



**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**Inquiry into**

**Australia's overseas aid and development assistance program**

**Submission**

**Oxfam Australia  
February 2014**

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## 1 Introduction

- 1.1 Oxfam Australia welcomes the opportunity to comment on Australia's overseas aid and development assistance program. Oxfam Australia has been a long term partner of the Government, working together to deliver effective aid programs for many years.
- 1.2 As an international development agency working with people across 27 countries, Oxfam Australia has witnessed firsthand the impact of aid in developing countries. We know that focused and effective aid can help transform the circumstances of individuals, communities and entire countries grappling with poverty.
- 1.3 In this submission, Oxfam provides recommendations for Australia's overseas aid program in light of the Government's announced reductions in aid over the forward estimates. Oxfam notes that the Terms of Reference for this inquiry ask for analysis of the likely impact of the \$4.5 billion cut to aid over the next four years. It is difficult to provide specific analysis of such impact as the details of future programming have not yet been made public. Accordingly, this submission draws on our experience and understanding of Australia's aid program. We are mindful of the emerging policy context for the Government and seek to make Oxfam's views on the future of the aid program clear. The submission does not endeavour to provide an appraisal of the overall impact of the proposed budget reduction on the aid program but instead focuses on the areas in which Oxfam has particular expertise.

## 2 About Oxfam Australia

- 2.1 Oxfam Australia is an independent, not-for-profit, secular international development agency whose vision is of a just world without poverty. We undertake long-term development programs, provide emergency response during disaster and conflict, and undertake research, advocacy and campaigning to advance the rights of poor and vulnerable people.
- 2.2 In 2012- 2013, we responded to 17 emergencies and worked with partner organizations in 27 countries across Africa, Asia, the Pacific and Indigenous Australia to improve the lives of 5.7 million people.
- 2.3 Oxfam Australia has more than 500,000 supporters in Australia who contribute skills, time and financial support to advance our work.
- 2.4 Oxfam Australia is a member of Oxfam International, a global confederation of 17 organisations that work together, investing more than \$1,085 million a year to overcome poverty and injustice in more than 90 countries around the world.
- 2.5 Oxfam Australia is one of 43 non-governmental organisations (NGOs) that receive funding through the AusAID NGO Cooperation Program (ANCP). The total ANCP budget for 2013- 2014 was \$141m, although we understand that as a result of the recent cuts to the aid budget, it has been reduced to \$131m of which Oxfam Australia receives less than ten percent. ANCP funding amounts to less than three percent of the overall Official Development Assistance (ODA) budget. In 2012- 2013, Oxfam's ANCP funded work reached 1.7 million beneficiaries of whom almost 1.1 million are in Asia, over 43,000 are in the Pacific and almost 413,000 are in Southern Africa. In

total, Oxfam Australia worked with 4.4 million beneficiaries in East and South Asia, over 340,000 in the Pacific and over 812,000 in Africa.

### **3 Terms of Reference a) and b): Australia's ability to deliver aid against stated policy objectives and international commitments, and to maintain its priorities**

#### **3.1 Introduction**

- 3.1.1 Aid saves the lives of millions of women, men, girls and boys during and after humanitarian crises and it transforms the lives of millions more by providing the social building blocks for economic growth, helping parents feed their families and providing vital healthcare. Development aid not only protects people from the worst effects of poverty. It also increases the options available to them and encourages enterprise. Focused and effective aid requires a deep and long term commitment to ensuring that communities can meaningfully participate in decisions that affect their lives. In this way, it achieves systemic change that empowers communities in the long term.
- 3.1.2 In the United Nations Millennium Declaration adopted in 2000, Australia, together with 189 countries, committed to 'spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want'.<sup>1</sup>
- 3.1.3 The combined efforts of countries committed to the Millennium Development Goals (MDGs) has resulted in momentous change whereby the number of people living in extreme poverty has been halved, as has the proportion of the global population without sustainable access to safe drinking water.<sup>2</sup>
- 3.1.4 Since 2012, informed by the Millennium Declaration, the fundamental purpose of Australian aid has been to help people overcome poverty.<sup>3</sup> Strategic goals for the aid program were adopted in 2011<sup>4</sup> after the *Independent Review of Aid Effectiveness*<sup>5</sup> with the purpose of 'operationalis[ing] Australia's contribution to the Millennium Development Goals'.<sup>6</sup>
- 3.1.5 AusAID's *Annual Report* for 2012- 2013 considered the outputs from Australian aid in that financial year. Among other outcomes it noted that

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<sup>1</sup> *United Nations Millennium Declaration*, GA Res 55/2, 55<sup>th</sup> sess, 8<sup>th</sup> plen mtg, UN Doc A/RES/55/2 (8 September 2000)

<sup>2</sup> AusAID, *2011- 2012 Annual Review of Aid Effectiveness* (AusAID, 2012) 16

<sup>3</sup> AusAID, *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015- 2016* (AusAID, 2012) 6. It is noted that, as adopted, this policy framework is intended to run until 2015- 2016

<sup>4</sup> AusAID, *An Effective Aid program for Australia: Making a real difference- Delivering real result*, (AusAID, 2011) (updated in June 2012)

<sup>5</sup> Commonwealth of Australia, 2011

<sup>6</sup> AusAID, *Helping the World's Poor through Effective Aid: Australia's Comprehensive Aid Policy Framework to 2015- 2016* (AusAID, 2012) 7

The Australian aid program has achieved strong results against each of these goals during the year, including vaccinating more than 2.7 million children, enrolling one million additional children in school, funding the construction or maintenance of more than 4400 kilometres of road, and providing life-saving assistance to 11.8 million people in conflict or crisis situations.<sup>7</sup>

3.1.6 Further specific outputs are detailed in the *2011- 2012 Annual Review of Aid Effectiveness* including immunising more than two million children, enabling over 230,000 women to deliver their babies with a skilled birth attendant present, providing 2.5 million people with increased access to safe water and 1.6 million with increased access to basic sanitation. In addition, among numerous other achievements,

- more than 285 000 poor people were helped to gain access to agricultural technologies;
- \$42 million worth of additional agricultural production was enabled;
- around 1.38 million poor people were provided with access to health and food vouchers; and
- nearly 420 000 poor people were provided with increased access to financial services, such as loans, to start small businesses.<sup>8</sup>

3.1.7 Oxfam Australia notes that these achievements are specific outputs of the aid program. Development assistance can – and should – also be targeted at tackling inequality and the systemic contributors to poverty through improved governance, strengthened capacity, empowerment and social change. Examples of this type of assistance include working with men to change attitudes that lead to violence against women, and building capacity of Pacific Island nations to combat the proliferation of small arms. Different indicators are needed to measure the impact of these forms of important work and should be developed and applied.

