



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

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For the attention of:

Committee Secretary

Joint Standing Committee on Foreign Affairs, Defence and Trade

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About ChildFund Australia

ChildFund Australia is an independent and non-religious international development organisation that works to reduce poverty for children in the developing world. A member of the ChildFund Alliance – a global network of 11 organisations assisting more than 14 million children and families in 63 countries – ChildFund is a registered charity, a member of the Australian Council for International Development, and fully accredited by the Department of Foreign Affairs and Trade which manages the Australian Government's overseas aid program.

Australian aid: serving Australia's foreign policy objectives

The Australian Aid program is one of Australia's most important strategic assets and an essential pillar of our Foreign Policy. Working in union with Australia's initiatives in trade, defence and diplomacy, the benefits of overseas development assistance (ODA) go well beyond poverty reduction.

Through its international development program, Australia is able to foster inclusive economic growth in our region. By lifting communities out of poverty, Australian Aid creates new markets for Australian companies, and builds human capital in our region.

Vietnam is a case in point. Two decades ago, almost 60 per cent of the population was living below the poverty line. This has now fallen to less than 20 per cent, with Australian businesses now exporting almost \$5bn in products and services to the country annually.

Australian Aid plays a significant role in enhancing national and regional security, and responding to the war on terror. By reducing poverty, increasing access to education and improving living standards, ODA counteracts the environments where violent extremism can take hold and thrive, and reduces the risks of conflict and displacement.

As an embodiment of 'soft' diplomacy within our foreign policy framework, Australian Aid enhances and strengthens Australia's influence in inter-governmental relations. This allows Australia to build strong, productive and mutually beneficial relationships with its neighbouring countries.

The Foreign Affairs White paper highlights China's increasing power and influence in the Indo-Pacific region; often driven by China's own rapidly growing aid program, which is now funding large scale infrastructure and other development projects. Australia's development assistance, if adequately funded and resourced, can play an important role in ensuring that Australia's standing is not diminished as a result.

The Australian Aid program, as an integral part of foreign policy, gives us the opportunity to lead by example within our region – by upholding and advancing international frameworks and standards; and demonstrating our commitment to democracy, responsible global citizenship, cooperation, and open economies.

Australia has a long history as a donor and partner to developing countries in our region. This has helped to forge a reputation as a good neighbour, willing to contribute its fair share to international development efforts and humanitarian crises. We must ensure that we can maintain this standing over the long-term.

Australian Aid: innovative, effective and cost-efficient

There is strong, independent evidence for the effectiveness of the Australian Aid program. The third annual review of Australian Aid Performance¹ highlights the significant and solid achievements of our aid program in meeting its overall objectives of promoting prosperity, reducing poverty and enhancing stability.

This review also reaffirms Australia's commitment to transparency and accountability, and to ensuring that our development assistance is well-managed, provides value for money, and delivers on key priority areas.

Through the Australian Non-Government Organisation Cooperation Program, in 2015-16 588 projects in education, health, water and sanitation, governance and economic development were delivered in 58 countries, benefiting over 15 million children and families. Overall, the Australian Aid program was successful in achieving 8 of its 10 strategic targets within established timeframes, with the remaining targets achieved in the following financial year.

The recent OECD Development Cooperation Peer Review² found that value for money, innovation and a strong focus on accountability are commendable features of the Australian aid program, noting in particular Australia's effectiveness in championing gender equality internationally, regionally and bilaterally.

At the same time, the Department of Foreign Affairs and Trade's *Development for All* strategy³ has prioritised disability-inclusive education, and supports a range of disabled people's organisations in developing countries. Australia is playing a leadership role in its commitment to mainstreaming gender equality and disability-inclusion across development policy.

In recent years, the rapid development of technology has been an important enabler of development innovation, and Australia's international non-government organisations (INGOs) have been at the forefront in harnessing the power of the digital world to produce innovative and effective poverty-alleviation programs.

For example, in Cambodia, ChildFund Australia is working with local NGO Kampuchean Action for Primary Education to implement a range of ground-breaking education projects, aimed at improving education quality and increasing access for children in poor, rural communities.

The Easy2Learn program combines mobile technology with peer-to-peer mentoring and modernised learning environments to increase literacy levels, improve educational scores, and reduce drop-out rates, in rural primary schools.

¹ Performance of Australian Aid 2015-16, Department of Foreign Affairs and Trade. <http://dfat.gov.au/about-us/publications/Documents/performance-of-australian-aid-2015-16.pdf>

² OECD Development Co-operation Peer Reviews: Australia 2018. www.oecd.org/australia/oecd-development-co-operation-peer-reviews-australia-2018-9789264293366-en.htm

³ <http://dfat.gov.au/aid/topics/development-issues/disability-inclusive-development/Pages/disability-inclusive-development.aspx>



The launch of New Generation Schools in Cambodia, under a unique government-NGO partnership, has introduced an alternative model of high quality secondary education through reforming governance, management and working conditions for teachers and students in selected state schools. These schools offer equitable access but with high expectations of both teacher performance and student achievement with full accountability for results.

More NGOs are moving outside their traditional community-based development activities in order to focus on key issues to accelerate change. In Papua New Guinea, ChildFund Australia has established the country's first domestic violence hotline, with trained counsellors now providing over-the-phone trauma counselling and support, as well as referral services.

The launch of the hotline has demonstrated an innovative approach to partnerships – with the involvement of Digicel as mobile provider, the PNG Counsellors Association as training provider, and government body the Family and Sexual Violence Action Committee for national promotion and long-term sustainability of the service.

