greater protection to customary owners.
- Solomon Islands Urbanisation Program which is providing technical assistance to the Solomon Islands Ministry of Land, Housing and Survey to help address the issues associated with rapid urbanisation, particularly in and around Honiara, including poor urban planning and land administration.

Recommendation 13

The Committee recommends Austrade and the Department of Foreign Affairs and Trade develop strategic partnerships with trade and investment promotion authorities in the Pacific, such as Pacific Islands Trade and Invest. These partnerships should include opportunities for twinning and fee for service arrangements that support small enterprises and those led by women.

Response

Partially supported

Pacific Islands Trade & Invest (PT&I) is the international trade and investment promotion agency of the Pacific Islands Forum Secretariat (PIFS) and has offices in Auckland, Beijing, Sydney, Tokyo and Geneva. DFAT, through a contribution to PIFS, actively supports PT&I to develop, grow and promote businesses in the region with the aim of improving livelihoods of people in the Pacific region. PT&I's areas of focus are export, investment, tourism promotion and creative arts. Australia's support for PT&I funds the operation of the Sydney office.

Austrade is well connected with PT&I, mainly in PNG and Fiji where Austrade has local offices. Austrade meets with PT&I regularly to share market intelligence and to discuss collaboration and mutual activities. Austrade has also supported PT&I trade missions by providing market briefings and helping identify potential delegates. The possibility of greater engagement with PT&I, including with Austrade, will be considered.

Recommendation 14

The Committee recommends that the Australian Government:

- direct significant aid investment into innovative technology across the Indo-Pacific region; and
- utilise the innovationXchange to explore partnership opportunities to expand the use of technology in new and beneficial ways.

Response

Supported

Innovation—harnessing new technologies, insights and sources of financing—can help deliver development solutions that are cheaper, faster and more effective. The innovationXchange is exploring the use of new, cost-effective technologies with the potential to deliver greater impact than traditional approaches through its investments and partnerships. The Global Innovation Fund, Seed Pacific, the Humanitarian Innovation initiative, and the Blue Economy Challenge are all new platforms created to increase access to technological innovation and with the potential to address important development challenges in the Indo-Pacific region.

Recommendation 15

The Committee recommends that the Australian Government:

- continue to support multi-stakeholder global partnerships that have demonstrated their effectiveness in meeting Australia's aid objectives;
- encourage partnerships in the Indo-Pacific region, using Australia's overseas diplomatic missions more effectively at the local level to identify opportunities and support small businesses;

- require the Department of Foreign Affairs and Trade to:
 - ⇒ undertake routine systematic reviews of global partnerships to ensure that the impact of Australia's aid investments is both maximised and appropriately acknowledged; and
 - ⇒ monitor and report annually on business partnerships established as a result of Australian Government private sector development business engagement activities.

Response

Supported

DFAT engages with multi-stakeholder global partnerships consistent with the application of our performance and quality policy *Making Performance Count* (2014). The Australian Government ensures that taxpayers' money spent on the aid program is being well managed and achieving progress towards key goals. Aid investments, including multi-stakeholder and business partnerships, are subject to rigorous annual quality checks to ensure they are performing well and achieving their intended results (see response to Recommendation 24). Effectiveness in meeting Australia's aid objectives is a key criterion in determining whether partnerships will continue to be funded.

Australia's overseas diplomatic missions play an important role in promoting engagement with business to support development outcomes, including the growth of small businesses. Commitments are articulated in DFAT's *Economic Diplomacy Charter*; the *Ministerial Statement on engagement with business on aid and development* and DFAT's *Private Sector Development Strategy*.

DFAT will report on private sector partnerships in a variety of ways, including through its Annual Report.

Recommendation 16

The Committee recommends that DFAT leverage the expertise of other Australian Government agencies, including the Department of Finance and the Future Fund, as well as Australia's financial institutions in order to further promote the establishment and management of sovereign wealth funds for development partners.

Response (input from Treasury)

Supported

The Australian Government remains committed to supporting the establishment of effective sovereign wealth funds (SWFs) that rate well against the Santiago Principles. This will be done if and when the need arises and capacity exists, in order to strengthen the economy of our developing partners and improve living standards. Experience suggests that the establishment and economic benefits of SWFs are most effective when there is commensurate commitment from the partner government and mutually agreed objectives and timelines.

The Australian Government remains committed to helping our developing partners prosper, including through the sustainable and responsible extraction of resources. DFAT is designing a new extractives centre to support developing countries transform their natural resources into long term economic and social development gains.