3.1.8 Oxfam supports both the fundamental purpose of aid being to help people overcome poverty and the strategic goals adopted, and maintains that they form a strong basis for development and implementation of an effective aid program. It is Oxfam's position that these goals can and should be strengthened and enhanced.

3.1.9 In the current context, it is not clear whether any or all of the strategic goals will continue, or whether the Government will put new policy objectives in places. If a new framework is to be developed, Oxfam would advocate for an approach that specifies that the purpose of Australian aid is to reduce poverty and inequality, which Oxfam sees as consistent with Australia's national interest. Any new framework should present a whole-of-government approach and must provide clear direction to the aid program and certainty into the future.

3.1.10 Although the future priorities of the aid program have not been formally announced, Oxfam has looked to the public statements of the Minister for Foreign Affairs for an

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<sup>7</sup> AusAID, *AusAID Annual Report 2012- 2013*, (AusAID, 2013), 5

<sup>8</sup> AusAID, *2011- 2012 Annual Review of Aid Effectiveness* (AusAID, 2012) 10

indication as to what these will be. The Minister and DFAT have made a number of statements indicating that the priorities for the aid program will include Australia's national interest, a regional Indian Ocean Asia-Pacific focus,<sup>9</sup> and a focus on 'leveraging private sector involvement'.<sup>10</sup> The Foreign Minister has placed an emphasis on economic growth as a central means of poverty alleviation.<sup>11</sup> In addition, she has emphasised women's empowerment<sup>12</sup>, gender<sup>13</sup> and the need to develop performance benchmarks.<sup>14</sup> Consultations are currently underway to develop a performance framework to measure the impact of Australia's aid program.

3.1.11 There has already been a direct cut to the aid budget for 2013- 2014. As a result of this recent cut, Australia will be investing less in security, prosperity and in improving the lives of people living in extreme poverty in a number of regions around the world than was proposed by the previous Government.

## 3.2 What is the role of Australia's national interest in the aid program?

3.2.1 The DFAT- AusAID Integration Principles emphasise the need for the aid program to promote Australia's national interests 'through contributing to international economic growth and poverty reduction'.<sup>15</sup> In the Senate Estimates (Foreign Affairs, Defence and Trade Committee) hearings in November, the Acting Departmental Secretary of DFAT provided a further clarification that national interest does not necessarily mean that there must be a commercial advantage to Australia.<sup>16</sup>

3.2.2 Oxfam believes that it is in Australia's national interest to contribute to building regional and global peace, prosperity and security. Australia has substantial experience and credibility in these areas. Examples of Australia's work to build peace and security include Australia's peace building investments in the Solomon Islands and Timor-Leste, in UN peacekeeping generally, and more recently in leading the successful negotiation of the Arms Trade Treaty and playing a vital role on the United Nations Security Council. Australia also supports work to build peace and prosperity such as Oxfam's work in the Mekong region addressing the need for transboundary management of natural resources and systems. Oxfam's work in the Mekong region seeks better management of these shared resources via good regional governance between countries, inclusive of local river basin communities and civil society.

<sup>9</sup> The Coalition, *The Coalition's Policy for Foreign Affairs* (September 2013)

<sup>10</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Five Million Dollar Aid Budget to Focus on Region' (Media Release, 18 January 2014)

<sup>11</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Address to ACFID Chairs and CEOs dinner' (Speech delivered at the ACFID Chairs and CEOs Dinner, Canberra, 30 October 2013)  
<[http://foreignminister.gov.au/speeches/2013/jb\\_sp\\_131030.html](http://foreignminister.gov.au/speeches/2013/jb_sp_131030.html)>

<sup>12</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Five Million Dollar Aid Budget to Focus on Region' (Media Release, 18 January 2014)

<sup>13</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Australia's Ambassador for Women and Girls', (Media Release, 16 December 2013)

<sup>14</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Five Million Dollar Aid Budget to Focus on Region' (Media Release, 18 January 2014)

<sup>15</sup> *DFAT- AusAID Integration Principles*

<[http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/fadtctte/estimates/sup1314/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtctte/estimates/sup1314/index)>

<sup>16</sup> Commonwealth, Foreign Affairs, Defence and Trade Committee, 21 November 2013, 26

3.2.3 Poverty reduction is in Australia's national interest. As part of this, we must consider both need and impact when determining where to provide Australian aid. Australia's development cooperation program should focus on improving the lives of the poorest people. A long term view should be adopted and development assistance should go to areas where there is deep poverty, vulnerability and inequality even though there may not be a direct and narrow alignment with the Australian national interest. For example, investing in efforts to build peace and security may take many years to yield results, but Australia's long-term interests are undeniably best served by a more peaceful and secure world.

### 3.3 What region should the aid program focus on?

3.3.1 Both the Foreign Minister and the DFAT- AusAID Integration Principles make clear the intention to focus the aid program on the Indian Ocean Asia-Pacific region, with specific emphasis on the South Pacific and South East Asia.<sup>17</sup> In the 2013 report on the evaluation of the Australian aid program prepared by the Office of Development Effectiveness, it was noted that 'more than 80 per cent of Australia's official development assistance goes to its nearest neighbours in the Asia-Pacific region'.<sup>18</sup>

3.3.2 Oxfam notes that the Foreign Minister has stated that the aid program will 'continue to take into account countries where we have an enduring interest- Afghanistan, Pakistan and in Africa'.<sup>19</sup> It is critical that the Australian Government fulfils its commitments in this respect. For example Australia has made generous and strategic long-term funding and capacity building commitments to the Government of Afghanistan. As international forces complete their withdrawal from Afghanistan, meeting these commitments will be essential to sustain many of the development gains Australia has contributed to over the past decade, and to avoiding unintended negative consequences.<sup>20</sup>

3.3.3 Oxfam believes it is vital for the aid program to continue to invest in Southern and Eastern Africa given Australia's strong historic, people to people and commercial links with the region, as demonstrated by Australia's membership of the Indian Ocean Rim Association, and most particularly because of the scale of need given Sub-Saharan Africa is the region where the percentage of people living under the poverty line is highest.<sup>21</sup> This is consistent with the recommendations of the Joint Standing Committee on Foreign Affairs, Defence and Trade in its inquiry into Australia's relationship with the countries of Africa.<sup>22</sup>

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<sup>17</sup> DFAT- AusAID Integration Principles

<[http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/fadtctte/estimates/sup1314/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtctte/estimates/sup1314/index)>

<sup>18</sup> Office of Development Effectiveness, *Lessons from Australian Aid: 2013 report on independent evaluation and quality assurance* (Department of Foreign, Defence and Trade, 2014) 3

<sup>19</sup> Minister for Foreign Affairs the Hon Julie Bishop MP, 'Address to ACFID Chairs and CEOs dinner' (Speech delivered at the ACFID Chairs and CEOs Dinner, Canberra, 30 October 2013)

<[http://foreignminister.gov.au/speeches/2013/jb\\_sp\\_131030.html](http://foreignminister.gov.au/speeches/2013/jb_sp_131030.html)>

<sup>20</sup> See further section 5.2.

