



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

***Role of the private sector in promoting economic growth and
reducing poverty in the Indo-Pacific region***

**ACFID Submission to the Joint Standing Committee on Foreign
Affairs, Defence and Trade**

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1. About ACFID

1. The Australian Council for International Development (ACFID) unites Australia's non-government aid and international development organisations to strengthen their collective impact against poverty. Our vision is of a world where gross inequality within societies and between nations is reversed and extreme poverty is eradicated.
2. ACFID's purpose is to provide leadership to the not-for-profit aid and development sector in Australia in achieving this vision and to fairly represent and promote the collective views and interests of our membership.
3. Founded in 1965, ACFID currently has 129 members and 8 affiliates operating in more than 100 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.4 billion (2011/12), \$871 million of which is raised from over 1.9 million Australians (2011/12). 80% of funding is from non-government sources. ACFID's members range between large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community based groups, with a mix of secular and faith based organisations. A list of ACFID member organisations is at **Annex 1**.
4. The ACFID Code of Conduct is a voluntary, self-regulatory sector code of good practice that aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations. Covering over 50 principles and 150 obligations, the Code sets good standards for program effectiveness, fundraising, governance and financial reporting. Compliance includes annual reporting and checks. The Code has an independent complaints handling process.
5. **ACFID and the private sector:** ACFID member agencies are actively engaging with the private sector for development outcomes, both within Australia and developing countries (see examples of such engagement at **Annex 2**). ACFID member agencies have significant levels of private sector representation on their boards, with a survey of half of ACFID's membership (68 members) identifying 247 private sector board members, i.e. an average of 3.6 per board.

2. Introduction

6. ACFID welcomes the opportunity to share its thinking about the ways in which the private sector¹ can play a vital role alongside government and non-government development actors pursuing economic growth and poverty alleviation for the poorest.

¹ For a list of definitions used in this submission, including a definition of 'private sector' see Annex 3.

7. We contend that economic growth plays a pertinent role in overall development; however, unaided, it is neither assured that growth will translate into meaningful changes for those most disenfranchised from opportunity, nor that the poorest are able to access the benefits of growth.
8. One of growth's most powerful benefits for poverty alleviation is the creation of decent work. To ensure economic growth is able to play that central role, it must translate into labour markets where there is decent, productive work for men and women.²
9. The private sector accounts for 9 out of 10 jobs created;³ however, the World Bank's Development Report 2013 also found that it is "public action that sets the stage" for private sector job creation.⁴
10. Therefore, Official Development Assistance (ODA) plays a fundamental role in creating an enabling environment for economic growth by promoting a functioning state and civil society, by ensuring the equitable distribution of growth, and by incentivising interventions that tackle discrimination and marginalisation.
11. Government donors, including Australia, have a central role to play in ensuring that growth translates to equity of opportunity and that ODA continues to support the necessary preconditions of economic opportunity—the basic requirements of human rights and human dignity.
12. For this reason, we are pleased that the Committee is making its inquiry into the role of the private sector in development and specifically, the role of the Australian Government in fostering private sector engagement for development.
13. ACFID's submission draws on the Terms of Reference, particularly from our understanding of: *the current role of the private sector in accelerating the pace of economic growth and in reducing poverty in poor countries*; and with regards to:
 - *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.*
 - *Risks related to current and possible future approaches to enhancing the role of the private sector in development, and their management.*
14. In the following sections, this submission first outlines opportunities for inclusive and transformational growth through private sector engagement. Secondly, the submission underscores considerations for ensuring such engagement delivers value for money and strong development results. Key definitions used throughout this submission are summarised at **Annex 3**.

² World Bank. *Development Report 2013: Jobs*. P. 3.
http://wdronline.worldbank.org/worldbank/a/c.html/world_development_report_2013/abstract/WB.978-0-8213-9575-2.abstract last accessed 22 April 2014.

³ *Ibid.* p.7.

⁴ *Ibid.* p.38.

3. Summary of recommendations

15. That the Australian Government should:

Recommendation 1: Promote the growth of the private sector in developing countries, giving particular attention to the role of micro, small and medium enterprise (MSME) with the longer-term goal of assisting the transition from informal to formal economic activities.

Recommendation 2: Ensure aid-for-trade initiatives foster local job creation, link MSMEs to the value chain and target sectors where women and other marginalised groups work.

Recommendation 3: Advance investments in activities that provide new and accessible tools of financial inclusion for women, including in loans, savings and insurance.

Recommendation 4: Invest in social protection floors to insulate the labour force in both the informal and formal sectors from shocks and enable an increasing amount of economic resilience.