Recommendation 17

The Committee recommends that the Australian Government:

- participate in or support joint ventures between the private and public sectors, and wherever possible ensure technology transfer and local contractors are engaged; and
- as a means to mobilising domestic financial resources, provide capacity building assistance to partner governments to develop effective and transparent governance frameworks to support tax credits being used for building infrastructure.

Response

Partially supported

Australia actively promotes private sector participation and investment in infrastructure in developing countries through the aid program. This includes working with partner governments to build their capacity to manage Public–Private Partnerships and other vehicles for delivering infrastructure. The recently released *Strategy for Investments in Economic Infrastructure* guides our official aid expenditure on infrastructure. The aim is to attract private sector investment as well as innovation, efficiency and technology transfer. Our support includes strengthening institutions, improving the policy and regulatory environment to facilitate private sector investment, and assisting with project preparation. We often work in partnership with the World Bank and other multilateral development banks that provide experience, technical expertise, credit enhancement and other mechanisms to bring high impact projects to financial closure.

Effective governance is one of the six priority areas in Australia’s overarching aid policy, and in 2015–16 is expected to account for 21.3 per cent of Australian official development assistance expenditure. Australia’s governance work is guided by *Effective Governance: Strategy for Australia’s aid investments*. Governance investments vary according to country context and often address public financial management issues.

As part of the public financial management activities guided by the governance strategy, Australia has committed to strengthening efforts to build revenue capacity and effective tax systems in developing countries. The Foreign Minister committed to increasing Australia’s aid targeted at tax matters as part of the Addis Tax Initiative, which commits Australia to doubling development assistance for domestic resource mobilisation by 2020. The expected tax capacity building efforts will be broad and country specific and may include projects targeted at both the public and private sectors.

Recommendation 18

The Committee recommends that the Australian Government follow the World Bank Group's social, legal and environmental safeguards when entering into Public-Private Partnerships to ensure:

- the model is optimal for the outcome sought;
- in-country stakeholders are consulted closely;
- there is technology transfer and local capacity building included in contracts; and
- the partner government has, or is supported to develop, appropriate and transparent legal and regulatory mechanisms so they can fully participate, and any corruption is identified and addressed.

Response

Partially supported

The Australian aid program has policies on environmental protection, resettlement and child protection. These policies are consistent with Australian legislative and international obligations.

The *Displacement and Resettlement of People in Development Activities* policy is based on the objectives and principles advanced in the resettlement policies of the Asian Development Bank, International Finance Corporation and World Bank. Under this policy, DFAT supports partner governments to lead the safeguard process, and country stakeholders are closely consulted. Capacity building is generally provided.

DFAT has an obligation under the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act) to consider whether an aid activity is causing, or is likely to cause, a significant impact on the environment. *The Environment Protection Policy for the Aid Program* articulates the principles by which DFAT's aid program will meet its legislative and international obligations and work with aid delivery partners to implement the policy. *The Child Protection Policy for the Australian Government's overseas aid program* aims to create and maintain protective environments for children and to protect them from exploitation and abuse of all kinds in the delivery of Australia's overseas aid program.

Since 2012 the World Bank Group has been reviewing its safeguards policies with the aim to replace them with a single safeguard statement and 10 environmental and social standards by the end of 2015. DFAT works in close cooperation with the World Bank on safeguards issues, including through the World Bank Australia Safeguards Partnership. Under this initiative, DFAT provides A\$4.33 million to enhance infrastructure development by promoting the efficient implementation of environmental and social safeguards. The initiative engages developing country governments, the World Bank and Asian Development Bank, bilateral donors, and private financiers to develop and promote standardised approaches to environmental and social safeguards, encourage cooperation and facilitate Public-Private Partnerships (PPP).

PPP projects involve contractual agreements between governments and the private sector to design, build, operate, maintain and/or finance infrastructure. If designed and implemented well, PPPs have the potential to improve infrastructure delivery. PPPs, however, are highly complex and involve inherent risks which can impact on the viability of a project. Engagement with partner governments, building capacity and strengthening institutions to undertake proper planning, financing, procurement, contracting, regulation, and maintenance of infrastructure, is a critical component of Australia's aid projects in infrastructure.