<sup>21</sup> The World Bank's estimate of the poverty head count ratio in Sub-Saharan Africa in 2010 at \$1.25 per day is 48.5%, compared to 31% in South Asia and 12.5% in East Asia and the Pacific. World Bank, *World Development Indicators*, (2010) The World Bank <<http://data.worldbank.org/topic/poverty>>

<sup>22</sup> Joint Standing Committee on Foreign Affairs, Defence and Trade, Parliament of the Commonwealth of Australia, *Inquiry into Australia's relationship with the countries of Africa*, (2011)

- 3.3.4 However geographic limitations are not appropriate for official humanitarian assistance, and therefore humanitarian aid should be an exception to the Indian Ocean Asia-Pacific focus of the aid program. Australia should maintain its commitment to respond to humanitarian crises on the basis on need, wherever that need arises, consistent with principles of humanity and impartiality. Australia's humanitarian assistance in Syria is a good example of this commitment. The Government made significant contributions to the humanitarian response in and around Syria in the early stages of the crisis. However, Australia has now fallen short of contributing its fair share to the 2014 UN appeal for Syria, the largest UN appeal in history, reflecting the staggering scale of need. Australia's fair share is based on Australia's gross national income and previous contributions to the Syria response. This contribution is low compared to that of other medium sized donors such the UK, Ireland and Norway and also low compared to the generous contribution Australia has made in previous years.
- 3.3.5 Oxfam notes that in January 2014 the Government cut \$119.7m from humanitarian, emergency and refugee programs. We are concerned that this cut has happened at a time when humanitarian need is increasing. For instance, in 2013 the United Nations' appeals amounted to \$8.47 billion however only \$5.23 billion was funded.
- 3.3.6 Humanitarian action should be proportionate and consistent with Australia's Good Humanitarian Donorship commitments in order to help prevent inadequate responses to 'forgotten crises' or relatively over-funded crises. In line with OECD averages,<sup>23</sup> and as a minimum in the context of increasing disasters and displacement worldwide, a minimum of 10% of Australian development assistance should be allocated to humanitarian aid funding.

#### **3.4 How significant should the goal of economic growth be?**

- 3.4.1 Oxfam agrees that encouraging economic development is an important component of efforts to combat poverty, however it is not sufficient in isolation. Aid not only protects people from the worst effects of poverty, it also increases the options available to them and encourages enterprise. Aid finances infrastructure investment. Aid pays to educate the entrepreneurs and business people of the future. A farmer who receives fertiliser and seeds paid for by aid can grow enough food for her family, and have a surplus to sell in the market to invest in educating her children and investing in new farm equipment to grow even more. All this contributes to economic growth. Growth means more taxes are raised, so poor country governments are able to pay their own way with less reliance on aid.
- 3.4.2 However, Oxfam Australia's experience points to the limitations and risks of overemphasising economic growth as a means to alleviate poverty. While economic growth is important and should play a role in poverty alleviation, research shows that its benefits are not always shared equally and that economic growth may lead to further marginalisation of the poorest people.<sup>24</sup> In countries where inequality is deep,

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<sup>23</sup> Development Initiatives, *Global Humanitarian Assistance Report 2013* (Development Initiatives, 2014) 26

<sup>24</sup> Oxfam, 'Working for the few: political capture and economic inequality' (Briefing Paper 178, Oxfam, 20 January 2014)



economic growth is less efficient at reducing poverty and there greater vulnerability to economic and other shocks.<sup>25</sup>

- 3.4.3 Economic inequality has become significantly worse over the last 30 years. The wealth of the richest 85 people in the world is equal to that owned by the entire bottom half of the world population.<sup>26</sup> The world's poor are significantly missing out on their share of the world's wealth. This is particularly the case in middle income countries and an analysis of the situation in these countries demonstrates why economic growth does not itself solve the challenge of global poverty. As Oxfam has documented, 'in Indonesia, China, India, Pakistan and Nigeria – all lower middle-income countries except for China, which is now classed as upper middle-income – the richest 10 percent of the population have acquired a much greater share of national income than the poorest 40 percent over the past 30 years, with the trend set to continue'.<sup>27</sup>
- 3.4.4 Inequality is largely hidden by national assessments that often see only an increase in GDP and GNI but do not assess the distribution of wealth. For example, the last 13 years have seen Africa become one of the world's most rapidly growing economic regions. However, data released by the Afrobarometer indicates little evidence of a systematic reduction in the overall proportion of people experiencing 'lived poverty'. In fact in some countries, lived poverty is actually on the rise.<sup>28</sup>
- 3.4.5 In November 2010, G20 countries agreed on the Seoul Development Consensus for Shared Growth which recognised that 'for prosperity to be sustained it must be shared'.<sup>29</sup> The Africa Progress Panel has also placed substantial emphasis on equitable growth. It defined growth itself as less of a challenge for Africa than equitable growth, which is needed to ensure that the benefits of growth are shared.
- 3.4.6 Further, economic growth is often not a realistic possibility for those most in need of aid. In conflict affected and fragile states, the need for aid is significant while the prospect for economic growth, at least in the short term, is minimal. Similarly, those most in need of aid in more stable countries are often those with the least access to economic opportunities and include women, Indigenous communities and people with disabilities.

### **3.5 What should the role of the private sector be?**

- 3.5.1 The private sector can play an important role in alleviating poverty, increasing revenue and reducing aid dependency. The most significant contribution that the private sector can make to improving the lives of people living in poverty is to ensure that business conducts itself in accordance with human rights and labour standards. Paying people decent salaries, ensuring that their rights are protected at work, that

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<sup>25</sup> Jan Vandemoortele, 'The MDG Conundrum: Meeting the Targets without Missing the Point' (2, *Development Policy Review*, 27(4) 355, 363

<sup>26</sup> Oxfam, 'Working for the few: political capture and economic inequality' (Briefing Paper 178, Oxfam, 20 January 2014) 2

<sup>27</sup> Oxfam, 'Working for the few: political capture and economic inequality' (Briefing Paper 178, Oxfam, 20 January 2014) 7

<sup>28</sup> Boniface Dulani, Robert Mattes and Carolyn Logan (2013) 'After a Decade of Growth in Africa, Little Change in Poverty at the Grassroots' (Policy Brief No. 1, Afrobarometer, October 2013)

<sup>29</sup> G20, *Seoul Development Consensus for Shared Growth* (June 2010) 1

their safety and wellbeing is not compromised, and that their rights to access and control land and water are protected ensures that people are best able to contribute to the economy and that they are able to provide for their families. Women in particular benefit from good business practices as women comprise two-thirds of the exploited informal workforce.

