



## Abt Associates Submission: Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting our regional interests

### 1. Introduction – reflections on the Australian aid framework

1.1 The Department of Foreign Affairs and Trade (DFAT) took on policy and management responsibilities of Australia's aid program in late 2013 and sought to “[ensure] closer alignment and mutually reinforcing linkages among the Government's aid, foreign affairs and trade efforts” (emphasis added).<sup>1</sup> Within this context, DFAT clearly outlined the purpose of the aid program as promoting Australia's national interest by contributing to sustainable economic growth and poverty reduction.<sup>2</sup> In particular, sustainable economic growth is a strengthened focus in the Australian aid policy framework, evident in the specific targets for aid-for-trade initiatives, and closer engagement with the private sector.<sup>3</sup>

1.2 Economic growth is important for its wide-ranging positive impacts in the countries we work in. It incentivises political stability in our neighbouring countries and encourages government investment in the health and education of their citizens. Sustainable economic development creates employment and tangible pathways out of poverty. Economic growth also helps the region become more resilient to transboundary risks such as terrorism, human trafficking, natural disasters and outbreaks of infectious diseases.

1.3 How has the current aid paradigm contributed to economic growth in the changing Indo-Pacific regional context? DFAT's aid framework states: “[w]e know that countries that engage with the global economy—particularly through trade—will grow more quickly, and that the private sector is the engine of growth.”<sup>4</sup> In this submission, we focus on how women's economic empowerment, particularly women's participation in the private sector, is crucial for regional economic growth. Gender equality and women's economic empowerment is important and powerful, because it is where Australian values and economic interests align. Greater female participation in the labour force, as well as other aspects of women's economic empowerment, is the domestic material interests of all countries.<sup>5</sup> But by promoting women's economic empowerment, we also strengthen the values that Australia espouses.<sup>6</sup> Australia can achieve greater economic growth in the Indo-Pacific and strengthen its influence and legitimacy as a development partner, if it embraces gender equality in all of its policies and negotiations, and projects gender equality as a priority value shared across the region.

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<sup>1</sup> Department of Foreign Affairs and Trade, *Senate inquiry into Australia's overseas aid and development assistance program*, 7 February 2014, p. 1.

<sup>2</sup> Department of Foreign Affairs and Trade, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, 2014, p. 1.

<sup>3</sup> DFAT, *Australian aid*, p. 12-13, 25; Stephen Howes, “The new aid paradigm: is it new, and what does it do for aid reform?” *Devpolicy Blog*, <http://www.devpolicy.org/the-new-aid-paradigm-is-it-new-and-what-does-it-do-for-aid-reform-20140619/>, accessed 23 May 2018.

<sup>4</sup> DFAT, *Australian aid*, p. 2.

<sup>5</sup> The World Bank estimates that there is a global human capital loss of USD160.2 trillion due to gender inequity – this represents a potential annual earning loss of USD23,620 per capita globally. Quentin Wodon and Benedicte de la Brière, *The cost of gender inequality – The unrealized potential: The high cost of gender inequality in earnings*, World Bank, May 2018, p. 5; McKinsey and Company, *Women Matter – Time to Accelerate: Ten Years of Insight into Gender Diversity*, October 2017.

<sup>6</sup> Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, November 2017, pp. 11 – 20.

## 2. Issues around gender, the private sector, and women's economic empowerment in the Indo-Pacific: the implementation context