Recommendation 19

The Committee recommends that the Australian Government support and participate in Public-Private Partnerships (PPPs), where found to be effective, to address social and other infrastructure needs in the Indo-Pacific region, ensuring that the Department of Foreign Affairs and Trade:

- explore and encourage all opportunities to leverage Australian business expertise and participation in the financing and provision of infrastructure in developing countries in our region;
- engage with the business sector early and comprehensively to share information about opportunities;
- continue targeted public sector capacity building initiatives for recipient governments in relation to PPPs;
- ensure safeguards policies are implemented by all partners; and
- review and amend the Adviser Remuneration Framework to ensure that the necessary specialist skills can be attracted.

Response

Partially supported

DFAT is an active supporter of public-private partnerships (PPPs) as an important tool for the aid program. Our approach to PPPs is a key element in a number of our strategies, including for infrastructure, agriculture, fisheries and water. DFAT funds a number of PPP programs in partnership with the World Bank, Asian Development Bank and bilateral donor partners. Our programs provide public sector capacity building, as well as regulatory reform, project preparation and other advisory services. All aid program activities (including those implemented by third parties such as the World Bank) are subject to DFAT safeguard policies.

DFAT's PPP investments have a strong emphasis on increasing the pipeline of fundable projects and creating more opportunities for the business sector (including the Australian business sector) to participate. DFAT provides information on PPP opportunities for the business sector through a range of mechanisms, directly and via our partners. This outreach will continue to extend as we forge stronger links with industry and businesses with a mutual interest in development and commercial activity in the region.

Many regional and global organisations that we engage with (such as APEC, ASEAN and the G20) have regional and global connectivity agendas that Australia actively supports. Many of our aid program activities already contribute to these forums. For example, Australia is supporting APEC to develop a network of PPP centres in the region through our support for the Philippines PPP centre and funding we are providing for a new centre in Jakarta.

The Advisor Remuneration Framework was reviewed in mid-2015 which will result in increases to specific rates and conditions for nominated categories. These changes came into effect on 1 January 2016. DFAT continues to monitor the adequacy of the Framework to ensure its effectiveness.

Recommendation 20

The Committee recommends that in those countries or regions where access to finance is a development priority the Department of Foreign Affairs and Trade:

- develop a more expert understanding of the financial sector in priority countries or regions, including financing constraints for groups (such as women) targeted by the aid program;
- ensure current activities impacting on the financial sector (including in microfinance, agriculture and governance) are made public and coordinated within the Australian aid program and with other donors;
- assess current and potential public-private partnerships' access to finance including with:
 - ⇒ multilateral development banks and bilateral development finance institutions; and
 - ⇒ commercial banks and financial institutions.

Response

Supported

Where access to finance has been identified as a priority, programs are supported to develop a solid understanding of the financial sector. DFAT is actively participating in a number of global initiatives designed to increase access to financial services in the region, including the G20's Global Partnership for Financial Inclusion and the Consultative Group to Assist the Poor (CGAP). DFAT is working with multilateral development banks and commercial financial institutions to address access to finance and will continue to explore opportunities for partnerships where this has been identified as a priority. Information on programs impacting on the financial sector is available on DFAT's website and on individual program websites.

Recommendation 21

The Committee recommends that the Australian Government should:

- analyse if there is a need for an Australian development finance institution, including by assessing the unmet demand for finance at both the country and sector-specific levels across the Indo-Pacific region; and
- identify challenges, costs and broader implications of the creation of a standalone development finance institution, comparing this with:
 - ⇒ expanding the role of the Export Finance and Insurance Corporation; or
 - ⇒ partnering with current Australian financial institutions to provide innovative financing.

Response (input from Treasury)

Partially supported

DFAT is undertaking a range of analysis related to different finance mechanisms and structural issues related to their use. As part of this work DFAT is working more closely with the Export Finance and Insurance Corporation (EFIC), as a portfolio agency, in order to benefit from their technical finance expertise. DFAT is also engaging more actively with development finance institutions (multilateral and bilateral), such as the International Finance Corporation and the Australian and international finance sector as part of its private sector engagement agenda. These relationships are also helping inform DFAT's future direction with respect to development finance.