While the evidence for the effectiveness of the Australian Aid program is strong, perceptions are that this effectiveness may be weakening. The 2015 Australian Aid Stakeholder Survey⁴ found that 61 per cent of development stakeholders were confident that Australia's development assistance is effective. However, the level of confidence fell from 70 per cent in 2013, and can be largely attributed to decreasing aid levels.

Respondents were concerned about the current lack of funding predictability in ODA, which can make it difficult to plan and implement long-term development programs, as well as the change in aid strategy. In terms of the latter, Australia's commercial interests are now seen as playing a larger role in shaping aid policy than the objective of reducing poverty and providing support to vulnerable communities.

The Australian Aid budget is set to reach a new historical low in 2021, with a spend of 19c in every \$100 of gross national income.⁵ These financial constraints will have a detrimental impact on both the scope and impact of development programs implemented by Australia in the future.

Australian aid: ensuring gender equality in development and economic opportunities

There is significant evidence to demonstrate that economic growth without attention to inclusion and equity often fails to reach the poorest members of society. While economic growth is a necessary condition for poverty reduction, on its own it is not sufficient.

Papua New Guinea, which has benefited from billions of dollars in private investment in its resource sector, is a stark reminder of how an increase in GDP does not necessarily result in a generalised improvement to living standards. It continues to have some of the world's worst indicators in health and education, and ranks at 154 out of 188 countries in terms of its human development.⁶

⁴ The Australian Aid Stakeholder Survey 2015, Development Policy Centre.
http://devpolicy.org/publications/reports/2015%20Stakeholder%20Survey/Australiansummary_web.pdf

⁵ Development Policy Centre Australian Aid Tracker. <http://devpolicy.org/aidtracker/trends/>

⁶ UN Human Development Report. <http://hdr.undp.org/en/countries/profiles/PNG>

Myanmar and Laos are two of Asia's fastest growing economies⁷, yet in both countries around one-quarter of the population lives below the poverty line, with significantly high rates of stunting among children due to chronic malnutrition.⁸

Most of the world's poorest families are dependent on small scale business enterprises, such as street vending, small scale agriculture and livestock management. Women predominate in these sectors, yet are the most likely to be underpaid and unrecognised for their economic contribution.

Currently, female farmers produce more than half of the world's food, and work two-thirds of the world's working hours, yet receive less than 10% of the world's income and continue to be denied access to land and resources.⁹

While private sector investment plays an important role in stimulating economic growth, INGOs have the expertise to foster micro-enterprise initiatives, bolster the informal economy, and ensure women's active participation in income-generating activities. Training and education, micro-finance loans, investments and savings schemes, access to markets and resources – these measures ensure more women have the opportunity to develop their economic potential.

The promotion of women and girls' human rights more broadly in development programs has widespread implications for economic and social development. For example, investment in girls' education¹⁰ has proven to increase the number of female wage earners in society, increase productivity for employers, and reduce the incidence of child marriage and HIV rates. Economic growth can only be sustained when children's education is addressed and a skilled, educated, healthy workforce is in place.

Australian aid: building on development progress

Significant progress in reducing poverty has been achieved in the last decade, with Australia making an important contribution to the Millennium Development Goals. Ten million fewer children die from preventable causes each year, one billion people no longer live in extreme poverty (less than \$1.25 a day), and there has been a reduction by half of the proportion of people without access to safe water.

As a result, more countries in our region are now on their way to establishing human services systems – institutional arrangements and frameworks that will support the longer-term delivery of education, healthcare, and social support systems, that stand to benefit entire populations.

Australia's development assistance is playing an important role in building the skills and capacity needed to successfully implement and manage these public services. In Fiji, Kiribati, The Solomon Islands and Vanuatu, ChildFund Australia is working with national governments and key child service

⁷ Asian Development Bank. <https://www.adb.org/countries>

⁸ The World Bank Data <https://data.worldbank.org>

⁹ Gender Equality, Oxfam Australia, 2014.

¹⁰ Facts and Figures: economic empowerment, UN Women. www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures



providers to develop appropriate child protection mechanisms, as well as training first-responders to provide services to at-risk children.

In Laos, Australia's flagship program Basic Education Quality and Access in Laos (BEQUAL), is prioritising access to basic education and improvements in literacy and numeracy levels through a broad range of interventions. These include teacher training, student scholarships, upgrading of school infrastructure and the development of a new national primary curriculum. As a result, 28 per cent fewer children now drop out of school.¹¹

The Australian Government has also played a key role in supporting the roll-out of Myanmar's first ever National Education Strategic Plan, which includes a range of reforms to the current education system, alongside improvements to the curriculum and school infrastructure.

However, significant cuts to our aid program, coupled with heightened global risks – a protracted war in the Middle East, economic instability among developed nations, large volumes of displaced people, and the increasing severity of natural disasters – pose new threats to vulnerable communities. Without the continued support of Australia, there is the potential that many countries and communities may back-slide into poverty.

As the Foreign Affairs White paper notes, Australia's development assistance reflects our values – of fairness, compassion and generosity – while also supporting Australia's national interests. Australian aid is not only an investment in the future development of countries within our region, but an investment in Australia's own stability and prosperity.

¹¹ DFAT Aid Program Performance Report Laos 2015-16. <http://dfat.gov.au/about-us/publications/Documents/laos-appr-2015-16.pdf>