



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting Australia's regional interests

Joint Standing Committee on Foreign Affairs, Defence and Trade
June 2018

Contents

About ACFID	2
Introduction	3
Summary of Recommendations.....	4
1. Australia's aid program: Strategic and development goals	6
2. Private Sector and Trade Development.....	12
3 Outcomes for Women and Girls – inclusivity and aid effectiveness	15
4 Innovation in Australia's Aid Program	21
Annex	23

About ACFID

The Australian Council for International Development (ACFID) is the peak body for Australian non-government organisations (NGOs) involved in international development and humanitarian action. Our vision is of a world where all people are free from extreme poverty, injustice and inequality and where the earth's finite resources are managed sustainably. Our purpose is to lead and unite our members in action for a just, equitable and sustainable world.

Founded in 1965, ACFID currently has 123 members and 22 affiliates operating in more than 95 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.65 billion (2016), \$930 million of which is raised from over 1.5 million Australians (2016). ACFID's members range between large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community-based groups, with a mix of secular and faith-based organisations.

ACFID members must comply with the ACFID Code of Conduct, a voluntary, self-regulatory sector code of good practice that aims to improve international development and humanitarian action outcomes and increase stakeholder trust by enhancing the transparency, accountability and effectiveness of signatory organisations. Covering 9 Quality Principles, 32 Commitments and 90 compliance indicators, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks. The Code has an independent complaint handling process.

Introduction

ACFID appreciates the opportunity to contribute to this parliamentary inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting Australia's regional interests. This inquiry presents an opportunity to demonstrate the breadth of the Australian aid program, and its vital role in enhancing regional peace and prosperity.¹

ACFID considers a strong and effective aid program to be central to Australia's security and prosperity in this increasingly competitive region. China's rise and growing assertiveness, and the fraying of our post-war international and domestic social contracts form the context in which we must not only establish our strategic priorities, but also target our advocacy for the vital role of aid in supporting Australia's regional interests.

The wellbeing of communities in the Indo-Pacific region is inextricably linked to Australia actively promoting peace and human security; stability and social cohesion; democracy and human rights; climate action; reducing inequality; and generating sustainable and inclusive economic development.

Australia's participation in meeting commitments under global agreements – such as the Sustainable Development Goals (SDGs) and the Paris Agreement – provide both principles and means for boosting the wellbeing of communities in our region, and Australia's continued prosperity therein.

As an essential vehicle through which Australia can take its efforts to meet these commitments, the aid program also provides the means for projecting Australian values, facilitating diplomacy, and enhancing prosperity. In this context, ACFID believes aid should be assigned the same level of priority as defence, trade and diplomacy within Australia's foreign policy architecture.

To demonstrate the role, implementation, efficacy, impact and outcomes of the Australian aid program, **ACFID presents its submission to this inquiry in the following four sections:**

1. Australia's aid program: Strategic and development goals (*recommendations 1-5*).
2. Private sector and trade development (*recommendations 6-12*).
3. Outcomes for women and girls (*recommendations 13-20*).
4. Innovation in Australia's aid program (*recommendations 21-23*).

¹ The Australian Government's development policy and performance framework of 2014 introduced key shifts in Australia's aid program. The reforms aimed to build an aid program that is effective in promoting economic growth and reducing poverty, and that projects and protects Australia's broader interests in the Indo-Pacific region. Guided by the 2017 Foreign Policy White Paper released in November 2017, the Department of Foreign Affairs and Trade's (DFAT's) strategic attention remains in the Indo-Pacific. In the FY2018-19 budget, the Pacific assumed a larger profile than in previous years, with 'step up support for a more resilient Pacific and Timor-Leste' identified as 'one of the five objectives of fundamental importance to Australia's security and prosperity'. Portfolio Budget Statements 2018-19 Budget Related Paper No. 1.8 pp13. Accessed 24 May 2018. Available at <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2018-19-foreign-affairs-and-trade-pbs.pdf>

Summary of Recommendations

ACFID recommends to the Committee that for Australia to continue to build influence as a trusted development partner and foster confidence, stability, and sustainability in the Indo-Pacific, the Australian Government should:

Recommendation 1: The Australian Government should make eliminating poverty and achieving the SDGs the primary purpose of Australia's aid program, and ensure the SDGs are integrated across its thematic and geographic policies, programs, reporting and performance benchmarks.

Recommendation 2: Increase aid communication, engagement and education on the priorities and outcomes of the aid program, to build public understanding and awareness.

Recommendation 3: Increase Australia's aid program to reach 0.7 per cent of GNI by 2030.

Recommendation 4: A capability review is undertaken by the Public Service Commission to assess DFAT's delivery of Australia's \$4 billion aid program. The last review was in 2013 prior to integration - five years on, an independent assessment has great utility.

Recommendation 5: Invest more in Australian NGOs to extend the reach of Australia's aid program.

Recommendation 6: Ensure that implementation of the private sector development strategy focuses on aid investments which improve the productive capacity of the local private sector, that is, micro, small and medium enterprises, and informal enterprises in developing countries.

Recommendation 7: Ensure aid for trade investments increase the capacity and resources available to poor sections of the community to enable them to more effectively contribute, and benefit from, economic activity, with a focus on the quality of trade and local employment creation.

Recommendation 8: Support stronger integration of Pacific citizens into the global labour market by using Australia's Aid for Trade allocations to support countries which currently have the lowest labour mobility opportunities: Papua New Guinea, Solomon Islands and Vanuatu; atoll-countries most exposed to the impacts of climate change; and other Pacific nations.

Recommendation 9: Ensure that the implementation of private sector development strategies are consistent with supporting good governance and democratic accountability in partner countries.

Recommendation 10: Ensure that systems strengthening work is prioritised in initiatives across DFAT's infrastructure and trade portfolios.

Recommendation 11: Ensure that Australian trade agreements prioritise the security and rights of workers, landholders and communities and do not produce detrimental environmental or social outcomes; including by providing guidance to Australian companies on managing these requirements while also holding companies to account legally when they violate the rights of people overseas.

Recommendation 12: Integrate gender analysis into all Aid for Trade activities, including research and data collection to ensure choices are fully informed, effective, sustainable and contribute to outcomes that meet the needs of both women and men.

Recommendation 13: Increase the level of investments where gender equality is a principle objective to 10 per cent by 2020 and to 15 per cent by 2025, and increase investments where gender equality is a significant objective to 70 per cent by 2020 and 80 per cent by 2025.

Recommendation 14: Ensure an appropriate allocation of funding within country and regional programs directed to support local women's organisations.

Recommendation 15: Build on the model of the Pacific Women Shaping Pacific Development fund as a best practice example of a mechanism to provide long term, substantial investment for women and girls in the Pacific.

Recommendation 16: Maintain the aid program's focus on the three priority areas outlined in the gender strategy but ensure a more integrated approach to program design that focuses on gender relations and recognises the interconnections between different areas of the lives of women and girls.

Recommendation 17: Build Violence Against Women risk mitigation strategies into economic empowerment programming from the design stage in order to acknowledge the intersections between women's economic empowerment and violence and to ensure a do no harm approach.

Recommendation 18: Prioritise programs that explicitly seek to engage marginalised communities including those excluded based on gender identity, ability, sexual orientation, age, ethic, racial or religious status.

