Burnet Institute
Medical Research. Practical Action.

SUBMISSION TO THE INQUIRY BY THE JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE INTO THE ROLE OF THE PRIVATE SECTOR IN PROMOTING ECONOMIC GROWTH AND REDUCING POVERTY IN THE INDO-PACIFIC REGION

Summary

We summarise here the lessons learned from eight mechanisms whereby the private sector has already contributed – or has the potential to contribute -- to inclusive development and poverty alleviation. We focus on health development as a precursor to poverty reduction.

1. **Direct service delivery and capacity-building for health development.**

We provide the example of strong support by the mining company Lane Xang Minerals Ltd in southern Lao PDR for community health through a contract with the Burnet Institute. DFAT Posts in countries where Australian companies have large enterprises could pro-actively engage with those companies to promote effective community services in their operating environments, perhaps in partnership with Australian NGOs working in those countries.

2. **Engagement with Australian aid programs in proximity to private sector operations.**

We describe the example of support by a number of PNG-based companies to the DFAT-funded *Tingim Laip* program, which is PNG's largest community-based HIV prevention and care program. When Australian aid programs operate in populations working in – or residing near – Australian (and other) private sector enterprises, engaging the active participation of those enterprises may reap additional benefits at no extra cost to the Australian Government.

3. **Direct engagement with global health financing mechanisms.**

We present the example of Oil Search Ltd as the effective principal recipient of the HIV and AIDS grant by the Global Fund in PNG. As a member of the Board of the Global Fund, Australia is in an excellent position to ensure that private sector entities continue to be eligible as principal recipients and, moreover, that they be preferred in some fragile states.

4. **Participation in national, regional, and global networks that promote improved health.**

Business networks and coalitions offer the Australian Government focal points to pursue dialogue about the role of the private sector in inclusive development. We highlight several Australian-based networks, including *Business for Millennium Developmen*t and the *Asia-Pacific Business Coalition on AIDS.* We also point out new opportunities through the Business Network, launched in 2014, of the *Scaling Up Nutrition (SUN) Movement,* which Australia recently joined.

5. **Investment in public-private partnerships for health.**

Public-private partnerships (PPP) provide an excellent opportunity for Australian Government investment. There is an urgent need to develop new diagnostics, therapeutic agents, and vaccines for neglected diseases that affect populations in the Indo-Pacific region. We describe the very successful public-private partnership, the *Global Alliance for Vaccines and Immunisation* (GAVI) to which Australia is a generous contributor.

We express disappointment that the Australian Government has recently ceased funding health product development research through the aid program. While Australia is already a generous contributor to GAVI we could build on this investment by supporting a diverse portfolio of PPPs through the aid program that includes Product Development Partnerships, focused on drugs and vaccines against conditions that are endemic in the region, and partnerships modelled on *Grand Challenges Canada* that support innovative operational research to address the region's health priorities.

6. **Investment in health products developed by translational research in Australian institutions.**

We build on the previous section with the example of a significant AIDS diagnostic test developed by the Burnet Institute and describe the challenges of accessing funds to conduct field trials in low and middle income countries. The Australian Government could facilitate the final phases of development of new health technology through a modest investment in field trials, with or without a partnership with a private sector company that may be interested in commercialising the product. Existing Government programs to support commercialisation (e.g., *Commercialisation Australia*) have no mechanism to balance economic/market benefits versus the needs of impoverished communities with limited means to pay for the products. A mechanism modelled on *Grand Challenges Cana*da, cited earlier, would be an appropriate vehicle for such funding.

7. **Offshore investment by Australian research institutes to develop and commercialise new health products.**

We describe the experience of the Burnet Institute in establishing a new biotech company in Nanjing with the help of Chinese investors and a Chinese Government start-up grant. The immediate aim is to develop a point-of-care diagnostic test for chronic liver disease, which is extremely common in the Indo-Pacific region. This could characterise a new mode of bilateral aid action, pro-actively brokered by DFAT, whereby Australian enterprises partner with Chinese (or other emerging market) enterprises that benefit poorer countries in the region, drawing on the differing strengths that Australia and those countries offer.

8. **Management of bilateral Australian aid programs awarded by competitive tenders.**

The proportion of the aid program delivered through bilateral projects managed by Australian Management Contractors (AMC) decreased from 40 per cent to 20 per cent between 2005 and 2010. The rapid decline in competitively tendered aid programs has led to the practical disappearance of Australian owned management companies.