- 3.5.2 However, the Government should proceed with caution in seeking to increase the role of the private sector in the delivery of Australian aid as the profit motives of the private sector are not always consistent with the delivery of effective and targeted aid, particularly when situations on the ground are complex and require more than 'off the shelf' solutions.
- 3.5.3 While expressing support for the involvement of the private sector in aid, the Foreign Minister has not made clear exactly what that role will be. An increased focus on the role of the private sector in the aid program could manifest in different areas. For example it could involve increasing the use of Australian companies in the delivery of aid, such as in the provision of humanitarian relief, or focusing on encouraging developing countries to generate their own sources of revenue specifically by encouraging private enterprise within their borders.
- 3.5.4 In relation to humanitarian relief, Oxfam supports private sector involvement in humanitarian assistance where it contributes positively to the efforts of the humanitarian community. The private sector brings skills and competencies, and is likely to also bring new practices and perspectives to the humanitarian aid community.
- 3.5.5 It is important to emphasise that any private sector involvement in humanitarian relief must conform with the humanitarian principles embodied in the Red Cross/Crescent and NGO Code of Conduct, including impartial aid based on assessed need, accountability to beneficiaries as well as donors, efforts to reduce future vulnerability as well as immediate relief, and coordination with local and national authorities and the UN-led cluster system. Further, where contractors do deliver aid they need to be subjected to the same benchmarks as other development actors.
- 3.5.6 Oxfam has several processes for humanitarian engagement with the private sector which it recommends to other humanitarian actors. These include screening potential private sector partners to address ethical concerns, potential conflicts with Oxfam's mission and humanitarian principles, and conflicts of interest for the company.
- 3.5.7 One particular area where the private sector plays an important role is mining. Australia has significant expertise in mining that could be of assistance in resource-rich developing countries, and Australian companies have a growing presence in South and East Asia and the Pacific, as well as a range of projects currently in operation in Africa. However the development of natural resources does not automatically mean that countries will reduce aid dependence or that people in those countries will benefit.
- 3.5.8 Two thirds of the world's poorest people live in countries rich in natural resources but often characterised by poverty, corruption and conflict. In seeking to support and work with the private sector, Australia's aid program can play an important role in supporting the development of sustainable practices that benefit local communities.

Mining has particular impacts on women in local communities yet women are rarely consulted or benefit directly from resource revenues. The aid program should prioritise supporting women to participate in community decision-making regarding natural resources. In addition, it should focus on resettlement and livelihoods for communities affected by mining projects. There should also be a focus on revenue transparency as improved disclosure will make a significant contribution to ensuring citizens in resource rich countries get a fair share of their natural resource wealth. This approach will maximise the possibility of private sector development benefitting local communities in a meaningful and sustainable manner.

- 3.5.9 In addition to ensuring that private enterprise contributes effectively to poverty alleviation, the Australian aid program should focus on supporting particular participants in the private sector in developing countries that could have a significant role in reducing poverty. In particular, many small and micro enterprises in developing countries, such as small-scale farmers, livestock-keepers, fishers and forest foragers, would benefit from increased support under Australia's aid program. Growth in agriculture, particularly small scale agriculture, benefits the poorest at least twice as much as growth in other sectors of the economy.<sup>30</sup>
- 3.5.10 Small farms have the capacity to be very productive: the 200 million small farms in China alone produce 20 percent of the world's food, despite occupying only 10 percent of the world's agricultural land.<sup>31</sup> Poverty in small-scale farming communities acts as a constraint on the development of local markets by depressing demand. Investments in small-scale farming can not only stimulate markets, but also address food access constraints for people living in poverty.

## **3.6 What areas must continue as a focus of the aid program?**

### **3.6.1 Women's Empowerment**

- 3.6.1.1 Gender inequality is arguably the most acute and persistent example of inequality and remains the most fundamental obstacle to eradicating poverty and promoting economic growth. According to the United Nations Development Programme, over the past 30 years no other indicator has had a greater impact on development outcomes than gender equality.<sup>32</sup> Seventy per cent of the 1.2 billion people who live in extreme poverty worldwide are women and girls. Two thirds of the one billion plus adults who lack basic literacy skills are women. Women perform two-thirds of the world's work and produce half the world's food, yet earn only ten per cent of the world's income and own one per cent of the world's property.<sup>33</sup>
- 3.6.1.2 In many instances Oxfam works with and in communities where gender roles are deeply entrenched and where women are oppressed and disadvantaged as a result. This discrimination and injustice are major causes of poverty worldwide but more specifically further exacerbate how women and girls experience poverty in all aspects of their lives.

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<sup>30</sup> Food and Agriculture Organisation of the United Nations, *How to Feed the World in 2050* (FAO, 2009) 26

<sup>31</sup> High Level Panel of Experts on Food Security and Nutrition, *Investing in Smallholder Agriculture for Food Security: A Report by the High Level Panel of Experts on Food Security and Nutrition for the Committee on World Food Security* (Committee on World Food Security, 2013)

<sup>32</sup> United Nations Development Programme, *Human Development Report 2010* (UNDP, 2010)

<sup>33</sup> International Women's Day 2014 <<http://www.internationalwomensday.com/facts.asp#.UvcTfPmSwxU>>

- 3.6.1.3 Maintaining gender equality and women's rights as both specific objectives and a cross cutting theme of Australia's aid program is crucial, particularly in the light of work done in recent years to build Australia's own capacity and expertise in this area. Building on this good start, Oxfam believes that gender could be the subject of an even greater focus in Australia's aid program to bring about transformational change for women and girls. Oxfam was concerned to note that \$3.7 million was cut from gender and disability in the January 2014 announcement. However, we warmly welcomed the appointment of Australia's first Ambassador for Women and Girls and look forward to the contribution of the new Ambassador to promote the empowerment of women and girls, particularly in the Indian Ocean Asia-Pacific region.
- 3.6.1.4 To achieve gender equality, an awareness of gender impacts must be integrated into all aspects of aid projects by committed, trained staff based who understand that gender equality is a fundamental human right. This is critical to ensuring that more women will have control over their lives and live free from violence through changes in attitudes about gender relations; and through increased involvement and leadership in institutions, decision-making and change processes. Women and girls must be able to participate in the economic, political, social and cultural aspects of their lives; hold positions of leadership; access information, services and resources; and participate in decisions that affect their lives. This then creates better lives for women and girls because they have greater control over their lives and their rights are protected.