Australia actively engages with existing financial institutions which offer an array of financial products to support and encourage private sector activity in the Indo-Pacific region:

- At the G20 Summit in Brisbane, leaders agreed actions to lift quality public and private infrastructure investment globally. Leaders also agreed to establish the Global Infrastructure Hub to help promote this agenda. Australia has taken a lead role and has made considerable progress in establishing the Hub. The Australian Government will contribute A\$30 million for the Hub until 2018. Additional financial contributions, and in-kind resourcing, are also expected from other governments, international institutions and the private sector.
- The Australian Government will provide an initial contribution of A\$25 million to the Global Infrastructure Facility which will provide both 'upstream' assistance (advice on creating an enabling environment and project preparation), and 'downstream' assistance (financial structuring and assistance in accessing capital).
- The Australian Government will provide A\$10 million to the Asian Development Bank's Asia Pacific Project Preparation Facility (AP3F) to help lift investment in global infrastructure, a critical component to ensuring economic growth and poverty alleviation in the Pacific region. The AP3F will prepare a pipeline of public-private partnership infrastructure projects to attract and secure financing from private sector sources.
- As a prospective founding member of the Asian Infrastructure Investment Bank (AIIB), Australia will contribute around A\$1 billion as paid-in capital to the bank over five years and will be the sixth largest shareholder. The AIIB will help close the estimated infrastructure financing gap of US\$8 trillion in Asia between 2010 and

2020, and present opportunities for Australia to work with our neighbours in the Indo-Pacific region. The AIIB will potentially co-finance projects with other development banks and private sector financiers.

Recommendation 22

The Committee recommends that the Australian Government through the Department of Foreign Affairs and Trade:

- continue to develop expertise and knowledge about the social impact investing sector in the Indo-Pacific region, with Australia's overseas diplomatic representatives assisting with this information gathering;
- work with the Australian Advisory Board on Impact Investing to identify areas of potential collaboration to promote more impact investing in the region;
- participate in relevant Australian, regional and global working groups on impact investing, including the working group on Development Impact Bonds; and
- develop a means of effective and continuous communication about the prospects for impact investing with potential investors, including the Australian public.

Response (input from Treasury)

Partially supported

DFAT is actively engaged in developing the social impact investing market in Australia and the region, and is exploring options for it to use this type of investment to improve the impact and sustainability of our development activities. DFAT is a founding member of the Australia New Zealand Inter-jurisdictional Taskforce on Social Impact Investing and is increasingly engaged with lead impact investing platforms in the region, such as Shujog and the Global Impact Investing Network. DFAT has been working actively with members of the Australian Advisory Board on Impact Investing to plan for its future expansion of activity in this sector. DFAT will consider opportunities for engaging with additional bodies, including the working group on Development Impact Bonds.

As a troika member in 2015, Australia has contributed to the development of a framework on inclusive business in the G20 Development Working Group. The Australian Government continues to take an active interest in this area.

Social impact investing for service delivery in Australia has largely been driven by state governments. Consideration at the Commonwealth level is focused on areas such as the smaller government agenda and promoting innovation and philanthropy to improve social and economic outcomes.

The Financial System Inquiry final report, released in December 2014, included a recommendation to ‘explore ways to facilitate development of the impact investment market and encourage innovation in funding social service delivery’. In its response released on 20 October 2015, the Government agreed to prepare a discussion paper to explore ways to facilitate development of the impact investment market in Australia, and introduce legislative amendments if necessary. This includes developing legislative amendments to provide greater certainty for private ancillary funds wishing to invest in social impact bonds.

Recommendation 23

The Committee recommends the Department of Foreign Affairs and Trade:

- identify roadblocks and unhelpful red tape hindering optimal outcomes for existing contracts and partnership arrangements, in order to improve the flexibility and effectiveness for all of these arrangements;
- review existing contracting or sub-contracting requirements that currently limit the pool of potential aid delivery partners, including small enterprises, TAFEs and others with specialist skills; and
- foster expertise in building partnerships, including by shifting departmental culture toward a more positive approach to the private sector.

Response

Supported

DFAT continues to refine its planning, procurement and contract management policies, processes and systems in addition to responding to industry feedback, changing legislative requirements, and Australian National Audit Office recommendations.

DFAT works in partnership with industry to enhance procurement outcomes including by reducing red tape and broadening the potential supplier pool. As such, DFAT regularly engages with industry to identify and progress procurement innovation and reform. DFAT is continuously refining its planning, procurement and contract management policies, processes and systems in addition to responding to industry feedback, changing legislative requirements, and ANAO recommendations.

DFAT works in partnership with industry to enhance procurement outcomes including by reducing red tape and broadening the potential supplier pool. As such, DFAT regularly engages with industry to identify and progress procurement innovation and reform. This collaborative approach has resulted in:

- activities that diversify the potential supplier pool such as encouraging consortia bids for large programs enabling SMEs to participate in large tenders, running forums with DFAT managing contractors to outline subcontracting opportunities (including new suppliers on evaluation committees to build their understanding of DFAT procurement processes), and holding forums on how to bid for DFAT work.
- The Aid Advisory Services panel resulted in a range of new Australian and international delivery partners including large and small companies, and individuals, being engaged to support the delivery of the aid program.