In order not to further diminish Australian capacity to manage large development programs, we believe that there needs to be a better balance between the various aid modalities employed by the Australian aid program. We propose an increase in the current proportion of competitively tendered aid delivery by AMCs to between 30-40 per cent.

About the Burnet Institute

Our mission is to achieve better health for poor and vulnerable communities in Australia and internationally through research, education and public health. While our headquarters are in Melbourne, the Institute has offices in Papua New Guinea, Lao PDR, and Myanmar, as well as public health and research programs in China, India, Indonesia, Kenya, South Africa, Sri Lanka, Timor Leste, Vanuatu, and Zimbabwe.

The Burnet Institute is unique in being both an Australian medical research institute accredited by the National Health and Medical Research Council and a development NGO fully accredited by the Australian aid program. Underpinning our research focus are cross-institute health themes which bring together our diverse staff skills to share their research and technical expertise across: (i) Infectious Diseases (including malaria, tuberculosis, HIV and viral hepatitis); (ii) Immunity, Vaccines, and Immunisation; (iii) Maternal and Child Health; (iv) Alcohol, Other Drugs and Harm Reduction; (v) Sexual and Reproductive Health (including HIV prevention, treatment, and care); and (vi) Healthy Ageing.

The Institute has an annual turnover of approximately $40 million, of which more than one-half supports our overseas programs.

Introduction

We believe that there is a bi-directional relationship between economic growth and population health. Over the past five decades it has been clear that strong economic growth in countries such as Korea, Taiwan, China, Malaysia, Thailand, Indonesia, and Vietnam has yielded significant health dividends for their populations. However, in the Indo-Pacific region, hundreds of millions of people remain trapped in extreme poverty – the majority living in what are classified as middle-income countries. These disadvantaged populations lack access to the benefits of socio-economic development and neither consume from nor contribute to the market economy. One of the major constraints to poverty alleviation is poor health and, therefore, health development efforts need to be targeted explicitly towards the very poor.

The landmark 2001 Report by the **Commission on Macroeconomics and Health**[1] succinctly summarised the importance of health and education to economic growth as follows: *"Health is the basis for job productivity, the capacity to learn in school, and the capability to grow intellectually, physically, and emotionally. In economic terms, health and education are the two cornerstones of human capital, which Nobel Laureates* [in economic sciences] *Theodore Shultz and Gary Becker have demonstrated to be the basis of an individual's economic productivity. As with the economic well-being of individual households, good population health is a critical input into poverty reduction, economic growth, and long-term economic development at the scale of whole societies."*

We consider that the private sector, in its many incarnations, has a potentially crucial role in addressing some of the key factors constraining equitable economic growth: poor health (often associated with catastrophic medical expenses), lack of education, and gender inequality. The Australian Government can be a catalyst and facilitator in promoting this role.

[1] Macroeconomics and Health: Investing in Health for Economic Development. Report of the Commission on Macroeconomics and Health, Chaired by Jeffrey D. Sachs. Presented to the Director-General of the World Health Organization, on 20 December 2001.

Response to the terms of reference

As a health-focused NGO and medical research institute, our submission will focus on the following terms of reference within the Inquiry:

- The current role of the private sector in accelerating the pace of economic growth and in reducing poverty in poor countries in the Indo-Pacific region.
- Additional partnerships, activities or financial instruments the Australian government could use to enhance the role of the private sector in development in the Indo-Pacific region.
- The role of public-private partnerships in leveraging private sector investment in developing countries.
- The role Australian and international businesses could play to support development and inclusive growth in partner countries.

Based on our experience, we will comment on various mechanisms that the private sector has employed to promote health among poor and vulnerable populations. These observations will form the basis of lessons learned relevant to the Inquiry. We characterise these mechanisms as follows:

1. Direct service delivery and capacity-building for health development.
2. Engagement with Australian aid programs that benefit populations in proximity to private sector operations.
3. Direct engagement with global health financing mechanisms.
4. Participation in national, regional, and global networks that promote improved health.
5. Investment in public-private partnerships for health.
6. Investment in health products developed by translational research in Australian institutions.
7. Offshore investment by Australian research institutes to develop and commercialise new health products.
8. Management of bilateral Australian aid programs awarded by competitive tenders.