Recommendation 5: Invest in better quality data at the individual level to ensure economic growth is benefitting women's economic empowerment.

Recommendation 6: Invest to support the growth of the Australian impact investing market.

Recommendation 7: Advance innovative thinking about financing models through 'challenge funds.'

Recommendation 8: Harness the domestic resource mobilisation potential of Australia's low and middle-income bilateral partners by addressing Base-Erosion and Profit-Shifting (BEPS).

Recommendation 9: Establish a taskforce to examine how adaption of Export Finance and Insurance Corporation (EFIC) products might assist Australian companies and Australian NGOs to assist poor people in developing countries.

Recommendation 10: Support innovative solutions to development problems by:

- a) demonstrating, resourcing, and communicating an appetite for risk commensurate to the goal of innovation;
- b) partnering with stakeholders - private sector, non-government and multilateral – that are able to meet up-front due-diligence and have the capacity for implementation, monitoring, evaluating and learning; and
- c) ensuring for at least a three to five year timeline of partnership to enable innovative solutions to bear fruit.

Recommendation 11: Utilise and build on existing global standards of good practice for private sector engagement including the OECD Guidelines for Multinational Enterprises; the

UN Guiding Principles on Business and Human Rights and the 10 Principles outlined by the UN Global Compact.

Recommendation 12: Invest the majority of ODA in the pre-conditions of inclusive and transformative growth which can catalyse further private-sector led development.

Recommendation 13: Ensure that public-private partnerships for development, particularly any large-scale physical infrastructure, at a minimum, comply with the World Bank's social, legal and environmental safeguards with mandatory and transparent social and environmental impact analysis undertaken prior to implementation.

Recommendation 14: Follow the lead of the Asian Development Bank and appoint Principle Sector Specialists on Safeguards.⁵ The role would be responsible for ensuring coordination of, compliance with, and capacity development on, adherence to safeguards for development both in Canberra and at Post.

Recommendation 15: Recognise the role of civil society-private sector partnerships and use its convening and brokering power to facilitate new multi-stakeholder initiatives for development.

Recommendation 16: Build on people-to-people links for business by investing in volunteering programs with mentoring and linking functions, and with particular attention to supporting women entrepreneurs in the Indo Pacific region.

4. Opportunities for inclusive and transformative growth

4.1 Make enterprise and aid-for-trade work for women

Recommendation 1: The Australian Government should promote the growth of the private sector in developing countries, giving particular attention to the role of micro, small and medium enterprise (MSME) with the longer-term goal of assisting the transition from informal to formal economic activities.

Recommendation 2: The Australian Government should ensure aid-for-trade initiatives foster local job creation, link MSMEs to the value chain and target sectors where women and other marginalised groups work.

16. Jobs are a pivotal tool for linking the poorest people to the benefits of economic growth. Therefore, job creation drivers are an important consideration in fostering the growth of any local private sector. For this reason, it is notable that MSMEs employ around one third of the world's labour force,⁶ driving economic growth and job creation.

⁵ The ADB has principle safeguard specialists as part of country-specific teams. For an example of the duties undertaken by these specialists visit: <http://www.adb.org/careers/adb-hr-14-0306> last accessed 5 May 2014.

⁶ Kushnir, Khrystyna; Mirmulstein, Melina Laura; Ramalho, Rita. "Micro, Small, and Medium Enterprises

17. In East Asia and the Pacific, 80 per cent of total employment is accounted for by MSMEs. Contrastingly, in South Asia the employment ratio of MSMEs is low, likely attributable to the large informal sectors in Bangladesh, Pakistan and India.⁷
18. In addition to MSME as a major component of job creation and employment, however, is the *informal sector*.
19. The concept of the informal sector was coined in the early 1970s and ACFID accepts the definition of the informal sector as the realm of legal economic activities where there is no regulatory oversight or local enforcement of relevant regulation is either absent or ad hoc.⁸
20. In reality, there are no neat lines between the formal and informal economies and many MSMEs have features of one or more sectors of the economy, simultaneously. In many developing countries, the informal economy contributes substantially to Gross Domestic Product (GDP)⁹ and in urban contexts, is both a provider of income for the poorest and can be an important provider of affordable services for the urban poor.¹⁰
21. However, it is often women and other marginalised and vulnerable populations that find themselves limited to work in the informal economy.¹¹ “Almost by definition, informal workers lack legal job protections, and social insurance coverage, making them more vulnerable to workplace abuses, health risks and the vagaries of the business cycle...[informality] becomes another source of gender inequality.”¹² Informality is also usually associated with low productivity and low growth.¹³
22. Proliferation of informal economic activities also reflects a weak state in which it is assumed that the state cannot enforce regulations and the citizenry will not comply. This not only has a negative impact on societal stability and fragility but also serves to exacerbate poverty and social inclusion.¹⁴
23. Thus, supporting a transition from informal to formal economic activities should be a long-term goal for both increasing women’s economic empowerment and for growing a local private sector.