Recommendation 19: Ensure Australia's approach to implementing the SDGs through our aid program centres on the commitment to leave no one behind, with concrete strategies to support inclusion of disadvantaged groups in design, delivery, and monitoring/evaluation and reporting on services and programs.

Recommendation 20: Invest in disaggregated data collection such as the Individual Deprivation Measure to better identify the differentiated social and economic deprivations faced by individuals in developing countries.

Recommendation 21: Frame and incentivise innovation discourse for international aid and development around 'social innovation' where the value of innovation is gauged by its contribution to achieving social outcomes and positive impact.

Recommendation 22: Promote funding portfolios that reflect a range of risk appetites.

Recommendation 23: Adopt a nuanced approach to understanding the circumstances under which business is provided with an incentive to innovate when addressing the needs of poor people.

1. Australia's aid program: Strategic and development goals

1.1 THE SUSTAINABLE DEVELOPMENT GOALS

Australia needs to think differently about how it approaches aid, development and partnerships.

The core message of the Sustainable Development Goals (SDGs) aligns with established values of the Australian community such as cooperation, a fair go, and being a good neighbour. Australia's region is home to many developing countries who continue to struggle with unacceptably high rates of poverty, violence and instability.

The SDGs sit alongside an ambitious financing for development agreement- the Addis Ababa Action Agenda. Together these form the 2030 Agenda, which recognises that to finally address poverty, the world must address the growing inequality within and between countries, the increasing strain on the world's resources and the global environment, and burgeoning threats to peace and stability. These internationally agreed goals should be at the heart of Australia's overseas development assistance.

A key feature of the 2030 Agenda is the integration of the economic, social and environmental dimensions of sustainable development and the interlinkages existing within and across the Goals; progress in one goal can enhance and compound the success of others, and lack of progress in one area carries the risk of undermining the whole. New partnerships are now being designed to accelerate the implementation of the SDGs by looking closely at how targets under one goal may affect targets under others, or how individual targets could serve multiple goals.²

ACFID strongly advocates for the SDGs to be affirmed in the purpose of Australia's aid program, and integrated across its thematic and geographic policies, programs, reporting, and performance benchmarks.

Recommendation 1: *The Australian Government makes eliminating poverty and achieving the SDGs the primary purpose of Australia's aid program, ensuring the SDGs are integrated across its thematic and geographic policies, programs, reporting and performance benchmarks.*

1.2 BUILDING SUPPORT - COMMUNICATING AUSTRALIA'S AID

Fostering more informed public debate about, and more community engagement with Australia's aid program is both necessary and appropriate and will improve the confidence of the public in Australia's strategic objectives with regards to development.

Building support and understanding for the SDGs forms part of a broader focus on communicating the aid program – with the comprehensive and integrated nature of the SDGs providing a solid framework through which to promote aid communication to the Australian public.

² 2016. ECOSOC. Issues Note, 31 March: *Breaking the Silos: Cross-sectoral partnerships for advancing the Sustainable Development Goals*. Accessed 13 March 2018. Available at <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2016doc/partnership-forum-issue-note1.pdf>

The 2017 Foreign Policy White Paper has recognised the value of digital engagement as a channel for Australian soft power, and DFAT is now in the second year of its Digital Media Strategy, which outlines the value of specialist recruitment, content generation and multimedia engagement.³

Between 1984 and 2011, successive reviews recommended that AusAID (now DFAT) increase its efforts to communicate the value of Australia's aid program to the Australian public. However, following AusAID's merge into DFAT, its blog, magazine and social media channels were lost. These aid-specific communication channels have unfortunately not been re-established. As a result, despite the proliferation of accessible platforms and reduced transaction costs in performing digital work, official efforts to communicate the benefits of the aid program are limited.

ACFID takes this opportunity to urge the Government to scale up its efforts to communicate the value of its aid program to Australian and international publics and embed aid and development communication at the heart of efforts to upgrade digital diplomacy.⁴

The Australian aid program could increase its effectiveness towards achieving the 2030 agenda if the following recommendations are considered:

Recommendation 2: *Increase aid communication, engagement and education on the priorities and outcomes of the aid program, to build public understanding and awareness.*

1.3 EFFECTIVE AID – STRATEGIC, PREDICTABLE AND PRINCIPLED

Acting in coordination with other interlinking international commitments is paramount to strategic, principled, and effective aid delivery. Australia's participation in meeting its commitments will provide both the principles and means for boosting the wellbeing of communities in our region and for safeguarding Australia's continued prosperity.

It is vital that our aid program is both aligned with the objectives of global agreements such as the Sustainable Development Goals (SDGs), and committed to the principles articulated by the *Paris Declaration on Aid Effectiveness* which sets out the following five fundamental principles:

- **Ownership:** Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
- **Alignment:** Donor countries align behind these objectives and use local systems.
- **Harmonisation:** Donor countries coordinate, simplify procedures and share information to avoid duplication.
- **Results:** Developing countries and donors shift focus to development results and results get measured.⁵

Unpredictable Donorship

Punishing cuts on Australian aid over a sustained period have been both a reason for and consequence of a lack of strategic clarity around Australia's ODA. The FY2015-16 Federal Budget cut

³ 2016. Commonwealth of Australia, DFAT. *Digital Media Strategy 2016–18*. Accessed 8 June 2018. Available at: <http://dfat.gov.au/aboutus/publications/corporate/Documents/digital-media-strategy-2016-18.pdf>

⁴ 2016. Ashlee Betteridge. 'Communication post-integration: reloading Australia's efforts'. ANU Development Policy Centre Policy Brief 15. Accessed 8 June 2018. Available at: http://devpolicy.org/publications/policy_briefs/PB15CommunicationPostintegration.pdf

⁵ OECD. *Paris Declaration and Accra Agenda for Action*. Accessed 14 June 2018. Available at: <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

Australia's aid budget by \$1 billion or 20 per cent. Over the four years to FY2017-18, Australia's aid budget was cut by \$3.7 billion, equivalent to axing 30 per cent of Australia's Overseas Development Assistance (ODA). The latest Federal Budget for FY2018-19 continued this downward trajectory in real terms with cuts totalling \$141 million over the forward estimates.

The Australian aid cuts did harm communities and developing countries.

Cuts have also meant an overall diminution of Australia's influence overseas – not only is Australia less able to help people affected by conflict and natural disasters, but its ability to tackle emerging threats such as disease pandemics and rising extremism is severely restricted. Australia's capacity to help build more peaceful and prosperous societies is also impeded, as is its capacity and willingness to innovate and take the sort of risks in programming which could potentially pay enormous dividends. Furthermore, geopolitically, Australia's international reputation has not escaped unharmed as a result of the cuts.

1.4 WHY INCREASE AID?

It's the right thing to do as a developed country

As a technologically sophisticated, educated and compassionate nation Australia's task is not just to implement the SDGs for its own people, but to help achieve the SDGs for people across our region. To facilitate this crucial work, the Australian aid program must be increased. Australia cannot expect other nations to address the common problems facing us and our neighbours, without making a fair share contribution ourselves. As a wealthy nation, we have a responsibility. As a developed nation in a region of mostly developing countries, we have an interest.