- 2.1 Gendered beliefs on the role of men and women in families and society are the primary social norms constraining women's economic engagement. Women in the region bear a heavy double-burden of paid work or other economic activity on the one hand, and unpaid care work on the other.<sup>7</sup> Because of this double-burden, female workforce participation is still significantly lower than male.<sup>8</sup> Poorer women are more likely to drop out of the formal labour force once they have children and move to the informal sector, thus having minimal labour rights. Educated women who are engaged in formal employment tend to work in roles that allow greater flexibility but have fewer leadership opportunities.<sup>9</sup>
- 2.2 A multipronged approach – legislative reform, national policy changes, and influencing business and societal practices – is required to achieve women's economic empowerment and subsequent economic growth in the region that benefits both men and women equally. Legislative changes removing discriminative practices are essential to ensure women can work to their full abilities. It is also vital to ensure discrimination does not persist where laws and regulations are already established to support gender equality.<sup>10</sup>
- 2.3 In Southeast Asia, the private sector is already taking the lead by providing parental leave, protecting women's and men's jobs after parental leave, supporting flexible working conditions for men and women, examining and eliminating gender bias within their organisations and investing in women-led businesses. There are also many examples internationally of how the private sector has influenced reforms to local laws to increase female autonomy to participate in economic enterprises, increase participation on boards, and enforce penalties for sexual harassment.<sup>11</sup> By utilising existing momentum and leveraging data on how gender inequality is hindering growth (at the national and firm level), private sector engagement can ensure policy dialogue and intent translates into widespread action and real economic benefits for women and men.
- 2.4 Despite the evidence linking women's economic empowerment to sustainable and equitable economic growth, this approach is not embraced and implemented globally. To this end, Investing in Women (IW) is playing a unique role in Australia's economic diplomacy space by focusing on the private sector, including impact investors, and on changing social norms to contribute to women's economic empowerment in the Philippines, Indonesia, Vietnam and Myanmar. Programs like IW, and other gender-focused DFAT programs such as Pacific Women Shaping Pacific Development and the Empowering Indonesian Women for Poverty Reduction Program (MAMPU), are pioneering in their approach and delivery within DFAT's portfolio. However, the strategic effectiveness of these programs are limited, unless there is whole of department commitment to gender equality. Australia can achieve

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<sup>7</sup> "Women, Work and Care: Indonesia", and "Women, Work and Care: Philippines", University of Sydney Southeast Asia Centre, March 2018. Even in the Philippines where women are well-educated and recognised as having an important role to play in national economic growth, in practice, they are still expected to be the primary carer of children and the elderly.

<sup>8</sup> Marian Baird and Elizabeth Hill (Research Assistance Sophia Johnson), "Labour rights for women in the Philippines, Indonesia, Myanmar and Vietnam: Protection, Equality, Disruption", Association of Industrial Relations Academics of Australia and New Zealand 2018.

<sup>9</sup> "Women, Work and Care: Philippines"; ASEAN Secretariat, *Projected Gender Impact of the ASEAN Economic Community*, 2016, p. 28 – 32.

<sup>10</sup> For example, the United States and Papua New Guinea are currently the only countries that do not have legally mandated paid maternity leave, but many countries still have discriminatory practices. See International Labour Organisation, "Maternity and paternity at work: Law and practice across the world", 2014, p. 16; Joya Misra, "The US is stingier with child care and maternity leave than the rest of the world", *The Conversation*, 19 April 2018, <https://theconversation.com/the-us-is-stingier-with-child-care-and-maternity-leave-than-the-rest-of-the-world-94770>, accessed 14 June 2018.

<sup>11</sup> Anabel Gonzalez, "Private sector engagement is key to success on gender equity", *World Bank Blog*, 3 July 2017, <https://blogs.worldbank.org/psd/private-sector-engagement-key-success-gender-equity>, accessed 6 June 2018.

greater regional economic growth by continuing to embed gender equality in other non-development areas of DFAT as outlined in their Gender equality and women's empowerment strategy<sup>12</sup> and championing new ways of thinking and doing, rather than relying only on development programs. Like the impact investors we partner with in IW, Australia realises the benefits of investing in women – and now needs to continue taking informed risks, and apply what we've learned consistently into all aspects of Australia's policy engagements.

### **3. Practical considerations: Achieving Australia's strategic goals and building influence as a trusted development partner**

3.1 With the development of IW and the Emerging Markets Impact Investing Fund, Australia has a chance to shift private sector thinking and to support impact investing reach its potential in Southeast Asia, incorporating a gender lens from the start of investment.<sup>13</sup> Impact investing has been slow to emerge in Southeast Asia, primarily because donors offering blended finance have focused on Africa, Eastern Europe and South America. With a strong base in the region, IW can help Australia realise the potential of impact investing with a gender lens in Southeast Asia. DFAT funding has already enabled IW to develop four partnerships with impact investors to pilot approaches to identify and fund women-owned and led small and medium enterprises (SMEs). The partnerships each are supporting gender lens investment training to enable partners to identify systemic and unconscious bias within their organisations. Investor partners are demonstrating changes in investment choices (identifying opportunities they wouldn't have invested in prior to training) and are also planning to use their own funds to ensure more risk capital reaches women-led businesses. Experience with these four partnerships is being used to influence the broader impact investing ecosystem to invest more funding into women entrepreneurs in Southeast Asia.<sup>14</sup>