### 3.6.2 Funding for Climate Adaptation

- 3.6.2.1 Oxfam Australia is concerned to ensure that the aid program continues to support climate change initiatives in the region, in particular programs to help vulnerable communities build resilience to climate impacts. Millions of the world's poorest people are already bearing the brunt of climate change because of its damaging effects on their livelihoods, food security and peace. Our concern about ongoing funding for climate adaptation has arisen because of the recent budget cuts to the overall volume of aid to several 'climate vulnerable' Pacific nations<sup>34</sup>, as well as a 97% cut for 'Climate Change and Environmental Sustainability' under 'Cross Regional Programs' and the elimination of all contributions to 'Global Environment Programs'.<sup>35</sup>
- 3.6.2.2 Pacific governments,<sup>36</sup> development agencies<sup>37</sup> and scientific bodies,<sup>38</sup> have consistently recognized climate change as a major challenge to sustainable

<sup>34</sup> Solomon Islands (-12%), Vanuatu (-2.4%), Kiribati (-7.9%) and 'other small Pacific islands' (-22%)

<sup>35</sup> Department of Foreign Affairs and Trade, *Five billion dollar aid budget to focus on the region* (17 January 2014) Department of Foreign Affairs and Trade <<http://aid.dfat.gov.au/Publications/Documents/program-allocations.pdf>>

<sup>36</sup> In September 2013 the 16 members of the Pacific Island Forum adopted the Majuro Declaration for Climate Leadership. The declaration opens with 'Climate change has arrived. It is the greatest threat to the livelihoods, security and well-being of the peoples of the Pacific and one of the greatest challenges for the entire world.' 44<sup>th</sup> Pacific Islands Forum, *Majuro Declaration for Climate Leadership* (5 September 2013), Pacific Islands Forum <[http://www.majurodeclaration.org/the\\_declaration](http://www.majurodeclaration.org/the_declaration)>

<sup>37</sup> A 2013 report from the Asian Development Bank argued that economic losses in the Pacific as a result of climate change could range from 2.9% to as high as 12.7% of annual GDP by 2100. Asian Development Bank, *The Economics of Climate Change in the Pacific* (Asian Development Bank, November 2013)

economic development in the Pacific. The Australian Government should continue to contribute to multilateral funds including the Global Environment Facility, Adaptation Fund, and Least Developed Countries Fund. Oxfam Australia regards multilateral funds, and in particular the emerging Green Climate Fund, as very important in terms of providing stability of support, reducing transactional costs, and ensuring that resources are allocated in accordance with the needs of vulnerable countries and communities. We note at the UN Climate Change Conference in Warsaw, governments agreed to fund the Green Climate Fund 'as soon as possible' and at a 'very significant scale'.<sup>39</sup>

3.6.2.3 Oxfam Australia understands that the Australian Government remains committed to working towards a new global agreement in 2015 under the United Nations Framework Convention Climate Conference. In our submission to the recent Senate Inquiry into the Government's Direct Action Plan, we presented the case that contributing to a fair and ambitious global climate agreement lies firmly in Australia's national interest. As negotiations are unlikely to be successful without substantial progress towards existing international climate finance commitments, Oxfam Australia is concerned that any reduction in Australia's climate finance contributions will make it much harder for Australia to work constructively towards a new agreement.

### 3.6.3 Disaster Risk Reduction

3.6.3.1 Over the past three decades, reported weather-related disasters have tripled with dramatic increases in both the number of people affected by natural disasters and disaster-related economic loss.<sup>40</sup> Disasters have a devastating impact on development, taking the deepest toll on poor countries, and can reverse progress on poverty reduction.<sup>41</sup> Without efforts to account for, and address, disaster risk, disaster losses are expected to double by 2030.<sup>42</sup>

3.6.3.2 Studies have proven that disaster risk reduction measures are both highly effective and a highly cost-effective way of protecting long-term development gains, minimising economic losses and damage to infrastructure.<sup>43</sup> For instance, research in Bangladesh has found that for every \$1 spent on disaster resilience,

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<sup>38</sup> 'Already, people living in the Pacific islands and East Timor are experiencing changes in their climate such as higher temperatures, shifts in rainfall patterns, changing frequencies of extreme events and rising sea levels.' Australian Bureau of Meteorology and CSIRO *Climate Change in the Pacific: Scientific Assessment of New Research. Volume 1: Regional Overview* (2011)

<sup>39</sup> Warsaw Climate Change Conference (COP19), 'November 2013: Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund' <<http://unfccc.int/resource/docs/2013/cop19/eng/l12.pdf>>

<sup>40</sup> Steve Jennings, *Time's Bitter Flood: Trends in the number of reported natural disasters Oxfam research report* (Oxfam GB, May 2011) and Centre for Research on the Epidemiology of Disasters, *Disaster Trends* (2012) <<http://www.emdat.be/natural-disasters-trends>>

<sup>41</sup> A Shepherd et al *The Geography of Poverty, Disasters and Climate Extremes in 2030* (Overseas Development Institute, October 2013)

<sup>42</sup> *Implementation of the International Strategy for Disaster Reduction: Report of the Secretary-General*, UN GAOR, 68<sup>th</sup> sess, A/68/320 (14 August 2013)

<sup>43</sup> See, for example Cabot Venton, *Cost Benefit Analysis for Community Based Climate and Disaster Risk management* (Tearfund and Oxfam America, 2010) and I Kelman and CM Shreve (eds.) *Disaster Mitigation Saves* (13 June 2013),

\$5 was saved in the form of reduced humanitarian spend, avoided losses and development gains.<sup>44</sup>

3.6.3.3 The Indian Ocean Asia-Pacific region contains 10 of the top 15 countries most at risk from disasters globally.<sup>45</sup> Particular focus should be given to supporting government and civil society throughout the region to prepare for, manage and reduce the risk of disasters. Continued Australian investment in disaster risk reduction can help further strengthen these countries' resilience, in turn increasing chances to attract investment, improve competitiveness and sustainability.