- DFAT support of SMEs is demonstrated through its contracting arrangements. In 2013–14, 56 per cent of aid agreements by value were with SMEs, compared with the Commonwealth average of 34 per cent.
- trialling innovative commercial approaches to increase flexibility and effectiveness such as outcomes-based scopes of service and payment structures (Innovation for Indonesia’s School Children), streamlined tender documents (SEED Pacific), and alternative mechanisms to assess value for money (Laos Basic Education Quality).
- providing more information to the market earlier ahead of the tender, such as investment concepts (Timor-Leste—TOMAK: Farming for Prosperity), draft designs (Australia–Vietnam Human Resource Development Program), and draft tenders (Philippines Provincial Road Management Facility). This supports better preparation for tenders and results in higher quality bids, in addition to providing industry with an opportunity to comment on the direction of the aid program. In addition, DFAT also provides advance notice of business notifications through its website and Annual Procurement Plan.
- linking performance and payment to incentivise performance and hold delivery partners accountable. All of DFAT’s complex aid contracts and tenders issued in 2015 included mechanisms to link performance and payment, compared to 69 per cent of contracts and 82 per cent of tenders in 2014.
- utilising competitive methods of procurement as standard practice in DFAT. From 1 July 2014 to 31 March 2015, 97 per cent of aid agreements (by value) were competitively procured (‘open tender’), compared to the Commonwealth average of 60 per cent.

Recommendation 24

The Committee recommends that, in line with its new aid paradigm, the Australian Government:

- review its untied aid grants strategy;
- strengthen our representation, influence, and the articulation of Australia’s interests through Australia’s permanent representatives at multilateral organisations;
- inform the Australian Parliament of any significant changes proposed by multilateral organisations that could impact on Australia’s interests prior to any decision being taken; and
- continue to prepare and publish an annual assessment of multilateral institutions to:
 - ⇒ determine how well they are meeting the objectives and intentions of Australia’s aid program; and
 - ⇒ inform decisions on Australia’s future funding contributions.

Response

Noted

Australia's development and humanitarian assistance has been untied since 2006, consistent with Commonwealth Procurement Rules which require non-discriminatory selection processes. Untying aid reduces the cost of goods and services by between 15 to 30 per cent and as much as 50 per cent for food aid¹. Untied aid ensures Australian aid delivers value for money, is cost-effective and uses the best available expertise, therefore achieving the best results. Australian business is able to participate on an equal footing with other goods and service providers.

DFAT is using a new Multilateral Performance Assessment (MPA) process to assess the performance of significant multilateral partners in delivering Australia's aid program. The MPA focuses on the 15–20 multilateral partners that account for approximately 90–95 per cent of our core funding to multilaterals. These assessments inform decisions on future funding allocations. A summary of the MPA assessments undertaken are published on the DFAT website and included in the Annual Performance of Australian Aid report.

The performance of multilateral partners in delivering aid activities funded through non-core grants will also be assessed through annual Partner Performance Assessments, and summary updates included in the Annual Performance of Australian Aid report.

Recommendation 25

The Committee recommends that the Australian Government:

- review development and humanitarian assistance with a view to increasing the proportion of in-kind aid to better meet our new national objectives; and
- streamline tender information and advertising processes so more Australian businesses can participate in supplying aid products and services.

Response

Partially supported

DFAT regularly reviews its humanitarian assistance, including through annual aid quality checks, partnership reviews, in-country monitoring and high level consultations. These reviews aim to assess whether our providers are operating effectively, efficiently, appropriately and cost-effectively. The key considerations for Australia's food assistance are effectiveness and efficiency so it can achieve best value for money and the greatest impact for vulnerable populations, enabling the most lives to be saved. Importing food is not generally the most effective form of food assistance and in some cases can delay recovery when markets are functioning.

The Department has streamlined tender information and advertising processes. Consistent with the Commonwealth Procurement Rules, all aid open tenders are advertised through AusTender, and all contracts awarded over A\$10,000 are listed on AusTender.

¹ Thematic Study, The Developmental Effectiveness of Untied Aid: Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation on Untying ODA To The LDCs, Phase I Report. Copenhagen, December 2008

Recommendation 26

The Committee recommends that the Department of Foreign Affairs and Trade:

- support a structured program of secondment of key staff between selected private and relevant public sectors; and
- develop a best-practice strategy to support cross-department acquisition of networks, knowledge and expertise from targeted secondments.