3.2 Australia's aid programs are moving towards economic partnerships in Asia – Australia is negotiating a Comprehensive Economic Partnership Agreement with Indonesia and a Regional Comprehensive Economic Partnership with ASEAN. While the Gender equality and women's empowerment strategy outlines DFAT's intent to consider gender across its portfolio, it is unclear in the 2017 Foreign Policy White Paper how Australia's pursuit of comprehensive economic partnerships takes into consideration its impact on women of the Indo-Pacific region.<sup>15</sup> Australia can boost its credibility as a consistent advocate for gender equality, human rights, and as a trusted development partner if we are able to clearly communicate to the region how women's economic participation and inclusive economic growth is a key goal in these partnership agreements.

3.3 Australia can further apply gender inclusive approaches in trade negotiations and foreign policy to demonstrate Australia's commitment to gender equality. Just as gender has been elevated beyond a cross-cutting issue in the DFAT portfolio, gender in trade must also move beyond being discussed only in the development context and become more than a preamble in trade negotiations and agreements.<sup>16</sup>

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<sup>12</sup> Department of Foreign Affairs and Trade, *Gender equality and women's empowerment strategy*, February 2016.

<sup>13</sup> While gender lens investing continues to evolve, at its core it aims to encourage attention to three areas of untapped investment opportunities: 1. women-owned and women-led businesses lacking access to productive capital; 2. companies that promote workplace equity (in staffing, management, boardroom representation, and along their supply chain); and 3. businesses that offer products and services that significantly improve the lives of women and girls.

<sup>14</sup> *Investing in Women Six Monthly Report*, December 2017, p. 11.

<sup>15</sup> Outside development issues, gender is only mentioned in terms of Australia's values and support of human rights. *2017 Foreign Policy White Paper*, pp. 2, 11, 32, 89.

<sup>16</sup> For example, whilst the "International Relations" section of the DFAT website includes gender under "Global Themes", the "Trade and Investment" makes no obvious references to gender. DFAT's *Australia Advancing Women's Economic Empowerment through Aid, Trade and Economic Diplomacy* (January 2017), only discusses trade within the development context.

We need to understand the impact of trade deals on women, and develop guidelines and tools to ensure specific clauses in agreements improve outcomes for women.<sup>17</sup> The European Union has led the way in this area, stating respect for international conventions regarding women's rights; mainstreaming of women and gender into political, economic and social issues; involvement of women in peacebuilding and conflict resolution activities; development of gender-related capacity building mechanisms; and addressing gender-based violence in trade agreement articles.<sup>18</sup> Greater numbers of women involved in international markets, export businesses and senior level trade policy making are contributing to increased gender considerations in trade agreements.<sup>19</sup> Australia is already making good headway in economic empowerment for women in programs such as IW – the results of the program will have resounding impact if more women are negotiating trade agreements that take account of how our changing economies affect women and men, and defend the economic rights of women in the Indo-Pacific.

3.4 Just as it makes little sense to exclude half the population in economic and trade issues, it is crucial to ensure women and gender are considered when developing Australia's foreign policy position in the Indo-Pacific. Australia can do more to communicate to the region and the Australian public the work they are doing to promote gender equality in multilateral and regional forums, and bilateral discussions at heads of state level. DFAT's work on United Nation Security Council Resolution (UNSCR) 1325 on women, peace and security is an example of how Australia applied a very strong gender lens to a "non-traditional area", and became a leading international advocate for women.<sup>20</sup> Australia, under the leadership of Australia's first female Foreign Minister and Secretary for DFAT (along with the first female Defence Minister), is in an excellent position to reconsider how policies and agreements such as increasing arms exports will impact on the peace and security of women (particularly in light of Australia's co-sponsorship of UNSCR 1820 and 1888 protecting women and children against sexual violence during armed conflict), and adopt comprehensive and innovative foreign policy approaches.