1. Direct service delivery and capacity-building

Relevance to TOR: *The current role of the private sector in accelerating the pace of economic growth and in reducing poverty in poor countries in the Indo-Pacific region.*

Example: Lane Xang Minerals Ltd in the Lao PDR

Lane Xang Minerals Ltd, the operator of a gold and copper mine in southern Lao PDR, is the largest private sector employer in that country. Originally owned by Melbourne-based Oxiana Ltd, it is now owned by Minerals and Metals Group (MMG), also headquartered in Melbourne.

Since 2005, both companies have contracted the Burnet Institute to provide a range of health promotion services that benefit the workforce and surrounding communities. The first project was ***Safer mines: HIV intervention for Lane Xang Minerals Ltd and the Vilabouly community*** (September 2006 –August 2009). The project was implemented in the mine site, targeting more than 2,000

company employees, and in the 14 local communities affected by the mining endeavour, targeting young people.

The project operated through a capacity building approach with Vilabouly District authorities and LXML senior staff, and Burnet providing technical expertise to local Project Site Committees that took on the ownership and delivery of the project in a sustainable way beyond the life of the initiative. This partnership approach between the Government of Lao PDR, a corporate entity (LXML), and a non-government organisation (Burnet) was at the time a novel approach for addressing HIV in the Lao PDR.

The Government of Lao PDR selected this project as the case study presented at the 9th International Congress on AIDS in Asia and the Pacific in Bali in August 2009. The session was presented at the ASEAN symposium on "Public and private partnerships in tackling HIV and AIDS in the ASEAN Region".

Since 2008, improving the health and nutritional status of infants, children and women has been the key focus of LXML/Burnet activities in 14 villages near the mine site. This project is also building the capacity of district health care personnel, especially in planning and management of primary health care.

The Australian aid program has enhanced the coverage of the LXML-funded program through Australian Aid-NGO Cooperation Program (ANCP) funds that have enabled the Burnet Institute to expand the program into ten additional villages that are up to one hour (35 km) from the mine site in Meung Vang sub-district.

Lessons Learned:

While the engagement of the Burnet Institute was negotiated directly with LXML, both in Vientiane and Melbourne HQ, these negotiations might have benefited from pro-active facilitation by the Embassy in Lao PDR. There are other Australian companies with significant investment in the Lao PDR, such as PanAust Limited and ANZ, which might be encouraged to invest in social programs through dialogue with the DFAT Post, in consultation with national stakeholders. This model could be applied in other countries in the region.

2. Engagement with Australian aid programs

Relevance to TOR: *Additional partnerships, activities or financial instruments the Australian government could use to enhance the role of the private sector in development in the Indo-Pacific region.*

Example: Tingim Laip in Papua New Guinea

Tingim Laip is PNG's largest community-based HIV prevention and care project operating in 20 locations in ten provinces. The project has been funded by the Australian Government since 2004. The Burnet Institute managed the program on behalf of AusAID until 2010.

Tingim Laip works in settings where the risk of HIV transmission and the impact of HIV are higher and focuses on the key populations most affected by HIV, in particular environments of HIV risk, vulnerability and impact. Among these "high-risk settings", mining sites and other industrial estates were ranked highly vulnerable due to abundant commercial sex and high intake of alcohol and other drugs. As such, it was important to engage with the corporations responsible for these industries.

Partnerships between the private sector and *Tingim Laip* occurred in some provinces but there was considerable variation. On the whole they were very successful; many community-managed sites engaged very effectively with company management. The potential was enormous with the "topping up" (at no cost to *Tingim Laip*) that occurred with corporate activities and support. Prominent among private sector entities that engaged effectively with this program were OkTedi Mining (owned by the PNG Government), US-based Cargill, owner of the Milne Bay Palm Oil Estates, the multinational Ramu Agri-Industries Limited, and Canada's Barrick Gold Ltd in Kainantu. In fact, private sector sites were overly represented in "excellent" ratings in the project's monitoring system.

However, other companies were less engaged with the project, including one large Australian mining company. Moreover, an independent evaluation concluded that in one mining site *"….the current corporate culture is at odds with the principles of Tingim Laip, evident through behaviour toward vulnerable women in their employ and in the surrounding communities*[2]*."*

Lessons Learned:

When Australian aid programs operate in populations working in – or residing near – Australian (and other) private sector enterprises, engaging the active participation of those enterprises may reap additional benefits at no extra cost to the Australian Government. In fact, our experience in PNG demonstrates that the management expertise of private sector companies may enhance the effectiveness and impact of the program. DFAT Posts could actively promote such engagement with Australian (and other donor) aid programs and at least insist on corporate responsibility to ***Do No Harm.***

3. Direct engagement with global health financing programs

Relevance to TOR: *The role Australian and international businesses could play to support development and inclusive growth in partner countries.*

Example: Oil Search in Papua New Guinea

By this mechanism, we refer to private sector entities that take on the management of programs funded by global health financing mechanisms such as the Global Fund to Fight AIDS, TB, and Malaria. The Global Fund currently has numerous private sector entities as principal recipient of grants. Burnet Institute is the sub-recipient of one such entity – Oil Search Ltd, an Australian-owned company. Oil Search is the principal recipient for the Global Fund grant to PNG for HIV and AIDS.