It's in our strategic interest

With respect to this inquiry into the efficacy of Australia's aid program, there are fundamental questions as to whether Australia can sustain influence as a trusted development partner for the Indo-Pacific region over the long term while continuing to cut the aid budget. It is short sighted and unrealistic to expect Australia to foster the degree of confidence and stability required to remain a '*partner of choice*' when Australia's ODA as a proportion of Gross National Income (GNI) is expected to fall to 0.19 per cent by FY2021–22, its lowest ever recorded level – so soon after the White Paper referred to ODA as a '*critical tool of Australian soft power*'.⁶

ODA programming which is consistently funded and implemented over time, with a clear strategic imperative and alignment to the principles of aid effectiveness builds stronger, closer and longer-term connections, which will ultimately benefit diplomatic relations. It is through this long-term investment that peace, stability and security will be achieved.

Aid increases prosperity

The aid program's contribution to our national prosperity has been well established. Recent analysis of Australian export and aid data from 1980 to 2013 by Australian National University (ANU) researchers has demonstrated that every dollar spent on Australian aid resulted in an average of \$7.10 in Australian exports to aid recipient nations over the period in question.⁷ Australia's interests are certainly best served by a world of prosperity and opportunity, rather than one plagued by

⁶ 2017. Department of Foreign Affairs and Trade (DFAT). *2017 Foreign Policy White Paper*. Accessed 1 May 2018. Available at: <https://www.fpwhitepaper.gov.au/>

⁷ 2017. Matthew Dornan and Sabit Otor. *How does Australian foreign aid impact Australian exports?* Devpolicy Blog. Accessed 5 April 2018. Available at: <http://devpolicy.org/australian-foreign-aid-impact-australian-exports-20170929/>

poverty. In addition, the aid program is ranked highly against international measures of aid quality, even despite a decline in aid transparency at the project level.

Developed countries expect more of us

The Australian Government should not ignore the strong recommendation from our OECD peers that we *'reintroduce an ambitious target for increasing ODA against GNI and set out a path to meet the target'*.⁸ The aid program should therefore be increased on a trajectory towards 0.7 per cent of GNI by 2030, in line with the commitment Australia made when signing on to the 2030 Agenda in 2015. Target 17.2 of the SDGs commits *'Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries'*.⁹ This trajectory will require yearly increases to the budget.

1.5 RHETORIC VS REALITY – PREDICTABLE ODA

It is well established that aid is most effective when it is predictable.¹⁰ Delivering aid dividends takes time through building relationships with local partners and adapting to local contexts. A lack of predictability is hard for recipients to plan around and has been shown to make aid less effective. Any approach to delivering on this commitment to increase ODA which delays budget scale-up to the out years, or freezes and unfreezes the trajectory year on year, is unlikely to be viewed as a principled commitment to effective aid delivery. While there is any number of possible pathways to 0.7 per cent GNI, a credible approach will be planned, stepped, and predictable.

In the first instance, the Australian Government should commit to growing the aid budget by 10 per cent each year for the next six years, to FY2024-25. On current assumptions, that trajectory will restore Australia's aid budget to 0.33 per cent of GNI, as a minimum first step towards reaching the SDGs goal of 0.7 per cent of GNI by 2030.

Financial Year	Projected ODA \$m (2017)	Projected GNI \$m	ODA/GNI ratio	Recommendation (10% Growth)	Additional Investment \$m	Recommended ODA/GNI ratio
2018-19	4,010.00	1,796,208.97	0.22%			
2019-20	4,010.00	1,850,095.24	0.22%	4,411.00	401.00	0.24%
2020-21	4,010.00	1,905,598.10	0.21%	4,852.10	842.10	0.25%
2021-22	4,100.23	1,962,766.04	0.21%	5,337.31	1,237.09	0.27%
2022-23	4,192.48	2,021,649.02	0.21%	5,871.04	1,678.56	0.29%
2023-24	4,286.81	2,082,298.49	0.21%	6,458.15	2,171.33	0.31%
2024-25	4,383.26	2,144,767.45	0.20%	7,103.96	2,720.70	0.33%

Figure 2: A proposed trajectory for increasing the aid program taking investment in ODA to 0.7 per cent of GNI by 2030.

Recommendation 3: Increase Australia's aid program to reach 0.7 per cent of GNI by 2030.

⁸ 2018. OECD Development Cooperation Peer Review: Australia 2018. Accessed 24 May 2018. Available at:

<http://www.oecd.org/development/oecd-development-co-operation-peer-reviews-australia-2018-9789264293366-en.htm>

⁹ UN Sustainable Development Knowledge Platform. Accessed 22 May 2018. Available at:

<https://sustainabledevelopment.un.org/sdg17>

¹⁰ 2005. Paris Declaration on Aid Effectiveness. Pp 1. Accessed 1 June 2018. Available at:

<http://www.oecd.org/development/effectiveness/34428351.pdf>

1.6 AID PROGRAM GOVERNANCE AND DELIVERY

Maintaining public confidence in Australia's aid program and building influence as a trusted development partner depends upon efficient, effective and accountable aid program governance and delivery.

Significant changes in aid governance resulting from the merge of AusAID into DFAT may have placed a range of avoidable constraints around aid program delivery. In 2015, a majority of experts consulted as part of the ANU Development Policy Centre's Australian Aid Stakeholder Survey had concerns that the quality of Australian aid is getting worse – due to the program's loss of strategic clarity, the realism of its expectations, a loss of aid expertise in DFAT after the AusAID-DFAT merger, and negative perceptions of transparency and community engagement in relation to aid.¹¹ The survey also raised concerns that development expertise was not as highly valued inside the newly merged DFAT as diplomatic knowledge, and regarding the tendency to no longer publish relevant data to assist stakeholders in monitoring aid effectiveness.¹²

Recent Lowy Institute analysis recommends aiming to increase Australian influence in ways that are more collaborative and consultative, to *"better position Australia to respond to the security consequences of increased geostrategic competition in the region"*.¹³ Only in this way will nations like Australia move away from a donor/grantee relationship with partners towards a collaborative approach that brings skills, knowledge, assets and access together in new and stronger ways. To achieve this, Australia's aid program needs to build its skills in catalysing, brokering, convening and collaborating, not just in setting policy and managing contracts.

Recommendation 4: *A capability review is undertaken by the Public Service Commission to assess DFAT's delivery of Australia's \$4 billion aid program. The last review was in 2013 prior to integration - five years on, an independent assessment has great utility.*

Australian NGOs as value for money

Australian international aid and development NGOs make a significant contribution to Australian public diplomacy in the Indo-Pacific region. Staff and volunteers are the human face of Australia's values, interests and influence in the countries in which Australia's aid program is active. The priority of delivering sustainable and inclusive growth across this region, founded on a basis of addressing inequality, promoting multilateralism and defending human rights, is as important to Indo-Pacific prosperity as Australia's formal diplomatic efforts around trade and national security.

