

Question on notice no. 127

Portfolio question number: 128

2022-23 Budget estimates October and November

Foreign Affairs, Defence and Trade Committee, Foreign Affairs and Trade Portfolio

Senator the Hon. Simon Birmingham: asked the Department of Foreign Affairs and Trade on 10 November 2022—

(1. The government has announced it will create a new Development Finance Review. On DFAT's website it says: "DFAT will aim to present the final Review report to the Minister in November 2022?"

- a. When will the review be complete?
- b. Will the review be released publicly?

2. Last month Minister Wong announced there would be a new international development policy. A new External Advisory Group (EAG) will be created.

- a. When will this panel be announced?
- b. Who is confirmed as being on the advisory panel?
- c. Who does the panel report to?
- d. How many people are working on the new development policy?
- e. Will the new policy need to be signed off by cabinet?

3. In its review of the October budget, the Australian Council For International Development (ACFID) said: "The attribution of \$500 million to the Australian Infrastructure Financing Facility for the Pacific (AIFFP) , which is concessional loans, being counted as part of our climate financing commitments is not what we would have hoped."

- a. Why is this funding coming from climate financing?
- b. Is the AIFFP achieving its desired outcome?
- c. Is the Government making any change to the participation of outcomes and objectives?

Answer —

Answer attached.

QUESTION ON NOTICE / Written

QoN 128 – Budget Estimates

Topic: Advisory and Reviews

Senator Simon Birmingham

Question

1. The government has announced it will create a new Development Finance Review. On DFAT's website it says: "DFAT will aim to present the final Review report to the Minister in November 2022?"
 - a. When will the review be complete?
 - b. Will the review be released publicly?
2. Last month Minister Wong announced there would be a new international development policy. A new External Advisory Group (EAG) will be created.
 - a. When will this panel be announced?
 - b. Who is confirmed as being on the advisory panel?
 - c. Who does the panel report to?
 - d. How many people are working on the new development policy?
 - e. Will the new policy need to be signed off by cabinet?
3. In its review of the October budget, the Australian Council For International Development (ACFID) said: "The attribution of \$500 million to the Australian Infrastructure Financing Facility for the Pacific (AIFFP), which is concessional loans, being counted as part of our climate financing commitments is not what we would have hoped."
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 - b. Is the AIFFP achieving its desired outcome?
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Answer

- 1a. The Review is expected to be completed by early 2023.
- 1b. The Development Finance Review will present policy options for consideration by Government. The public release of the Review is a decision for the Government.
- 2a. The department is in the process of establishing an External Advisory Group (EAG) to provide strategic guidance on the new international development policy.
- 2b. Membership of the EAG is expected to be announced before the end of the year. The membership will be diverse and gender-balanced and include representation from key stakeholder groups, including civil society organisations, the private sector, researchers and think-tanks, and representation from First Nation Australians and the Pacific and Southeast Asia.

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2c. The EAG will report to the Department of Foreign Affairs and Trade.

2d. As at 30 November, a team of nine staff (eight FTE) are working on the development of the new international development policy.

2e. Approval of the new international development policy will be a decision of government.

3a. The Government's investment in the Australian Infrastructure Financing Facility for the Pacific (AIFFP) announced in the October 2022-23 Budget enables establishment of the Pacific Climate Infrastructure Financing Partnership (PCIFP). The partnership will result in more support for medium to large scale climate and clean energy infrastructure projects in Pacific countries and Timor-Leste. A new mechanism to support small scale off grid energy projects is also in development. Australia follows the OECD Development Assistance Committee's protocols on climate finance reporting, and reports the 'grant and grant-equivalent' component of AIFFP financing packages not the full value of loans.

3b. Alinea International's independent review of the AIFFP published in November 2022 finds that 'considerable and impressive progress has been made' in AIFFP's first two years of operations, including to establish an appropriate pipeline of investments with good economic and inclusive development potential. The Review also finds the AIFFP has positioned itself effectively and is seen to be responding to Pacific needs. The Review confirms AIFFP's focus on managing environmental and social impacts, promoting gender equality and climate resilience, and building local capacity. DFAT is currently advancing the agreed recommendations from the review.

3c. The AIFFP's overarching objective and three high level outcomes are not being changed. Progress however is being monitored consistent with AIFFP's monitoring and evaluation plan and the recommendations of Alinea International's independent review of the AIFFP published in November 2022 are being advanced, including options for increasing disability inclusion guidance in its systems and policies.