In the absence of an adequately competent public sector agency, Oil Search has proved to be an effective principal recipient ensuring that funds are disbursed in a timely manner, that rigorous financial management procedures are in place, and that robust monitoring and evaluation systems ensure accountability and transparency, where such standards are often not adhered to.

Lessons learned:

As a member of the Board of the Global Fund, Australia is in an excellent position to ensure that private sector entities (including Australian Management Contractors) continue to be eligible as

[2] AusAID. Independent Evaluation of Tingim Laip. Final Report. November 2007

principal recipients and, moreover, that they be preferred in fragile, contested, and conflict affected states.

4. Participation in national, regional, and global networks that promote improved health

Relevance to TOR: *The role Australian and international businesses could play to support development and inclusive growth in partner countries.*

Many private sector entities are active members of networks, alliances, and coalitions that promote improved and equitable health services and programs.

Here in Australia, *Business for Millennium Development (B4MD)* is a Melbourne-based, not-for-profit organisation that encourages and facilitates core business activities that contribute to the MDGs in the Indo-Pacific region. For example, B4MD is working in partnership with Kraft Foods Australia to identify how cocoa producers in Papua New Guinea can be connected into an ethical, locally beneficial supply solution. B4MD recently hosted an Inclusive Agribusiness Mission to Myanmar.

Another coalition with a regional focus is the *Asia-Pacific Business Coalition on AIDS,* also based in Melbourne. The Burnet Institute has direct experience of working with two members of this coalition – the PNG and Myanmar Business Coalitions on AIDS. We have worked in partnership with the Myanmar Business Coalition for many years and have helped strengthen their capacity to manage programs (for example, funded by the Three Diseases Fund for Burma) and to mobilise private sector support for development by their member companies.

Australia recently joined the donor network of the *Scaling Up Nutrition (SUN) Movement*, which seeks to scale up multi-sectoral initiatives to reduce maternal and child undernutrition. Two-thirds of the world's undernourished children live in the Indo-Pacific region. Within the SUN Movement there is a *Business Network*, which was launched at the World Economic Forum in Davos in 2014. It aims to harness business expertise and apply its strengths and comparative advantages to improve nutrition. Hosted by *Business Fights Poverty*, members include Unilever, Cargill, BASF, DSM, and Tetra Laval. There are currently no Australian member companies, despite our significant agricultural expertise.

Lessons learned:

Business networks and coalitions offer the Australian Government focal points to pursue dialogue about the role of the private sector in inclusive development and to collate examples and case studies of such experiences in the field. They also provide opportunities to access local businesses within Australian aid and trade partner countries. The Australian Government should actively encourage Australian agribusinesses to join the SUN Business Network.

5. Investment in public-private partnerships for health

Relevance to TOR: *The role of public-private partnerships in leveraging private sector investment in developing countries.*

There is an urgent need to develop new diagnostics, therapeutic agents, and vaccines for tuberculosis, malaria, and other neglected diseases such as dengue, kalar azar, and filariasis. These conditions disproportionately affect populations within the Indo-Pacific region.

One very successful PPP is the *Global Alliance on Vaccines and Immunization* (GAVI). Through GAVI, the international community has established an innovative business model that not only finances the introduction of new vaccines in low and middle income countries, but also reshapes the vaccine market.

By pooling the demand from developing countries for new vaccines and providing long-term, predictable financing to meet this demand, the Alliance's business model influences the market for vaccines. This helps attract new vaccine manufacturers, including an increasing number of suppliers based in emerging markets (such as India), increase healthy competition and, as a result, drive vaccine prices down. The current GAVI Board members from the industrialised world's vaccine manufacturers represent industry giants Merck, Pfizer, Novartis, Sanofi Pasteur, and GSK Bio.