Response

Partially supported

DFAT recognises the value of secondments as a tool to build networks and the skills and experience of our workforce. DFAT currently supports a range of secondments to the private sector and other government agencies. In the private sector, DFAT has an ongoing secondment program with the Business Council of Australia (BCA) and has recently commenced a secondment with the Minerals Council of Australia. DFAT will also consider the Australian Public Service Commission/BCA secondment program for senior executives if the pilot program is rolled out more widely. All DFAT secondments are considered within the context of competing pressures for staff resources and an assessment of the expected benefit to DFAT. The current flexible arrangements, rather than a formally structured program, are best suited to DFAT's staffing arrangements and allow DFAT to engage in additional opportunities as they arise.

Recommendation 27

The Committee recommends that the Department of Foreign Affairs and Trade develop and maintain close, consultative relationships with:

- global forums on private sector development;
- the Australian Council for International Development, accredited Australian NGOs, and in-country NGOs;
- businesses, their associations and peak bodies, including those in developing countries; and
- commercial contractors to the aid program.

Response

Supported

The *Ministerial Statement on Engaging the Private Sector in Aid and Development* launched in August 2015 represents a major change in DFAT's strategy and approach to engagement with the private sector in development. DFAT is deepening its engagement with peak business and industry bodies in Australia, the region and globally. For example, DFAT now partners with the UN Global Compact to increase the engagement of Australian businesses in support of the SDGs, and also supports the work of the private sector-led Global Reporting Initiative in the region. DFAT is a lead reviewer in the OECD Development Assistance Committee's review of private sector and development for member countries. DFAT is also a

core member of the Donor Committee for Economic Development, the pre-eminent donor body for knowledge sharing and standards for private sector engagement.

DFAT (previously AusAID) and the Australian Council for International Development (ACFID) have maintained a close and consultative relationship over many years, most recently formalised in a Partnership Memorandum of Understanding (2013–16). The partnership is focused on two objectives: to enhance policy dialogue and consultation on development effectiveness with the Australian NGO sector; and to increase the development effectiveness of the sector through capacity development and standard setting.

DFAT maintains close partnerships with ACFID, key Australian NGOs and the Australian Red Cross to enable a rapid and coordinated Australian response to humanitarian crises in our region. The Humanitarian Partnership Agreement (HPA) that DFAT maintains with six key Australian NGOs (CARE, Save the Children, Oxfam, World Vision, Caritas and Plan) provides for DFAT and NGO partners to respond to a crisis within 48 hours of a request for assistance.

DFAT already maintains close, consultative relationships with commercial contractors through quarterly meetings with the International Development Contractors group going back to the 1990s. This engagement increased in 2015, and will do so further through 2015–16.

Recommendation 28

The Committee recommends that the Department of Foreign Affairs and Trade:

- establish an effective private sector and philanthropic communication and engagement unit which offers a clear participation pathway for potential partners, and that:
 - ⇒ provides a register of relevant aid projects, but is flexible and remains open to innovative ideas;
 - ⇒ has systems in place to capture contacts and manage relationships more effectively, including those generated by Australia's overseas diplomatic representatives; and
 - ⇒ introduce a mechanism through which partnerships can be established in a co-owned process to ensure risks, responsibilities and benefits are understood and properly assigned.

Response

Partially supported

The motivation for business to engage with DFAT is varied, which is why several contact points have been established. The general entry point for Australian businesses looking to engage with DFAT is through the DFAT website and email address (business@dfat.gov.au). The website directs interested parties to specific areas of within DFAT, with the Private Sector Development Section (privatesectordevelopment@dfat.gov.au) being the principal entry point for businesses looking to engage with the government's aid program in the region. AusTender remains the primary entry point for businesses looking for commercial procurement opportunities.

DFAT is currently piloting a Client Relationship Management system to capture and manage contacts across DFAT's work.

DFAT has a variety of mechanisms through which partnerships can be established including SEED Pacific and the recently announced Business Partnerships Platform. Additional information on these programs is available on the innovationXchange and DFAT websites.

Recommendation 29

The Committee recommends that the Department of Foreign Affairs and Trade establish a panel of independent expertise, which can:

- advise and help facilitate private sector engagement; and
- provide independent and expert guidance on partnership proposals, review risk profiles and examine due diligence processes quickly and transparently.