NGOs and civil society have been working in partnership with the Australian Government, particularly through the Australian NGO Cooperation Program (ANCP), for over 40 years to deliver development outcomes. In a 2015 Review the Office of Development Effectiveness reported that the ANCP delivers nearly 20 per cent of DFAT's aggregate development results for only 2.7 per cent of

¹¹ 2016. Wood, Terence, Burkot, Camilla and Howes, Stephen. *'The 2015 Australian aid stakeholder survey: Australian Aid: Signs of Risk'*. Accessed 8 June 2018. Available at: <http://devpolicy.org/publications/reports/2015%20Stakeholder%20Survey/2015%20Australian%20Aid%20Stakeholder%20Survey%20Final%20Online.pdf>

¹² 2016. DevPolicyBlog. Wood, Terence, Burkot, Camilla and Howes, Stephen. *"Australian Aid: Signs of Risk."* Accessed 8 June 2018. Available at: <http://devpolicy.org/australian-aid-signs-of-risk-20160211/>

¹³ 2018. Colton, Greg. Lowy Institute. *'Safeguarding Australia's security interests through closer Pacific ties'*. Accessed 14 June 2018. Available at: <https://www.lowyinstitute.org/publications/stronger-together-safeguarding-australia-s-security-interests-through-closer-pacific-0>

overall ODA.¹⁴ This notable result was achieved in cooperation with Government, utilising the expertise, networks and partnerships of NGOs, thereby extending the reach of Australia's aid program. This is excellent value for money. The ANCP leverages Australian contributions in terms of public donations, relationships and technical knowledge and demonstrated effectiveness.

Recommendation 5: *Invest more in Australian NGOs to extend the reach of Australia's aid program.*

¹⁴ 2015. DFAT. 'Evaluation of the Australian NGO Cooperation Program (ANCP)'. Accessed 14 June 2018. Available at: <http://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/ode-brief-evaluation-australian-ngo-cooperation-program.pdf>

2. Private Sector and Trade Development

2.1 SUPPORTING THE POOR IN BUSINESS

International trade and markets, as key drivers of job creation, can be both powerful enablers of economic growth and transformative tools for large-scale poverty reduction. However, many communities, especially those living in poverty, currently lack the capacity to fully realise the benefits of markets and trade. Australia's trade and market development programs should therefore build the capacity of communities in developing countries to engage in trade-related activities and share in their benefits.

After a decade of continued investment, global aid for trade has certainly been effective at improving the exports and trade performance of developing countries. However, its effect on poverty reduction and inclusive growth is less evident. There is growing evidence that raising the productive capacity of small-holder producers, and small and medium enterprises (SMEs) – particularly those run by women and those operating in the informal sector – is of increasing importance, not only to reduce poverty, but to deepen the trade capacity of developing countries.¹⁵

In their 2017 review of global aid for trade the World Trade Organisation and OECD called for a greater focus on '*aid for inclusive trade*' and emphasised connecting SME's to international markets as a development priority.¹⁶ At the report launch, OECD Secretary General stated that: "*This is the kind of synergy that the Addis Ababa Action Agenda stresses. It's about going from the billions to the trillions, leveraging investment in ways that can transform lives*".¹⁷

It is for these reasons that Australia's range of market-based development programming, including aid for trade, should have a more intentional focus on reaching non-market ready individuals, including people living in poverty, women, youth, ethnic minorities and/or other marginalised groups, who are often excluded from traditional market systems. By pursuing more inclusive trade and private sector development, the Australian aid program will more effectively build the productive capacity of small-holder farmers, producers and microbusinesses to both expand trade flow and reduce poverty at the same time, for example through increasing financial literacy and access to financial services and credit – particularly among female farmers and small business owners.

World Vision for example is currently supporting a project model aligned with local value chain development, with over 100 projects across the world in southern and eastern Africa, south east Asia, the Pacific, Middle East and eastern Europe. In some cases, World Vision also works with existing private sector actors to shape the way the market operates so it becomes more inclusive of poorer smallholder farmers.¹⁸

Australian Aid for Trade programs can overcome some of the challenges faced by Aid for Trade initiatives internationally. As World Vision's research indicates, it is crucial that Aid for Trade

¹⁵ 2017. World Vision. '*Aid for Inclusive Trade: New thinking for Australia's Aid for Trade Agenda*'. Accessed 8 May 2018. Available at <https://www.worldvision.com.au/docs/default-source/publications/aid-trade-and-mdgs/aid-for-trade-paper.pdf?sfvrsn=4>

¹⁶ 2017. Aid for Trade Global Review. Accessed 22 May 2018. Available at: <http://www.oecd.org/development/aid-for-trade-global-review-2017.htm>

¹⁷ 2017. Aid for Trade Global Review. Accessed 22 May 2018. Available at: <http://www.oecd.org/development/aid-for-trade-global-review-2017.htm>

¹⁸ 2017. World Vision Australia. '*Aid for Trade*'. Accessed 7 May 2018. Available at: <https://www.worldvision.com.au/get-involved/advocacy/australian-aid/aid-for-trade>

initiatives explicitly link their actions to measurable outcomes for those living in poverty. Aid for Trade programs have sometimes been criticised internationally for merely assuming benefits will flow on to those living in poverty without embedding specific benefits to those living in poverty in the program structure.¹⁹ Government donors are rightly accountable for ensuring their activities achieve not just macro-level growth, but development outcomes for those living in poverty.

Recommendation 6: *Ensure that implementation of the private sector development strategy focuses on aid investments which improve the productive capacity of the local private sector, that is, micro, small and medium enterprises, and informal enterprises in developing countries.*

Recommendation 7: *Ensure aid for trade investments increase the capacity and resources available to poor sections of the community to enable them to more effectively contribute, and benefit from, economic activity, with a focus on the quality of trade and local employment creation.*

Recommendation 8: *Support stronger integration of Pacific citizens into the global labour market by using Australia's Aid for Trade allocations to support countries which currently have the lowest labour mobility opportunities: Papua New Guinea, Solomon Islands and Vanuatu; atoll-countries most exposed to the impacts of climate change; and other Pacific nations.*

Recommendation 9: *Ensure that the implementation of private sector development strategies are consistent with supporting good governance and democratic accountability in partner countries.*

Recommendation 10: *Ensure that systems strengthening work is prioritised in initiatives across DFAT's infrastructure and trade portfolios.*

2.2 LABOUR RIGHTS, THE ENVIRONMENT AND SOCIAL SAFEGUARDS

There is limited mention within the Government's aid policy on the importance of ensuring fair and decent work and protecting labour rights. It is important to emphasise that effective private sector led development must consider inherent opportunities and risks related to labour rights and fair and decent work as highlighted by Goal 8 of the SDGs which calls for increased 'aid for trade support for developing countries, in particular least developed countries' as a mechanism to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.²⁰ The Government's strategy for encouraging economic growth through Australia's aid-for-trade investments focuses on improving regulatory environments to enable trade, build economic infrastructure and improve the productive capacity of the private sector in developing countries. The aid program requires aid for trade investments to make up 20 per cent of aid investments by 2020 – a target already reached with Australia's aid for trade investments representing 23.3 per cent of the total aid budget in FY2016-17.

Important too are measures to prevent corruption, and ensuring environmental sustainability. Incorporating broader development objectives means there is less risk of aid for trade initiatives unintentionally undermining good governance and democratic accountability in partner countries.