One concrete example of a PPP producing an effective, life-saving, and affordable vaccine was the development of a new vaccine against highly lethal meningitis – *MenAfriVac* – via a partnership between the US-based not-for-profit agency PATH, the World Health Organization (WHO), and the Serum Institute of India, which now manufactures and markets this low-cost vaccine.

Another example of a PPP promoting innovative approaches to solving critical global health problems is *Saving Lives at Birth*, in which *Grand Challenges Canada* (funded by the Canadian Government) has partnered with the Bill & Melinda Gates Foundation, USAID, the Government of Norway and the UK's Department for International Development. So far, 61 innovative projects have been funded to save the lives of pregnant women and newborns in poor communities around the time of childbirth. Based on the Canadian model, *Grand Challenges Brazil* was launched in 2012.

Partnerships between medical research and private sector entities

One way that medical research and public health expertise can synergise with private sector biotechnology for gains in low and middle income countries (LMIC) is through 'market shaping'. Agencies such as WHO, UNICEF and GAVI increasingly interact with the private biotech sector by indicating to them which products, and which formulations and presentations of those products, will be likely to match global health policy priorities and demands.

One example that the Burnet Institute actively supports is the WHO process of *"Assessing the Programmatic Suitability of Vaccine Candidates for WHO Pre-qualification".* This guideline aims to map out those formulations of vaccines that will fit best into LMIC schedules. This gives the vaccine industry information to help guide their product development efforts, and increases the predictability of the market they are aiming for. It also provides for greater efficiency on the part of LMIC governments allocating scarce resources to health systems, while increasing population health (and economic) gains.

Australian bio-technology research leaders, like the Burnet Institute, can play an active role in this process by focusing implementation research activities on identifying technology gaps that the private sector can address, using research methods to identify points of the greatest cost-benefit for new health system investments. One specific example is the testing of feasibility and acceptability of new modes of health service delivery being researched through Burnet's Healthy Mothers Healthy Babies program in PNG.

Australian aid funding for health research

The Government's response to the 2011 Independent Aid Effectiveness Review gave in-principle support to "more aid funding for research by Australian and international institutions, particularly

in... medicine". We certainly welcomed the inclusion of medical research as a potential "flagship" of the aid program, as proposed in the aid effectiveness review report. This was followed in 2012 by the release by AusAID of an Australian Aid Medical Research Strategy.

While the strategy focuses appropriately on conditions that cause a high burden of disease in the Indo-Pacific Region, only $10 million was allocated to medical research within the Australian aid program in FY 2012/13. This funding was removed from the aid budget in early 2014 by the current government. This is a major missed opportunity for Australia as the funds had been earmarked to help develop new vaccines and drugs against tuberculosis, a lethal condition that is highly prevalent in the Indo-Pacific region.

Lessons learned:

Public-private partnerships provide an excellent opportunity for Australian Government investment. Australia is already a generous contributor to GAVI and could build on this investment by supporting a diverse portfolio of PPPs through the aid program that includes Product Development Partnerships, focused on drugs and vaccines against conditions that are endemic in the region, and partnerships modelled on *Grand Challenges Canada* that support innovative operational research to address the region's health priorities.

6. Investment in health products developed by translational research in Australian institutions

Relevance to the TOR: *Additional partnerships, activities or financial instruments the Australian government could use to enhance the role of the private sector in development in the Indo-Pacific region.*

Australian research institutes have a long history of developing promising new technologies, which then need to go through a rigorous process of field trialling in order to convince commercial manufacturers that they will acquire an effective product. Identifying funding for this phase of product development is often challenging.

Example: Point-of-care test for CD4 count

In HIV-infected individuals, their CD4 count is used to determine whether they should initiate life-saving antiretroviral treatment. In resource-scarce settings, this test requires the patient to visit a district or provincial hospital for the test and then return sometime later to receive the result. In 2009, the Burnet Institute developed a rapid point-of-care CD4 test that could be administered at a rural clinic and the results given to the patient within hours. The test was highly effective under urban Australian conditions.

Over subsequent years, it proved difficult to source funding to conduct field testing in low and middle income countries. Finally, in 2013 funding was secured from a number of sources, including *Saving Lives at Birth* and UNITAID, to do field testing in Kenya, South Africa, India, China, and Myanmar. However, this is an example of how modest Australian Government funding back in 2009, with or without an industry partner, could have fast-tracked this product onto the global market. Happily, the test is now being manufactured by a UK-based company and field trials are underway.