Response

Supported

DFAT recognises the need to draw on expertise within the portfolio and from outside the agency to effectively deliver the aid program. The Aid Advisory Services Standing Offer provides one vehicle through which the aid program can obtain independent advice and expert guidance, including on risk and due diligence. DFAT is currently exploring additional options to efficiently access private sector development and finance specialist skills. This will be informed by the needs of programs as they start to increase their aid investments in these areas.

Recommendation 30

The Committee recommends that the Department of Foreign Affairs and Trade develop clear principles for all partnerships with the private sector. These principles should:

- include clear enunciation of our objective of promoting gender equity, reducing poverty and promoting economic growth in the Indo-Pacific region;
- require close engagement with countries, building capacity and governance, and in particular, reducing corruption; and
- be incorporated into eligibility requirements for partnerships, guidance to staff and in partnership agreements.

These partnerships should be desirable processes with the minimum of red tape impediment.

Response

Supported

The *Ministerial Statement on Engaging with the Private Sector on Aid and Development* outlines principles for partnership with the private sector and outlines Australia's objectives of promoting gender equality, reducing poverty and promoting economic growth in the Indo-Pacific region. The engagement principles require all parties to demonstrate commitment to responsible business—a commitment to behave ethically and contribute to sustainable economic, social and environmental outcomes. The principles note that DFAT's engagement will focus on advancing our aid investment priorities which includes effective governance. Internal guidance and partnership platforms, consistent with relevant legislation, are being developed to support the implementation of partnerships.

The Business Partnerships Platform, announced by the Foreign Minister on 31 August 2015, incorporates the aid program's gender requirements and includes a funding window focused on business partnerships to promote gender outcomes.

DFAT will release a *Gender Equality and Women's Empowerment Strategy* in 2016 which will guide its efforts to promote gender equality and women's empowerment. The Strategy will note that effective implementation of gender equality and women's empowerment priorities are crucial to economic growth, stability and security and poverty reduction across the Indo-Pacific region.

Recommendation 31

The Committee recommends the Department of Foreign Affairs and Trade periodically assess, with their partners, the effectiveness and cost of current risk management measures including safeguards.

Response

Partially supported

DFAT's risk management policy complies with requirements under the *Public Governance, Performance and Accountability Act 2013* and follows the principles of the International Standard on Risk Management (AS/NZ 31000:2009). At the individual investment level, Annual Partner Performance Assessments are used to address the effectiveness of risk management and safeguard implementation. The process of accreditation of NGO partners, and regular performance assessment of multilateral delivery partners through the Multilateral Performance Assessment process (see response recommendation 24) also serves this purpose.

Recommendation 32

The Committee recommends that:

- subject to a successful conclusion of the pilot, the Australian Government adopt and implement the Extractives Industry Transparency Initiative; and
- Australian aid engagement should prefer companies in the extractives sector which support the Extractives Industry Transparency Initiative.

Response (input from Industry)

Noted

The Australian Government recognises the important role of the Extractives Industry Transparency Initiative (EITI) in global extractives governance. A domestic pilot to establish whether it would be feasible for Australia to become an EITI-implementing country has concluded. The Multi Stakeholder Group of the EITI pilot recommended that implementation of an adapted EITI model would be appropriate in the Australian context, given Australia's already robust reporting requirements. The Australian Government is considering the report of the Multi Stakeholder Group.

Recommendation 33

The Committee recommends the Department of Foreign Affairs and Trade:

- ensure staff have a highly developed expertise in, and understanding of, international standards and guidelines for business operations, particularly in those sectors which are priorities for the aid program; and
- be able to identify opportunities and connect businesses in Australia and overseas to global platforms, processes and frameworks, for example, the UN Global Compact.

Response

Supported

Building staff awareness of the needs of business and informing business of international and domestic legal obligations, voluntary international business principles and corporate social responsibility norms are commitments under DFAT's Charter for Economic Diplomacy and Australian Business. DFAT has subject matter experts across the department and staff can draw on this expertise as required. DFAT is increasing its investment in staff development to effectively implement the *Ministerial Statement on Engaging the Private Sector in Aid and Development*. This includes participating in training and professional courses conducted by donor partners, multilateral organisations, industry and academia. This skills development is taking place in both Canberra and in partner countries as appropriate.

DFAT has established partnerships with the UN Global Compact Network Australia and the Global Reporting Initiative. Staff, including at posts, have been provided with information on how to connect businesses to these organisations and their local networks, and to engage in professional development opportunities offered through these partners.