3.6.3.4 Australian investment in disaster risk reduction has almost doubled since 2009, making Australia one of only a few countries to meet the commitment made by governments in 2011 to allocate at least 1 per cent of all development funding to disaster risk reduction.<sup>46</sup> Australia is viewed as a global leader on disaster risk reduction, positioning it well to shape international disaster risk reduction policy and to ensure appropriate investment in this area in the Indian Ocean Asia-Pacific region.<sup>47</sup>

### 3.6.4 Food Security

3.6.4.1 Within the Indian Ocean Asia-Pacific region, Australia's aid program should also focus on food security. There are 842 million hungry people in the world and nearly two thirds of the world's chronically hungry people live in our region:<sup>48</sup> there are 22 million hungry people in Indonesia alone, while in Timor Leste one in three people do not have enough to eat.<sup>49</sup> As detailed above, small and micro farming businesses are critical to food security, as is adaptation to climate change and disaster risk reduction. Despite the challenges they face, small and micro farming businesses are critical to food security, with the potential to feed farmers themselves, their families and their communities.

3.6.4.2 Investment in women small-scale producers has been found to be particularly effective: the FAO has estimated that merely providing women farmers with the same resources, such as agricultural inputs, credit and services, currently used by men could increase their production by up to 30 percent, resulting in a 12 to 17 percent reduction in global hunger, and could feed an additional 100 to 150 million hungry people.<sup>50</sup>

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<sup>44</sup> Cabot Venton, *The Economics of Early Response and Resilience: Summary of Findings* (Department of International Development, 2013) and Cabot Venton and S Majumder *The Economics of Early Response and Resilience: Lessons from Bangladesh*, (Department of International Development, 2013) 20

<sup>45</sup> Alliance Development Works, *World Risk Report 2012* (Alliance Development Works, 2012), 9

<sup>46</sup> D Sparks, *Aid Investments in Disaster Risk Reduction – rhetoric to action* (Global Humanitarian Assistance, 2012) 6

<sup>47</sup> Organisation for Economic Co-operation and Development (OECD) *OECD Development Co-operation Peer Review: Australia 2013* (OECD, 2013) 22

<sup>48</sup> United Nations Information Centre, *New Initiative to Achieve 'zero hunger' in Asia and the Pacific* (29 April 2013) United Nations Information Centre <<http://un.org.au/2013/04/29/new-initiative-to-achieve-zero-hunger-in-asia-and-the-pacific/#more-528>>

<sup>49</sup> Food and Agriculture Organisation, *Food Security Indicators*, (20 December 2013) undernourishment data, 2011-13, <<http://www.fao.org/economic/ess/ess-fs/fs-data/en/>>

<sup>50</sup> Food and Agriculture Organisation, *The State of Food and Agriculture: Women in Agriculture*, (2011, FAO)

### 3.6.5 Strengthening the effectiveness of the aid program

- 3.6.5.1 All participants in the Australian aid program should constantly strive to strengthen its effectiveness and ensure it is achieving the greatest possible impact in the lives of poor and marginalised people. As a partner of the Australian Government and in our own work, Oxfam Australia is deeply committed to this, as outlined in detail in our submission to the Independent Review of Aid Effectiveness in 2011.
- 3.6.5.2 The Australian government can draw guidance from a range of international and domestic processes and mechanisms in seeking to strengthen the effectiveness of the development cooperation program. At the international level, Australia has agreed to adopt the aid effectiveness principles and actions set out in the 2005 Paris Declaration, the 2008 Accra Agenda for Action and the Busan Partnership for Effective Development Co-operation. Australia's approach to aid effectiveness can also draw on clear recommendations made by the OECD's Development Assistance Committee Peer Review process.
- 3.6.5.3 In Oxfam's view, there are several key elements that are critical to making a positive difference in people's lives. One important element is adopting a rights-based approach to development in which poverty is conceived of as an inability of poor and marginalised people to secure their basic rights as a consequence of having little or no access to power, resources or essential services. This leads to hunger, exclusion, exploitation and inequality. Such an approach focuses on empowerment and active participation, and promotes greater accountability by identifying those whose duty it is to protect human rights, including governments, corporations, non-government organisations and individuals.
- 3.6.5.4 Oxfam also advocates for investing in long-term partnerships to increase the predictability of Australian aid. Aid predictability provides an important foundation for increasing aid effectiveness. Conversely, the failure to deliver aid on time has significant implications for partner countries: it undermines planning and budgetary cycles because there is no guarantee when promised aid for timetabled programs and activities will actually arrive. It undermines the effectiveness of aid programming and prevents long term planning. The announcement of cuts to this year's aid budget seven months into the financial year and the resultant uncertainty for the future of the aid program is a cause of significant concern and is contrary to aid predictability. The World Bank suggests that donors can assist partner countries by improving medium-term predictability – specifically by providing three to five year spending plans and abiding by them.<sup>51</sup>
- 3.6.5.5 Other significant principles for effective aid include prioritising gender equality as discussed above; being committed to transparency and accountability; and focusing on capacity development and appropriate technical assistance.
- 3.6.5.6 It is important to fully assess the performance of the aid program. Oxfam Australia is currently engaging with the Government's consultation process on the development of benchmarks. It is Oxfam's view that the performance framework should operate at all levels aligned under clear development goals. It should

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<sup>51</sup> See The North-South Institute, *A Global Crisis of Development: Responses and Responsibilities* (The North South Institute, 2010) 31

include input (such as human resources and time); output (activities undertaken); outcomes achieved (results); and impact (contribution of those outcomes to broader social change such as greater equality between women and men). Indicators must be both quantitative and qualitative. The qualitative indicators must be linked to beneficiaries to ensure that the things measured are those most important to the people the aid program works to support. This will help to increase accountability to beneficiaries and ensure a contextual approach to measuring impact.

- 3.6.5.7 Benchmarks should facilitate rigorous performance assessment within realistic time frames, particularly in the context of objectives such as strengthening civil society and women's empowerment, and in the context of fragile states. They must be robust and capable of measuring outcomes and impact in different ways, from different perspectives and at varying levels. There must be both long-term measurement and short-term milestones, and an evaluation of impact at the end of a program with an emphasis on assessing sustainability.
- 3.6.5.8 There must also be space for innovation and to learn from experience. If programs are not found to be effective, there needs to be room to analyse them to understand why and to use this information to better design effective programs.
- 3.6.5.9 The aid program should also be subject to independent evaluation and assessment. This work must include independent evaluation of the work of other departments that spend ODA to ensure that all arms of Government are open and transparent and that the full impact of ODA is assessed. In addition, the involvement and work of the private sector should also be independently reviewed and evaluated.
- 3.6.5.10 It is also important to consider significant development impacts of non-development assistance activities performed by other Government departments to ensure whole-of-government policy coherence is achieved. If the Australian Government is to contribute effectively to poverty reduction, it will need to ensure coherence across policies and practices relating to trade, investment, taxation and remittances, defence and security, immigration and foreign affairs. What is needed is not simply a more effective aid program but a highly effective, coordinated international development co-operation program across the whole of government.