To continue to improve the efficacy of aid for trade investments, the Australian Government should:

¹⁹ 2017. World Vision. 'Aid for Inclusive Trade: New thinking for Australia's Aid for Trade Agenda'. Accessed 8 May 2018. Available at <https://www.worldvision.com.au/docs/default-source/publications/aid-trade-and-mdgs/aid-for-trade-paper.pdf?sfvrsn=4>

²⁰ UN Sustainable Development Knowledge Platform. 'Sustainable Development Goal 8'. Accessed 1 June 2018. Available at: <https://sustainabledevelopment.un.org/sdg8>

Recommendation 11: *Ensure that Australian trade agreements prioritise the security and rights of workers, landholders and communities and do not produce detrimental environmental or social outcomes; including by providing guidance to Australian companies on managing these requirements while also holding companies to account legally when they violate the rights of people overseas.*

Recommendation 12: *Integrate gender analysis into all Aid for Trade activities, including research and data collection to ensure choices are fully informed, effective, sustainable and contribute to outcomes that meet the needs of both women and men.*

3 Outcomes for Women and Girls – inclusivity and aid effectiveness

Commitments under DFAT's 2016 gender equality and women's empowerment strategy apply across all foreign policy, economic diplomacy and development efforts. ACFID applauds this recognition of the crucial role that gender equality plays in achieving sustainable development - the 2017 Foreign Policy White Paper highlights gender equality as a core national value and women's empowerment as a 'top priority' in achieving global prosperity, stability and security.²¹

3.1 OVERALL PERFORMANCE - TARGETS AND FRAMEWORKS

ACFID commends Government efforts to apply rigorous standards to the gender equality target that establishes that more than 80 per cent of investments, regardless of their objectives, effectively address gender issues in their implementation. With 77 per cent of aid investments effectively addressing gender equality in 2016-17, however (down from 78 per cent in 2015-16)²² this is the only strategic performance target in the aid program not yet met.

In the Performance of Australian Aid Report 2016-17, investments where gender equality was either a principle or significant objective performed better in effectiveness, efficiency and sustainability, and monitoring and evaluation compared with initiatives that did not list gender equality as an objective at all.²³ Progress towards implementing the strategy, however, is uneven across the department. Initiatives where gender equality is the 'principal' objective constitute only 8 per cent of Australia's aid investment. This low figure persists despite the strategy committing DFAT to a twin track approach of implementing both gender-targeted spending on the one hand, and, on the other, gender initiatives that are mainstreamed across the aid program.

Considering ongoing challenges in meeting the 80 per cent target for gender equality investments, ACFID urges the Australian Government to also introduce spending targets for principal and significant gender equality investments. In this way, the aid program will have mechanisms that strengthen the method for integrating gender equality into the inception/design phase of the project, while the performance target will ensure that the implementation phase remains on track to deliver effective gender equality outcomes.²⁴ This measure should be alongside maintenance of the existing performance targets for gender equality. A spending target would also assist in budget transparency, enabling principal investments to be reported at a sectoral level.

This can be achieved by following the model of programs like Pacific Women Shaping Pacific Development (Pacific Women), a \$320 million, 10-year initiative that aims to improve the political, economic and social opportunities of Pacific women. The program has supported local civil society to assist survivors of family violence, building the capacity of Pacific women members of Parliament, boosting business technical skills and making informal market structures safer for women.

ACFID takes this opportunity to urge the Australian Government to continue to fund and support more initiatives in pursuit of gender equality under SDG 5, with a focus on the Pacific. We also urge

²¹ 2017. Commonwealth of Australia, DFAT. Foreign Policy White Paper, p2, 93. Accessed 21 May 2018. Available at: <https://www.fpwhitepaper.gov.au/>

²² 2018. Commonwealth of Australia, DFAT. *Performance of Australian Aid, 2016-2017*, p11. Accessed 1 May 2018. Available at: <http://dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2016-17.aspx>

²³ 2018 Commonwealth of Australia, DFAT. 'Performance of Australian Aid 2016-17'. P. 14 Accessed 22 May 2018. Available at: <http://dfat.gov.au/news/news/Pages/performance-of-australian-aid-2016-17.aspx>

²⁴ 2018. ACFID, CARE, IWDA. 'Gender equality, defence, development and the Australian Government Budget 2018-19'. Accessed 4 June 2018. Available at: <https://iwda.org.au/resource/gender-equality-development-defence-and-the-australian-government-budget-2018-2019/>

the Government to support gender mainstreaming across all sectors to address the gender dimensions that impact on the achievement of other key SDGs.

Autonomous women's movements have been identified as a critical factor in progressing gender equality and changing discriminatory policy and legislation.²⁵ In countries where Australia's aid program works, local women's rights organisations and networks provide access to health and family planning services, assist women and children fleeing domestic violence, empower women to participate in the economy, and advocate for women's and girls' rights. These local organisations focus on women-led solutions that are firmly rooted in local communities, contexts and needs.²⁶ Despite their proven record of achieving change for women's rights and gender equality, women's rights organisations and networks remain under-resourced and women's rights organisations in the Pacific face particular challenges accessing funding.²⁷

At a global level, the OECD point to the fact that *"in 2015, 54 per cent of Australia's bilateral allocable aid had gender equality as a significant or principle investment, which is a much higher figure than the DAC country average of 36.3 per cent"*²⁸. In a recent analysis paper *Gender equality, defence, development and the Australian Government Budget 2018-19*, contributors ACFID, CARE and the International Women's Development Agency stated that: *"Our aspiration for the Australian Government is that they move closer to the top of the leader board, strengthening their capacity to contribute to gender equality work in the Indo Pacific region"*.²⁹

The SDGs provide a strong framework to take a holistic approach to gender equality - achieving women's full inclusion in the familial, communal, economic, and political spheres requires embedding an inclusive, multidimensional approach. As recognised in the DFAT Gender strategy, progressing gender inequality and eliminating discriminatory practices against women and girls requires a shift in norms, policies and legal frameworks.³⁰

Government policies and strategies must be backed up by continued efforts to shift Government practice – as well as appropriate levels of funding – until inclusive practices are mainstreamed across the entire aid program. *"The Government has understood and embraced the value of gender equality and our role in achieving it. But if it wants it, it needs to fund it (and track it transparently)"*.³¹

In this context, ACFID reiterates this sentiment and recommends that the Government take the following steps:

²⁵ 2014. World Bank Group. 'Voice and Agency: empowering women and girls for shared prosperity'. Chp. 6. Accessed 8 June 2018. Available at: <https://openknowledge.worldbank.org/handle/10986/19036>

²⁶ 2016. IWDA. 'Global Goals: Women's Rights Organisations and Movements'. Accessed 8 June 2018. Available at: <https://www.iwda.org.au/assets/files/20160308-Womens-rights-organisations-and-Global-Goals-Policy-Brief.pdf>

²⁷ Analysis in 2015 of AWID's Feminist Donor database, which identifies funders for women's rights organisations, reported that 80% of donors were located in North America and Europe and only 6% gave to countries in the Pacific. Available online: <https://www.awid.org/resources/feminist-donor-list-who-can-fund-my-womens-rights-organizing>

²⁸ Commonwealth of Australia, DFAT (2018). *Performance of Australian Aid, 2016-2017*, p14.