Lessons learned:

The Australian Government could facilitate the final phases of development of new health technology that has been proven effective in Australia through a modest investment in field trials, with or without a partnership with a private sector company that may be interested in manufacturing the product. Existing Government programs to support commercialisation (e.g., *Commercialisation Australia*) have no mechanism to balance economic/market benefits versus the needs of impoverished communities with limited means to pay for the products. A mechanism modelled on *Grand Challenges Canada*, cited earlier, could be an appropriate vehicle for such funding.

7. Offshore investment by Australian research institutes to develop and commercialise new health products

Relevance to the TOR: *Additional partnerships, activities or financial instruments the Australian government could use to enhance the role of the private sector in development in the Indo-Pacific region.*

Example: Burnet/BioPoint in China

The Burnet Institute has been engaged in health development programs in China since 1997, mainly in the Tibet Autonomous Region, where we continue to manage an Australian Government funded health development program, which focuses on capacity building and health system strengthening. We have witnessed first-hand China's transformation into the world's second largest economy. In addition to aid work, we have developed a broad network of Chinese researchers in various health and medical fields across the country.

Over the past few years, the Burnet has researched opportunities to establish product development partnerships in China. In April 2014, during a visit to China by the Australian Prime Minister, we launched a new biotech company *Nanjing BioPoint Diagnostic Technology Ltd*, with the help of Chinese investors and a Chinese Government start-up grant.

The new enterprise will lead to increased scientific exchange between Burnet Institute researchers and Chinese counterparts, leading to further enhancement and development of new health technologies. The company aims to develop within three years, a point-of-care diagnostic test for *alanine aminotransferase*, which is an enzyme whose elevated level diagnoses the presence of liver disease. Viral hepatitis leading to chronic liver disease and liver cancer is very common in China, Southeast Asia, the Pacific, and North and Sub-Saharan Africa. A point-of-care test could be an invaluable tool in the early diagnosis and initiation of treatment of liver disease in almost every Australian aid and trade partner country in the Indo-Pacific region.

Lessons learned:

The initiative described here could serve as a new model of partnership between Australia and the emerging economies in the region, including China, India, Thailand, Malaysia, and Indonesia. The Australian Government could actively broker such initiatives both at the Australian end and through DFAT Posts in the relevant countries. This could also characterise a new mode of bilateral aid action, whereby Australian enterprises partner with Chinese (or other emerging market) enterprises that benefit poorer countries in the region, drawing on the differing strengths that Australia and those countries offer.

8. Management of bilateral Australian aid programs awarded by competitive tenders

Relevance to the TOR: *The role Australian and international businesses could play to support development and inclusive growth in partner countries.*

At the turn of this century, almost 50 per cent of the Australian aid program was delivered through bilateral projects managed by Australian Management Contractors (AMC) selected through a competitive tender process. By the time of the most recent independent review of the aid program, this had dropped to 20 per cent. The rapid decline in competitively tendered aid programs has led to the practical disappearance of Australian owned management companies.

Since 1997, the Burnet Institute has been the technical partner with AMCs to implement a total of 13 Australian bilateral health aid programs in the Lao PDR, Indonesia, and PNG, as well as Mekong Sub-Region and Pacific regional projects. We have partnered with a range of companies, including the Overseas Projects Corporation of Victoria (OPCV), ACIL, International Development Support Services (IDSS), GRM International, and Jane Thomason Associates International (JTAI). While our experience with these AMCs has varied, we have valued highly their development expertise, human resources, and management capacity. At this time, none of these companies is wholly Australian owned. OPCV no longer exists; ACIL was purchased by the global conglomerate Emerging Markets; IDSS was purchased by the engineering giant Aurecon; GRM has merged with US-based Futures Group; and JTAI has merged with US-based Abt Associates.

We believe that the shrinkage of the commercial development sector in Australia risks the loss of an extensive body of development expertise and the capacity to effectively and efficiently implement large development programs at scale. From the point of view of the Burnet Institute, in this environment, we no longer feel compelled to seek partnerships with Australian companies when responding to requests for proposals by DFAT or other bilateral donor agencies. In the past five years, based on merit, we have been more inclined to partner with US companies.

Lessons learned:

In order not to further diminish Australian capacity to manage large development programs, we believe that there needs to be a better balance between the various aid modalities employed by the Australian aid program. While not suggesting a return to the era of 50 per cent implementation by AMCs, we propose an increase in the current proportion of aid delivery by AMCs to between 30-40 per cent.