### **3.6.6 What role for Non-governmental Organisations (NGOs)?**

- 3.6.6.1 Oxfam was pleased to note the pre-election commitment of the Coalition to 're-prioritise foreign aid allocations towards Non-Government Organisations that deliver on-the-ground support for those most in need'.<sup>52</sup> Despite this commitment, in January the Government cut about \$10 million from ANCP partner organisations this financial year. Oxfam maintains that NGOs are often best placed to deliver aid at the local community level and accordingly the Government should continue to prioritise partnering with and supporting NGOs.

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<sup>52</sup> The Hon Joe Hockey MP and the Hon Andrew Robb MP, 'Final Update on Federal Coalition Election Policy Commitments' (Media Release, 5 September 2013)



- 3.6.6.2 Through Oxfam's work, we have many opportunities to see how effective aid can be in alleviating poverty. We work in both ongoing programs and in humanitarian emergencies such as the response to Typhoon Haiyan and Cyclone Ian. In all of these situations, the role of Oxfam was essential in ensuring that aid was appropriately targeted and applied, and that maximum benefit was achieved. NGOs are very effective bodies for aid delivery. They are able to reach and help the poorest, most vulnerable and marginalised people who may not be reached by other services or programs. NGOs are also able to work in difficult contexts, and to work with remote or marginalised groups in hard to reach areas. Further the partnership approach adopted by NGOs ensures that capacity is built in local communities and thus it contributes to systemic change.
- 3.6.6.3 NGOs play a particularly vital role in responding to humanitarian crises. They are often closer to the situation on the ground, have well-established local partnerships and can therefore often respond more quickly and efficiently than large multilateral organisations. Delivering humanitarian assistance through NGOs can also minimise overheads and administrative costs which are typically higher in multilateral institutions because often they do not provide humanitarian assistance directly but sub-contract to NGOs or the private sector to deliver assistance.
- 3.6.6.4 The AusAID NGO Cooperation Program (ANCP) comprises less than three percent of the Australian aid program, yet it represents a unique, strategic, efficient and effective mechanism for delivering Australian aid. Accreditation to receive funds through ANCP is rigorous and an important prerequisite is becoming a signatory to the ACFID Code of Conduct. The current ANCP portfolio supports 27 projects in 13 countries across three thematic areas- Gender; Governance, Leadership and Accountability, and Resilience. Oxfam receives \$11.9 million funding through ANCP.
- 3.6.6.5 At this stage we are uncertain as to whether the ANCP program will continue. We have ongoing commitments to partners and to beneficiaries and in many instances have entered into long term contracts and commitments. The uncertainty as to current and future funding puts these contracts and commitments into doubt. If funding is reduced this would have a detrimental impact upon our programs and ultimately would undermine the positive achievements of the aid program to date.

### **3.6.7 What are Australia's international obligations regarding aid volume?**

- 3.6.7.1 In 2001 all nation states committed to a global partnership to achieve the Millennium Development Goals, with wealthy countries like Australia committing to increase aid to the target of 0.7% of Gross National Income (GNI) – a target first committed to in 1970.<sup>53</sup> To date, five countries have met or surpassed this target – Denmark, Luxembourg, the Netherlands, Norway, and Sweden. Britain will also have spent 0.7% of GNI on aid in 2013.

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<sup>53</sup>*International Development Strategy for the Second United Nations Development Decade*, GA Res 2626, UN GAOR, 2<sup>nd</sup> Comm, 25<sup>th</sup> sess, Agenda Item 42, UN Doc A/RES/2626(XXV) (24 October 1970) [43]. See also United Nations, *Monterrey Consensus on Financing for Development* (United Nations, 18-22 March 2002) [42].

3.6.7.2 In 2008 the Australian Government committed to reaching 0.5% of GNI by 2015-2016.<sup>54</sup> In 2012, this was pushed back to 2016-2017.<sup>55</sup> Then again in 2013 it was pushed back to 2017-2018. Shortly before the election, the current Government stated that, while it remains committed to the 0.5 target, it is unable to commit to a date for its implementation.<sup>56</sup> The 2013-2014 Australian federal budget set ODA at 0.37% of GNI, or \$5.666 billion. The recent cuts to this financial year's budget mean that ODA will now be 0.33% of GNI this financial year. Oxfam has expressed disappointment about the delay of the ODA target, and the additional reductions to planned increases in aid levels.

#### **4 Terms of Reference c): The Integration of AusAID and DFAT**

- 4.1 The integration of AusAID and the Department of Foreign Affairs and Trade presents both opportunities and risks. Oxfam has argued previously that the Australian aid program would benefit from greater whole-of-government coordination and it is our hope that the integration of AusAID into DFAT will achieve this aim.
- 4.2 There are some particular opportunities to strengthen Australia's contribution to international development by better aligning foreign affairs, trade and aid, for example, the Government's recent diplomacy on small arms and light weapons at the United Nations Security Council will have benefits in developing countries where these weapons are used in conflict situations to perpetrate human rights violations and violence against women. Similarly, there are opportunities to better integrate Australia's poverty reduction aims into its trade negotiations, with potentially significant benefits for developing countries.
- 4.3 The aid program must be given appropriate focus and priority within DFAT. It is essential that expertise and institutional learning in the complex area of international development be maintained and that the development of skills be encouraged. The expertise maintained must include both broad international development expertise, as well as technical or thematic expertise in DFAT's priority areas. Such an approach would minimise disruption to current Australian aid programs and help to retain development specialists with a history of managing complex aid programs. The New Zealand Government found that retaining development specialists was key to an effective aid program when it merged aid into foreign affairs and trade.
- 4.4 Australia's Global Humanitarian Response program and coordination of official humanitarian assistance should continue to be managed as a stand-alone unit,<sup>57</sup> with an appropriate level of independence within the DFAT organisational structure. This is in recognition of the specific skills, capacities and timely decision making required to manage this area of the aid program. This is also in accordance with Australia's commitment to the Good Humanitarian Donorship principles, which oblige humanitarian funding decisions to be made on the basis of need, independent of political, economic or other considerations.