Recommendation 34

The Committee recommends that the Australian Government:

- continue to support improved aid-related data collection and use in policy-making with governments of countries in the Indo-Pacific region, particularly in relation to gender outcomes; and

- evaluate the performance of the 'Data for Health' initiative as soon as practicable with a view to replicating this model in other sectors inhibited by data paucity, for example education (school participation and attainment).

Response

Supported

DFAT values the contribution that quality data makes to evidence-based policy, and supports partner governments to improve their data collection, analysis, and policy planning capabilities. The different impacts on men and women are particularly important, and DFAT supports efforts to disaggregate data accordingly.

Bloomberg Data for Health will improve public health data so that governments, aid organisations, and public health leaders are equipped to systematically collect and use data to prioritise health challenges, develop policies, deploy resources, and measure results. This partnership is in the early stages and has begun engaging with potential pilot countries. Clear performance and evaluation arrangements are to be established within the next six months. Lessons and outcomes from this program will be shared with other relevant teams in DFAT and external stakeholders as appropriate.

DFAT supports the Evidence and Data for Gender Equality Initiative to accelerate existing efforts to generate comparable gender indicators on health, education, employment, entrepreneurship and asset ownership. The Initiative is jointly managed by UN Women and the UN Statistical Division. The Initiative supports pilots of data collection against proposed indicators in developing countries.

The *Gender Equality and Women's Empowerment Strategy* (expected to be released in 2016) will help DFAT to assess progress against gender equality priorities.

Recommendation 35

The Committee recommends that the Australian Government market its aid effort in a more effective and powerful way, including by:

- reviewing and improving the effectiveness of its current international signage and branding; and
- developing effective ways to co-brand 'Australian Aid' and 'Australia Unlimited' to maximise recognition and benefits.

Response

Partially supported

DFAT works closely with its aid delivery partners to ensure appropriate and effective branding and signage. Comprehensive guidelines are being developed to assist all staff and partners in Australia and at post to implement mandatory branding across all DFAT's work, including the aid program.

The 'Australian Aid identifier' and 'Australia Unlimited' brand have unique and distinct purposes. Any co-branding would need to be considered on a case-by-case basis and ensure that messages and values, inherent to both brands, are conveyed concurrently and without misinterpretation. Co-branding may be appropriate for projects with a focus on public-private partnerships and private sector engagement.

Recommendation 36

The Committee recommends that the Department of Foreign Affairs and Trade develop and implement as a matter of priority a new communications strategy for the aid program. This strategy should recognise:

- the wide range of stakeholders who have varying levels of understanding and interest in the activities of Australia's aid program; and
- that a key stakeholder is the Australian taxpayer.

Response

Partially supported

Communicating the role of Australia's aid program in promoting regional and global prosperity, reducing poverty and enhancing stability is a core function for DFAT. DFAT is implementing comprehensive communications plans, in Australia and at posts, to promote Australian aid priorities and programs, and highlight the importance of the aid program to our national interest. DFAT is already working closely with stakeholders and aid delivery partners to ensure targeted and effective communication of Australia's aid program, and we will maintain this engagement.

DFAT's websites include the department's website and related websites for the innovationXchange, Australia Awards and the Australian Volunteers for International Development. The DFAT website provides key stakeholders, including Australian taxpayers, with detailed information about Australian aid priorities, budget, country-specific funding, development partnerships with international organisations, and aid performance management and results. Having this information publicly available also meets the Government's commitment to high standards of transparency and accountability in the management of the aid program. DFAT will continue to build on this web-based platform to ensure it includes up-to-date information about the aid program and upcoming opportunities for collaboration and partnering. Recognising the importance of diversifying our communications platforms to reach new audiences, DFAT is also expanding its use of social media in Canberra and at posts.

Recommendation 37

The Committee recommends that the Department of Foreign Affairs and Trade make clear that 'Australia is open for business partnering' on its website. Specifically, the Department should:

- increase cross-promotion with relevant portfolio agencies to engage with business and capture opportunities which target development;
- test the website on a range of stakeholders, particularly those outside the traditional base, to ensure value and ease of access; and
- monitor and report on the usage of the engagement portal with a view to continuous improvement.

Response

Supported

DFAT is currently undertaking a project to improve the ease of access for businesses to a range of DFAT services. This will include increasing cross-promotion with other portfolio agencies and government departments. DFAT will consider the Committee's recommendations as part of this project.

Following the recent launch of the *Ministerial Statement on Engaging the Private Sector in Aid and Development* the website has been updated to ensure the links between areas of interest to the private sector, including Business Envoy, private sector development programs and the New Colombo Plan (and its business internship and mentorship platform) are well integrated.