3.5 To ensure greater female participation in foreign policy development in the region, Abt Associates Australia are supporting greater inclusion of women in leadership and decision-making positions in Papua New Guinea (PNG). Through the Women in Leadership Gender Equity and Social Inclusion Program and the PNG Pacific Leadership and Governance Precinct Leadership Program we are training current mid-management level men and women, with the intention of developing high quality leaders across the public and private sectors who are ethical, accountable and committed to principles of social inclusion, probity and gender equity. Delivery partner University of Papua New Guinea School of Business and Public Policy is helping to create future women leaders by developing the academic capacity of students and academics, equipping them with the necessary analytical, policy and academic skills to tackle PNG's future policy challenges and move more women into influential leadership positions in both the private and public sector.

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<sup>17</sup> The Swedish Government has funded the development of tools to analyse the effects of trade policy measures on women and gender equality. Government Offices of Sweden, *Examples of what Sweden's feminist foreign policy has contributed to*, <https://www.government.se/articles/2018/03/examples-of-what-swedens-feminist-foreign-policy-has-contributed-to/>, accessed 10 June 2017.

<sup>18</sup> United Nations Conference on Trade and Development, "The New Way of Addressing Gender in Trade Agreements: Is it a true revolution?" *Policy Brief*, No. 53, October 2017.

<sup>19</sup> "The New Way of Addressing Gender in Trade Agreements: Is it a true revolution?"

<sup>20</sup> Department of Foreign Affairs and Trade, *Women, Peace and Security: DFAT's Implementation of UN Security Council Resolution 1325*, February 2015.

- 3.6 While the Australian Government has many formal policy avenues to influence gender equality and inclusive sustainable economic growth, social attitudes are deeply entrenched in the region, which can make change challenging to implement and slow to take hold. Social attitudes create and enable the longevity of gender inequitable policies and practices, and it is therefore crucial to influence change at the societal level. There is limited debate on the structural barriers to women's economic empowerment in the media in IW target countries, and often this issue is seen as relevant only for poor women. Even when presented with data on the low numbers of women in senior management roles, there is little public acknowledgement of discrimination or of the need to address the gaps, although this varies across the countries. Women's SMEs are more likely than men's to be seen as a secondary income source and remain small and informal. There must be greater attention on the structural barriers to women's economic empowerment that limit women in all socio-economic brackets. IW is partnering with a range of local organisations on advocacy and communications aimed at normalising women's economic roles over their life course, normalising men's roles in the care economy and preparing women for the future of work.
- 3.7 At the same time, there are champions of change fighting for reform in the Indo-Pacific, and we have seen globally that governments do not lead dramatic change – people do. How can Australia better use its influence to support these champions to change social perceptions of gender inequality and women's economic empowerment in the region? Integrated DFAT is in a unique position to change social attitudes and influence development outcomes, as it has access to public and cultural diplomacy avenues. This means Australia can influence local media and popular culture internationally, drive changes around norms and culture and reinforce positive development messaging. The dynamics of our region are changing, with protectionism rising in traditional ally states on the one hand, and greater leadership on corporate social responsibility in the private sector on the other. The Indo-Pacific has also shown us that economic progress and poverty reduction can be achieved in the absence of what we would call "liberal democratic" institutions. In this context, Australia's ability to effectively influence the behaviour and thinking of our region through "the power of attraction and ideas",<sup>21</sup> becomes increasingly important. Legitimacy based on Australia's comprehensive and consistent commitment to values such as gender equality – through both policy reform and support for social action – will strategically position Australia to influence all avenues of diplomatic negotiation in the region.
- 3.8 Gender equality therefore provides the strong mutually reinforcing link between the Government's aid, foreign affairs and trade efforts – what an integrated DFAT was intended deliver. In the context of changing dynamics of the Indo-Pacific, a coordinated and coherent whole of government approach to pursuing Australia's regional interests is also crucial. DFAT's efforts to influence change in its internal culture through initiatives such as the women in leadership strategy and unconscious bias awareness training is commendable, and they can assume whole of government leadership on gender equality with confidence. Through DFAT leading by example, and greater whole of government messaging on the positive outcomes of women's economic empowerment and gender equality, Australia can project its leadership and take the strong, multipronged approach needed to ensure the aid program, and all aspects of DFAT's portfolio, effectively contribute to achieving economic growth and build Australia's influence and legitimacy in the region.

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<sup>21</sup> 2017 Foreign Policy White Paper, p. 107.