<sup>54</sup> The Hon Stephen Smith MP and the Hon Bob McMullan MP, *Budget: Australia's International Development Assistance Program 2008-09*, 13 May 2008, iii

<sup>55</sup> Senator the Hon Bob Carr, *Budget: Australia's International Development Assistance program 2012-13*, 8 May 2012, 3

<sup>56</sup> The Hon Joe Hockey MP and the Hon Andrew Robb MP, 'Final Update on Federal Coalition Election Policy Commitments' (Media Release, 5 September 2013)

<sup>57</sup> Commonwealth, Foreign Affairs, Defence and Trade Committee, 21 November 2013, 26

## 5 Terms of Reference d): Any unintended consequences

- 5.1 In the reconsideration of the aid program, the implementation of aid cuts, the reduction in the future aid budget and the integration of AusAID and DFAT, it is important that the effectiveness of Australian aid is not undermined. These processes have generated significant uncertainty within DFAT, NGOs, beneficiaries and partners on the ground with particular disquiet around the predictability of funding. Yet predictability is one of the fundamental aid effectiveness principles to which Australia has committed. Aid programs generally require a multi-year commitment to enable proper planning, implementation, impact and evaluation. A lack of certainty as to the continuity of funding is detrimental to aid programming and may undermine the benefits already achieved. While Oxfam appreciates the commitment of the Foreign Minister to maintaining the aid budget at set levels over the forward estimates with CPI increases, the lack of detail as to future allocations is causing uncertainty.
- 5.2 A further specific possible unintended consequence that could flow from a lack of aid predictability is that Australia could undermine gains made in Afghanistan. In 2012 the Australian Government committed to increase its aid to Afghanistan to \$250 million a year by 2015/16.<sup>58</sup> In January 2014 the Federal Government cut approximately \$50 million from the Afghanistan budget, reducing Australia's total aid commitment for the year to \$130.9 million.<sup>59</sup> If this is indicative of a downward trend it would result in Australia being unable to meet its commitments under the Tokyo Mutual Accountability Framework (TMAF) agreed in 2012,<sup>60</sup> which contains mutual commitments of the Afghan Government and the international community to help Afghanistan achieve economic growth, development and good governance. The TMAF is a key mechanism that the international community can use to influence the Afghan Government to ensure transparent and legitimate elections in 2014 and 2015 and improvements to human rights protections throughout the country, including for women and girls. Australia's failure to meet its previously stated commitments could undermine the leverage the international community has at a particularly difficult time, as international forces are finalising their withdrawal from the country. If Australia wants its legacy in Afghanistan to be one of improved democracy and human rights, it is vitally important that the Federal Government demonstrate continued commitment to the TMAF.

## 6 Recommendations

1. The purpose of the aid program should be to reduce poverty and inequality.
2. The geographic focus of the aid program should be on the Indian Ocean Asia-Pacific region, including Southern and Eastern Africa. However geographic limitations are not

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<sup>58</sup> Minister for Foreign Affairs Sen the Hon Bob Carr, 'Australia's Roadmap for Afghan Aid: Education, Jobs and Governance' (Media Release, 9 July 2012)

<sup>59</sup> Department of Foreign Affairs and Trade, *Five billion dollar aid budget to focus on the region* (17 January 2014) Department of Foreign Affairs and Trade <<http://aid.dfat.gov.au/Publications/Documents/program-allocations.pdf>> compared against 2013/14 aid budget (country programs, Afghanistan)

<sup>60</sup> *Tokyo Mutual Accountability Framework*, (8 July 2012) 4, [12]. The TMAF commits international community to providing \$16 billion US dollars through 2015, and sustaining support, through 2017, at or near levels of the past decade. The Australian Government committed to providing \$250 million per year by 2015 as Australia's contribution to this overall commitment. Minister for Foreign Affairs Sen the Hon Bob Carr, 'Australia's Roadmap for Afghan Aid: Education, Jobs and Governance' (Media Release, 9 July 2012)

appropriate for official humanitarian assistance, and therefore humanitarian aid should be an exception to the Indian Ocean Asia-Pacific region focus.

3. In line with the OECD average, a minimum of 10% of Australian development assistance should be allocated to official humanitarian assistance. In light of rising disaster risk globally Australia's aid program should be sufficiently flexible to increase this proportion over time.
4. The Australian aid program should support private enterprise in developing countries where it empowers local communities, particularly women, to participate in decisions regarding the management of their natural resources and should support the implementation of compulsory revenue transparency measures.
5. The Australia aid program should also support micro and small enterprises in developing countries that have the capacity to significantly address and alleviate hunger.
6. Australia should provide leadership on gender equality by fully incorporating it into all aspects of Australia's aid program as well as supporting specific gender-focused programs that promote transformational change for women and girls.
7. The Government should increase financial support for programs that support low-carbon development and resilience to climate impacts (climate finance) in line with Australia's longstanding commitment to the international goal of jointly raising \$100 billion a year by 2020 from a variety of sources. This should be provided through both bilateral and multilateral channels, including the emerging Green Climate Fund.
8. In addition to humanitarian assistance, Australia should sustain levels of disaster risk reduction funding (at least 2-3% of overall ODA), prioritising investment in countries in the Indian Ocean Asia-Pacific region that have a high vulnerability to disasters and low capacity to respond.
9. Australia should double its investment in food security, focusing particularly on support for women small-scale farmers.
10. Performance based benchmarks for Australia's aid program should be based on internationally agreed aid-effectiveness principles.
11. Meaningful quantitative and qualitative benchmarks should be developed to enable the outcomes and impacts of Australian aid on alleviating poverty and reducing inequality to be measured. Key partners and development experts should be consulted in the development of these benchmarks.
12. The Government should make its plans for the aid budget clear as soon as possible to enable all affected parties to plan and to maximise the effectiveness of Australian aid. To provide predictability for partners, Australian aid should be allocated and disbursed as part of multi-year commitments, except in the area of humanitarian assistance where flexibility is required to respond to urgent needs.

13. Both the AusAID NGO Cooperation Program and the Civil Society Engagement Framework should continue as priorities.
14. The title of the Department of Foreign Affairs and Trade should be altered to reflect the integrated approach to aid, trade and foreign affairs.
15. Australia's aid program should continue to be delivered by experienced development professionals, with responsibility for policy development, program implementation and risk management.
16. In accordance with Good Humanitarian Donorship principles of independence in humanitarian funding decisions, Australia's Global Humanitarian Response program should continue to be managed through a stand-alone unit with an appropriate level of independence within the DFAT organisational structure.

## **7 Conclusion**

- 7.1 Oxfam Australia thanks the Committee for the opportunity to make this submission on Australia's overseas aid and development assistance program.
- 7.2 The Australian aid program has a proud history of making inroads in poverty alleviation. The priorities that have been advocated by the Government for the aid program must be carefully considered and developed to ensure that Australian aid continues to have a significant impact.

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