



# Submission – Australia's overseas aid and development assistance program

Oaktree is Australia's largest youth-run not for profit. Our mission is *young people leading the movement to end poverty*. We believe that extreme poverty is unacceptable and that we are the generation that can end it.

We believe that education is a key way in which we can end extreme poverty. In line with this, most of our projects are focused on education and practical skills training for those living in extreme poverty in the Asia-Pacific region.

We do not accept any government funding and therefore we are not directly affected by the cuts to foreign aid. However, as a member of the aid and development sector and an organisation that tirelessly works towards eradicating extreme poverty we believe the cuts to aid are a grave mistake which will significantly hinder the ability of Australian development NGOs to have the greatest impact on extreme poverty.

## Introduction:

This submission addresses the terms of reference of the Senate's Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's overseas aid and development assistance program. In particular, this submission argues that the government's cuts to aid will:

- Prevent Australia from achieving its stated policy objectives and international commitments;
- Reduce the impact Australia has on reducing the amount of people living in extreme poverty;
- Significantly reduce Australia's ability to maintain its international development priorities and relationships as they now stand;
- Risk the integrity and the effectiveness of Australia's aid spending; and
- Inadvertently lead to an inefficient aid program, thus justifying further cuts to aid in the future.

## Aid saves lives:

Aid breaks the cycle of extreme poverty in the world that condemns millions of people each year to an undignified and unfair life. Australian aid in 2011/12 directly saved the lives of over 200,000 people, helped provide education for 500,000 children, assisted at least 10 million people affected by disasters and helped

440,000 people gain access to clean water and 400,000 people to access adequate sanitation.<sup>1</sup>

Australian aid provides people living in extreme poverty with an opportunity to rise out of living in extreme poverty and live a life that each human being is entitled to.

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## Terms of reference:

### **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:**

##### **Policy objective: 'Helping developing countries reduce poverty and achieve sustainable development'<sup>2</sup>**

An ongoing, stable, growing and robust aid program is the primary way in which Australia can help developing countries reduce poverty and achieve sustainable development. The cuts to the aid budget are inconsistent with both maintaining and increasing Australia's ability to achieve the above objective.

##### **Policy objective: the Millennium Development Goals (MDGs)**

Australia is not doing its fair share to achieve the MDGs. As a member of the G20 and a country that had a significant amount of input into the formulation of the MDGs in 2000, Australia has a responsibility to do all it can to ensure they are achieved.

Both the Coalition and Labor have acknowledged that the best way to achieve the MDGs is through eventually increasing the aid budget to a level of 0.7% of GNI. In line with this, the current government has committed to raising aid spending to a level of 0.5%. However, by attaching no timeline to this target and simultaneously cutting aid to a mere 0.33% of GNI, the government has prohibited Australia from contributing its fair share to the achievement of the MDGs.

Although it could be argued that the timeline for the MDGs expires next year and thus they no longer carry as much weight, they are the key way in which NGOs and developing countries around the world plan their development strategies.

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<sup>1</sup> 'Overseas aid,' World Vision. <http://campaign.worldvision.com.au/issues/overseas-aid/>

<sup>2</sup> 'Australian Aid: Promoting Growth and Stability,' AusAID. <http://aid.dfat.gov.au/publications/whitepaper/s3.htm>

Furthermore, by failing to work towards achieving the MDGs as they now stand, Australia is wasting a valuable opportunity to become an outstanding leader in the post-MDG planning context that will play a significant role in global politics in 2014 and 2015.

### **Key international commitment: membership of the UN Security Council**

As a member of the UN Security Council, Australia has an even greater responsibility to contribute to world stability and development to ensure a safer and fairer world.

By cutting foreign aid we are perpetuating a leading cause of conflict throughout the world – extreme poverty. Poverty, a lack of education and inadequate infrastructure fuel conflicts in many of the most volatile countries in the world. When people do not have access to clean water, a primary education system or a secure source of food, they are often forced to resort to desperate measures, thus contributing to global instability.

It is extremely hypocritical of Australia to be a member of the UN Security Council and portray itself as a country that is concerned with global security yet at the same time, reduce aid spending which is one of the key ways Australia can encourage long term regional and global security.

### **B. Australia's ability to maintain its international development priorities, including sectoral, regional, bilateral and multilateral international relationships**

#### **Australia's relationships with NGOs**

The cuts to the aid budget will significantly affect Australia's relationships with NGOs both within Australia and overseas. By cutting the aid budget without broad consultation or adequate notice, many NGOs that rely on Australian government funding have had to abandon projects and plans that are already on foot with little or no notice. It will be impossible for Australia to maintain its excellent reputation as an effective aid supplier and aid partner to a range of NGOs in light of these circumstances.

#### **Australia's relationships with developing countries**

Furthermore, Australia is risking damage to a variety of relationships with developing countries throughout the world and particularly in the Asia-Pacific region, as the aid cuts are effectively prioritizing relationships based upon the premise that they are servicing Australia's domestic policy requirements. This is most clearly evidenced by the diversion of aid to fund asylum seeker processing. The fact that both PNG and Nauru have recently agreed to facilitate Australia's asylum seeker offshore processing policies demonstrates the power that Australia exerts through its aid program within the Asia-Pacific region. However, because we are exercising this power to satisfy domestic political issues, we are creating a

rift between ourselves and developing countries that genuinely need aid within the Asia-Pacific region, but do not want to be a part of our systemically unjust treatment of asylum seekers.

### C. The integration of AusAID into the Department of Foreign Affairs and Trade and the freeze in international development assistance funding

We acknowledge that it is the government's prerogative to structure AusAID and the bureaucracy as they see fit, provided it is in the national interest and continues to deliver aid in an effective and efficient way.

However, we are concerned that the integration of AusAID into DFAT will jeopardise the integrity of Australia's aid program and lead to a further politicization of aid, whereby it will be almost exclusively used as a tool to exert influence over trade deals as opposed to being a measure focused on impacting extreme poverty.

Furthermore, we are concerned that the integration of AusAID into DFAT will result in inefficiencies and uncertainties in Australia's aid program. Inevitably, a change in staffing arrangements leads to uncertainty firstly within the department itself and consequently with the people who receive Australian aid. This uncertainty will make it difficult for many deliverers of aid programs to plan for their future programs and thus commit to plans that could have a significant impact on ending extreme poverty.

### D. Any unintended consequences of these changes:

We are concerned that the changes to AusAID and the cutting of foreign aid could lead to a more inefficient aid program and thus justify further cuts by the government in the future. Most of Australia's aid is already committed through various contracts and pledges; cuts of this volume throw those agreements into uncertainty. Reallocating money inherently results in delay, as hundreds of diplomatic and contractual agreements will need to be renegotiated and reworked.

A depleted aid budget, now potentially thrown into an effectiveness crisis, is by no means a popular one. This risks the creation of a negative feedback loop: if the aid program is over stretched it will not be seen to achieve its aims either of effective poverty relief or of serving Australia's national interests.

Furthermore, the fact that both the Coalition and Labor have cut or delayed foreign aid promises on the premise of balancing the budget or bringing it back to surplus has set a dangerous precedent of cutting aid whenever it suits domestic policy goals.

Aid should not be seen as a political or financial tool that should be manipulated according to domestic political needs, but rather an integral part of Australia's international responsibilities. As one of the wealthiest nations in the world, it is our duty to be a world leader in human rights. A fundamental way we can do this is

through a robust and effective aid program that assists those most in need to create opportunities for them to break out of extreme poverty.