²⁹ 2018. ACFID, CARE, IWDA. *'Mixed Results and Skewed Priorities: Gender equality, development, defence and the Australian Government Budget 2018-2019*. Accessed 22 June 2018. Available at: <https://iwda.org.au/assets/files/IWDA-Care-ACFID-Gender-Analysis-of-ODA-and-DFAT-expenditure-final.pdf>

³⁰ DFAT (2016), Gender Equality Strategy p. 13

³¹ 2018. Ridge, Alice; Lamb, Alex and Lambert, Caroline. *'The delicate dance of gender equality in Australia's foreign policy'*. Accessed 1 June 2018. Available at: <http://www.devpolicy.org/delicate-dance-gender-equality-australias-foreign-policy-20180531/>

Recommendation 13: *Increase the level of investments where gender equality is a principle objective to 10 per cent by 2020 and to 15 per cent by 2025, and increase investments where gender equality is a significant objective to 70 per cent by 2020 and 80 per cent by 2025.*

Recommendation 14: *Ensure an appropriate allocation of funding within country and regional programs directed to support local women's organisations.*

Recommendation 15: *Build on the model of the Pacific Women Shaping Pacific Development fund as a best practice example of a mechanism to provide long term, substantial investment for women and girls in the Pacific.*

3.2 WOMEN'S ECONOMIC EMPOWERMENT

The Government's aid policy framework considers gender equality and empowering women and girls both as a standalone and cross-cutting priority for the aid program. Gender equality is recognised as an enabler and accelerator for all the SDGs and the recent HLPF on Sustainable Development Thematic Review of SDG 5 identified progress on gender equality as critical to delivering on all the SDGs. However, efforts across all areas of gender equality are interrelated; if you seek to empower women and girls by enabling participating in economic activities, you must also address barriers to her receiving a quality education or having meaningful control over her reproductive health.

It is important at this point to reflect on the relationship between women's economic empowerment, violence against women, and the intersection of both within the aid effectiveness agenda. It is certainly well documented that women's economic empowerment is transformative, greatly improving the health, wellbeing and productivity for whole families and communities, as well as substantially contributing to effective, sustainable development. The World Economic Forum's 2017 Global Gender Gap Report notes "*there is a clear values-based case for promoting gender parity: women are one-half of the world's population and deserve equal access to health, education, economic participation and earning potential, and political decision-making power*". The report goes on to emphasise that "*gender parity is also fundamental to whether and how economies and societies thrive*"³².

However, women do not always gain greater empowerment when they bring money into the household - their access to economic resources does not automatically result in control over those resources, and neither is violence towards them reduced.³³ Whilst it is commendable that economic empowerment and ending violence against women are both key priorities under DFAT's Gender Equality and Women's Empowerment Strategy, more needs to be done in terms of understanding the interconnections between the two. By changing power dynamics between men and women, women's economic empowerment initiatives can have the unintended consequence of increasing incidences of violence against them.

More intersectional research is needed to understand the connections between women's economic empowerment, and violence against women. All actors need to think more proactively about the risks in project design and implementation, building-in risk mitigation strategies from the start to ensure a do no harm approach. Importantly, from an aid effectiveness angle, research to date

³² 2017. World Economic Forum. *The Global Gender Gap Report 2017*, pp26-27. Accessed 25 May 18. Available at: <https://www.weforum.org/reports/the-global-gender-gap-report-2017>

³³ 2016/17. Richard Eves. '*The Relationship between Violence against Women and Women's Economic Empowerment in Bougainville*'. Accessed 1 June 2016. Available at: <https://pacificwomen.org/wp-content/uploads/2017/09/The-Relationship-between-VAW-and-WEE-in-Bougainville.pdf>

indicates that the design of empowerment programs should avoid minimalist initiatives — that is, aiming simply to give women access to economic opportunities without any focus on gender and gender relations.³⁴ Looking at DFAT-funded projects across the Indo-Pacific, research highlights the critical importance of rights education and integrated approaches to gender equality programming to mitigate the risks associated with changes in gender relations. The following recommendations focus on how the Government can further support outcomes for women and girls, increasing the participation and engagement of women in development opportunities:

Recommendation 16: *Maintain the aid program's focus on the three priority areas outlined in the gender strategy but ensure a more integrated approach to program design that focuses on gender relations and recognises the interconnections between different areas of the lives of women and girls.*

Recommendation 17: *Build Violence Against Women risk mitigation strategies into economic empowerment programming from the design stage in order to acknowledge the intersections between women's economic empowerment and violence and to ensure a do no harm approach.*

3.3 PROMOTING INTERSECTIONALITY FOR AID EFFECTIVENESS – LEAVING NO-ONE BEHIND

Underpinning the SDGs is the commitment to 'leave no one behind:' *"In committing to the realisation of the 2030 Agenda for Sustainable Development, Member States recognized that the dignity of the individual is fundamental, and that the Agenda's Goals and targets should be met for all nations and people and for all segments of society. Furthermore, they endeavoured to reach first those who are furthest behind."*³⁵ This commitment recognises that not everyone has benefited equally from development efforts to date, and that aggregate measures of progress often fail to capture those who are furthest behind. Unless the rate of progress among those left behind exceeds the rate of progress for more advantaged groups, the SDGs are unattainable.³⁶

To achieve the SDGs' vision of ending poverty and injustice for all, we need to accelerate efforts to reach those who are hardest to reach – such as people with disabilities or indigenous populations, for example – and those with intersecting forms of disadvantage. Australia's overall delivery of the 2030 Agenda will likely be enhanced by understanding the limitations of current practice in reaching these hardest to reach populations.

Sexual orientation, gender identity, race, ethnicity, age, and disability compound and reinforce vulnerability to poverty/extreme poverty and further entrench structural inequality, discrimination and disadvantage.³⁷ 1 in 7 people globally have a disability, and 80 per cent of people with disabilities live in developing countries.³⁸ Similarly, women and girls have a higher instance of

³⁴ 2018. Commonwealth of Australia, DFAT. *Performance of Australian Aid, 2016-2017*, p11. Accessed 1 May 2018. Available at: <http://dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2016-17.aspx>.

³⁵ 2016. United Nations Statistics Division. *'The Sustainable Development Goals Report, 2016'*. Accessed 3 April 2018. Available at: <https://unstats.un.org/sdgs/report/2016/leaving-no-one-behind>

³⁶ 2018. Green, Duncan. *'Turning 'leave no one behind' from promise to reality. Kevin Watkins on the Power of Convergence'*. Accessed 14 June 2018. Available at: <https://oxfamblogs.org/fp2p/turning-leave-no-one-behind-from-promise-to-reality-kevin-watkins-on-the-power-of-convergence/>

³⁷ 2010. SIDA. *Poverty and Sexuality: What are the connections?* Accessed 25 May 2018. Available at: <http://www.sxpolitics.org/wp-content/uploads/2011/05/sida-study-of-poverty-and-sexuality1.pdf>

³⁸ 2017. CBM. *Disability Inclusive Development Toolkit*. Accessed 6 June 2018. Available at: <https://www.cbm.org/article/downloads/54741/CBM-DID-TOOLKIT-accessible.pdf>

poverty;³⁹ however, the social expectations of women and girls to take on unpaid and domestic care responsibilities poses significant limits on women's and girls' ability to engage in the formal workforce and raise economic input for their families. Further, a pilot World Bank study places the cost of LGBTI discrimination in India alone at staggering loss of \$32 billion a year in economic output.⁴⁰

Australia is a recognised world leader on disability inclusive development and is well placed to ensure consideration of the needs of people with disabilities is mainstreamed across aid investments, particularly by implementing its strategy *Development for All: 2015–2020*. The strong commitment to gender equality embedded through Australia's aid program also provides a foundation for achieving gender outcomes through all aspects of the implementation of the SDGs. Additionally, the *Indigenous Peoples Strategy 2015-2019* provides a framework for promoting indigenous rights and ensuring inclusion across aid investments. However, policies and strategies such as these must be backed up by continued efforts to shift Government practice – as well as appropriate levels of funding – until inclusive practices are mainstreamed across the entire aid program.

Ensuring that these commitments are translated into effective action requires a precise understanding of target populations, yet the disaggregated data needed to address all vulnerable groups as specified in the 2030 Agenda, are sparse.⁴¹ In actioning the principle of leaving no one behind, measuring change at an individual level is paramount. The Individual Deprivation Measure (IDM) facilitates the collection of individual intersectional and intrahousehold data, filling the gap left by current approaches to measure poverty and gender disparity, which do not produce the type or amount of data that policy makers and the global community need to chart progress against the SDGs.⁴² The Australian Government has already invested in the development of the IDM; now we need to ensure it is widely used.

Social norms around caring duties is one of the key factors limiting women's engagement in the labour market around the world. Although Indonesia for example has experienced robust, sustained growth over the past 30 years, Indonesian women have remained only moderately engaged in the labour market, with the female–male labour force participation ratio hovering around 0.6.⁴³ In this example, child care responsibility is evidenced to be the primary limitation for improving Indonesian women's engagement in the labour market. The Australian Government should take account of the diverse circumstances of women and girls in its analysis, policy, programming and evaluation, and require recipients of Australian aid funding to do the same. The Government should strengthen the Australian aid program's focus on addressing discriminatory attitudes against women with disabilities, which condone and perpetuate violence against them.

³⁹ 2016. Commonwealth of Australia. 'Gender Equality and Women's Empowerment Strategy'. Accessed 25 May 2018. Available at: <http://dfat.gov.au/about-us/publications/Documents/gender-equality-and-womens-empowerment-strategy.pdf>

⁴⁰ 2014. Badgett, M.V. Lee. 'The Economic Cost of Stigma & the Exclusion of LGBT People'. Accessed 25 May 18. Available at: <http://documents.worldbank.org/curated/en/527261468035379692/pdf/940400WP0Box380usion0of0LGBT0People.pdf>

⁴¹ 2016. United Nations Statistics Division. *The Sustainable Development Goals Report, 2016*. Accessed 3 April 2018. Available at: <https://unstats.un.org/sdgs/report/2016/leaving-no-one-behind>

⁴² IWDA. Measuring Poverty. Accessed 15 March 2018. Available at <http://www.individualdeprivationmeasure.org/measuring-poverty/>

⁴³ 2016. ADB. 'Female Labour Force Participation In ASIA: Indonesia Country Study'. Accessed 25 May 2018. Available at: <https://www.adb.org/sites/default/files/publication/180251/ewp-474.pdf>

Disability and poverty are connected in a cycle of reinforcement, each exacerbating the exclusion and vulnerability caused by the other. Investment in disability-inclusive development means that and people with disability will be better included in the community and able to live fulfilling lives. Globally, 80 per cent of those with disability live in developing countries, where they make up a fifth of those living in poverty.⁴⁴ The Asia Pacific region is home to approximately two thirds, or over 400 million, of the world's population of people with disability.⁴⁵

To tackle intersectionality Australia should ensure that the poorest people and those facing multiple, reinforcing disadvantages are supported to participate and benefit. To this end, ACFID recommends that the Government:

Recommendation 18: *Prioritise programs that explicitly seek to engage marginalised communities including those excluded based on gender identity, ability, sexual orientation, age, ethic, racial or religious status.*

Recommendation 19: *Ensure Australia's approach to implementing the SDGs through our aid program centres on the commitment to leave no one behind, with concrete strategies to support inclusion of disadvantaged groups in design, delivery, and monitoring/evaluation and reporting on services and programs.*

Recommendation 20: *Invest in disaggregated data collection such as the Individual Deprivation Measure to better identify the differentiated social and economic deprivations faced by individuals in developing countries.*

⁴⁴ 2011. World Bank and World Health Organisation World Report on Disability. Accessed 1 June 2018. Available at: http://www.who.int/disabilities/world_report/2011/en/

⁴⁵ 1999. World Bank. 'Poverty and Disability: A Survey of the Literature'. Accessed 1 June 2018. Available at: <http://documents.worldbank.org/curated/en/488521468764667300/Poverty-and-disability-a-survey-of-the-literature>

4 Innovation in Australia's Aid Program

ACFID frames innovation around 'social innovation' where the value of innovation is gauged by its contribution to achieving social outcomes and impact as social innovation. In recent years the quest to drive innovative solutions to complex problems has received greater prominence across all sectors. The growing recognition of the complex nature of development challenges, the tightening of development budgets, and an increasing focus on cross-sector collaboration has seen donors and development actors increasingly talk about, look for and fund innovative ideas, programs and practice. Australia is playing a proactive role in this drive for innovation, with the Government's aid and development policy incorporating a focus on innovation and the establishment of the InnovationXchange.

4.1 INNOVATION AS COLLABORATION

Collaborative problem solving is a key counter-force to rising tides of nationalism and isolationism in Western liberal democracies. Delivering the priorities of Australia's 2017 Foreign Policy White Paper will require the Australian Government to actively support Australia's interest in collaborative multilateralism, shared prosperity, climate action and justice, and inclusive development, whilst keeping front of mind that innovation should not be a goal in and of itself. Ultimately, the goal must be impact. Innovation is no silver bullet and it must be tempered with a focus on tried and tested approaches - complex, deep-rooted problems of poverty and injustice rarely have simple solutions - it is more likely that combinations of innovations combined with established good practice across the sector will achieve change at scale.

The aid program is both an engine for innovation and complementarily one for enabling communities to generate solutions to meet their own development needs. The central role played by Australia's international aid and development NGOs in delivering innovative, human-centred solutions to development challenges is built on their capacity to connect Australian communities directly with those involved in such projects. Through the connections that result, Australia's aid spend can help unlock diverse, multisector collaborations focused on global challenges such as climate change, poverty, inequality, state fragility, and the human and natural impacts of conflict and disasters.

In the Indo-Pacific, Australian actors together have an underestimated comparative advantage on which to innovate and lead internationally; for example, in development in the Pacific, in ethical value chains for extractives, or in climate change adaptation for coastal communities. Importantly, considerations such as whether there are overlaps with other donors that could deliver efficiencies and strengthening regional organisations as aid delivery partners will require more intentional focus on the development of a funding portfolio that reflects a range of risk appetites. Some will have tolerance of failing fast and allow for a diversity of approaches rather than one-size-fits-all solutions; supporting market-based solutions at the bottom of the pyramid on one hand and adaptive social movements on the other to identify where the current, latent capabilities exist within the sector.

Recommendation 21: *Frame and incentivise innovation discourse for international aid and development around 'social innovation' where the value of innovation is gauged by its contribution to achieving social outcomes and positive impact.*

4.2 RESEARCH

A quality evidence base is critical to the functioning of an accountable and innovative Australian aid program. Evidence is key to designing programs, as well as for knowing in what ways development programming is having an impact. Ongoing research investment and a strong research strategy leads to evidence-informed policy and practice by establishing a robust and relevant knowledge base for accountable decisions. Quality research can also ensure that Australia's aid program generates knowledge that responds to a rapidly changing global environment and increases opportunities for innovation where Australia can play a lead role in identifying solutions to address the SDGs.

Quality research can also ensure that Australia's aid program generates knowledge that responds to a rapidly changing global environment and increases opportunities for innovation where Australia can play a lead role in identifying solutions to address the SDGs. Investing in developing and implementing a research strategy across DFAT should support stronger evidence-informed policy and practice. It should also align with the government's National Innovation and Science Agenda and the aims of the SDGs. Research should both drive and assess the outcomes of development innovation, and to complement this targeted research investment approach, DFAT would benefit from coordinating with research councils or other funders to ensure an ongoing availability of funding.

Access to flexible funding, and donor risk appetite are two key external enablers of innovation that have been found to drive success – certainly, for innovation to be effective it must be resourced and unfortunately Australia's current downward trajectory of aid dollars is in many cases translating into more risk-adverse policies, and an environment that is less and less conducive to generating innovative solutions to our complex development problems. ACFID draws the Committee's attention to Recommendation 3 under Section 1.5 of this submission and reiterates the need to increase Australia's aid program to allow it to play the role we know it can in enhancing national and regional security, fostering innovation, and embodying 'soft power' in our diplomatic relationships.

ACFID makes the following recommendations to the Australian Government on how to enable and scale innovative solutions in the international development sector to create greater, lasting change for and with people in poverty:

Recommendation 22: *Promote funding portfolios that reflect a range of risk appetites.*

Recommendation 23: *Adopt a nuanced approach to understanding the circumstances under which business is provided with an incentive to innovate when addressing the needs of poor people.*

In conclusion, ACFID would be happy to provide additional clarity on any of the statements contained within this submission. Requests to meet can be directed to Marc Purcell, CEO, ACFID [REDACTED]

Annex



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

Full Members:

- ACC International Relief
- Act for Peace - NCCA
- ActionAid Australia
- Action on Poverty
- Adara Development Australia
- ADRA Australia
- Afghan Australian Development Organisation
- Anglican Aid
- Anglican Board of Mission - Australia Limited
- Anglican Overseas Aid
- Anglican Relief and Development Fund Australia
- Asian Aid Organisation
- Assisi Aid Projects
- Australasian Society for HIV, Viral Hepatitis and Sexual Health Medicine
- Australia for UNHCR
- Australia Hope International Inc.
- Australian Business Volunteers
- Australian Doctors for Africa
- Australian Doctors International
- Australian Himalayan Foundation
- Australian Lutheran World Service
- Australian Marist Solidarity Ltd
- Australian Medical Aid Foundation
- Australian Mercy
- Australian Red Cross
- Australian Respiratory Council
- AVI
- Beyond the Orphanage
- Birthing Kit Foundation (Australia)
- Brien Holden Vision Institute Foundation
- Bright Futures Child Aid and Development Fund (Australia)
- Burnet Institute
- Business for Development
- CARE Australia
- Caritas Australia
- CBM Australia
- ChildFund Australia
- CLAN (Caring and Living as Neighbours)
- Credit Union Foundation Australia
- Diaspora Action Australia
- Diplomacy Training Program
- Door of Hope Australia Inc.
- Edmund Rice Foundation (Australia)
- EDO NSW
- Engineers without Borders
- Every Home Global Concern
- Family Planning New South Wales
- Fairtrade Australia New Zealand
- Food Water Shelter
- Foresight (Overseas Aid and Prevention of Blindness)
- Fred Hollows Foundation, The
- Global Development Group
- Global Mission Partners
- Good Shepherd Services
- Good Return
- Grameen Foundation Australia
- Habitat for Humanity Australia
- Hagar Australia
- HealthServe Australia
- Heilala
- Hope Global
- Hunger Project Australia, The
- International Children's Care (Australia)
- International Christian Aid and Relief Enterprises
- International Needs Australia
- International Nepal Fellowship (Aust) Ltd
- International River Foundation
- International Women's Development Agency
- Interplast Australia & New Zealand
- Islamic Relief Australia
- KTF (Kokoda Track Foundation)
- Kyeema Foundation
- Lasallian Foundation
- Leprosy Mission Australia, The
- Live & Learn Environmental Education
- Love Mercy Foundation
- Mahboba's Promise Australia
- Marie Stopes International Australia
- Marist Mission Centre
- Mary MacKillop International

- Mary Ward International Australia
- Mercy Works Ltd.
- Mission World Aid Inc.
- MIT Group Foundation
- Motivation Australia
- Murdoch Children's Research Institute
- MAA (Muslim Aid Australia)
- Nusa Tenggara Association Inc.
- Oaktree Foundation
- Opportunity International Australia
- Our Rainbow House
- Oxfam Australia
- Palmera Projects
- Partner Housing Australasia
- Partners in Aid
- Partners Relief and Development Australia
- People with Disability Australia
- PLAN International Australia
- Quaker Service Australia
- RedR Australia
- Reledev Australia
- RESULTS International (Australia)
- Royal Australian and New Zealand College of Ophthalmologists
- Royal Australasian College of Surgeons
- Salesian Missions
- Salvation Army (NSW Property Trust)
- Save the Children Australia
- School for Life Foundation
- SeeBeyondBorders
- Sight For All
- So They Can
- Sport Matters
- Surf Aid International
- Tamils Rehabilitation Organisation Australia
- TEAR Australia
- Transform Aid International (incorporating Baptist World Aid)
- UNICEF Australia
- Union Aid Abroad-APHEDA
- UnitingWorld
- WaterAid Australia
- World Vision Australia
- WWF-Australia
- YWAM Medical Ships

Affiliate Members:

- Asia Pacific Journalism Centre
- Australian Federation of AIDS Organisations
- Australian National University – School of Archaeology and Anthropology, College of Arts and Social Sciences
- Charles Darwin University – Menzies School of Health Research
- Deakin University – Alfred Deakin Research Institute
- James Cook University – The Cairns Institute
- La Trobe University – Institute of Human Security and Social Change
- Murdoch University – School of Management and Governance
- Queensland University of Technology – School of Public Health and Social Work
- Refugee Council of Australia
- RMIT – Centre for Global Research
- Swinburne University of Technology Centre for Design Innovation
- Transparency International Australia
- University of Melbourne – School of Social and Political Sciences
- University of New South Wales- International
- University of Queensland – Institute for Social Science Research
- University of Sydney – Office of Global Engagement
- University of the Sunshine Coast – International Projects Group
- University of Technology, Sydney – Institute for Sustainable Futures
- University of Western Australia – School of Social Sciences
- Vision 2020
- Western Sydney University- School of Social Sciences and Psychology

* Denotes Interim Full Member

** Denotes Interim Affiliate Member