Around the World: How Many Are There, and What Affects the Count?” MSME Country Indicators a joint work of Access to Finance, Global Indicators and Analysis, and Sustainable Business Advisory. p.1.

<http://www.ifc.org/wps/wcm/connect/9ae1dd80495860d6a482b519583b6d16/MSME-CI-AnalysisNote.pdf?MOD=AJPERES> Last accessed 5 May 2014.

⁷ *Ibid.* p.4-5.

⁸ World Bank. “Workers in the Informal Economy.”

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTLM/0,,contentMDK:20224904~menuPK:584866~pagePK:148956~piPK:216618~theSitePK:390615,00.html> Last accessed 5 May 2014.

⁹ *Ibid.*

¹⁰ Adhikari, Dipak Bahadur. “Income Generation in Informal Sector: A case study of the street vendors of Kathmandu Metropolitan City.” *Economic Journal of Development Issues* Vol. 13 & 14 No. 1-2 Combined Issue. 2011.

¹¹ International Labour Office, Geneva. “Transitioning from the informal to the formal economy: fifth item on the agenda.” International Labor Conference, 103rd Session, 2014. p.7. http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_218128.pdf last accessed 17 April 2014.

¹² World Bank. *Development Report 2013: Jobs*. p.210.

¹³ *Ibid.* p.210.

¹⁴ *Ibid.* p.210.

24. The economic empowerment of women and promoting the role of MSMEs should also be a fundamental consideration as Australia increases its aid for trade agenda.
25. To ensure that *volume of trade* does not overlook the key issue of *value of trade* there is an important need to support trade facilitation that targets sectors in which women and the poor work, links MSMEs into global supply chains, builds local (direct and indirect) job creation, increases the level and predictability of income, and supports the sustainable use of resources.

4.2 Invest in financial inclusion for women

Recommendation 3: The Australian Government should advance investments in activities that provide new and accessible tools of financial inclusion for women, including in loans, savings and insurance.

26. Women's over-representation in the informal sector means that they face substantial barriers to the necessary instruments that would enable them to transition from the informal to the formal sector.¹⁵
27. To more fully support women's economic participation, and to realise the contribution of women's full integration into the workforce, investments would be well placed if they supported women's informal economic activities with tools such as: access to credit, savings support, and access to insurance.¹⁶
28. While micro-credit has established itself firmly as a practice of assisting MSMEs, there is continued scope to develop the type of loan products available to both group and individual borrowers.
29. Likewise, the positive impact of savings on enabling a reduction of high levels of indebtedness and re-investment in business activity is an important component of assisting women to transition their business activities from the informal to formal sectors. With the added protection of savings and micro-insurance, women's economic enterprise will be able to withstand small shocks and in so doing, begin to build economic resilience.

¹⁵ The reasons for women's over-representation in the informal sector also need to be addressed through aid—these include issues such as cultural practices that limit women's role in society and public life, low functioning law enforcement and justice systems capable of upholding rule of law, lack of education opportunities, lack of nutrition and food security, and vulnerability to harassment, discrimination and violence—particularly domestic or gender-based violence.

¹⁶ Mehra, Rekha et. al. "Financial Services for Low-Income Women: Opportunities for Economic Empowerment?" *International Center for Research on Women*. December 19, 2012.
http://www.icrw.org/files/publications/ICRW_Financial%20Services%20and%20WEE.pdf last accessed 5 May 2014.

Financial Inclusion and Civil Society-Private Sector Partnership for Inclusive and Transformative Growth

Research demonstrates that women re-invest up to 90 per cent of their income in their families and have been recognised across the world as a solid credit investment. However, presently 2.5 billion adults – more than a third of the world's population – are unable to participate in the formal financial system. Women are disproportionately represented among this number, with only 37 per cent of women and 46 per cent of men in developing economies having an account at a formal financial institution.

Barriers to participation in formal finance institutions include: lack of financial literacy; gender norms preventing women from accumulating or controlling assets; physical distance between finance institutions and the poorest people, and; the profitability of servicing the poor.

CARE and Barclays' Banking on Change partnership, an eleven-country partnership between Barclays, CARE and Plan International aims to test ways to effectively link savings groups to formal banking, has reached 513,000 people, with each member saving on average \$58 per year. If each of the 2.5 billion unbanked adults globally saved \$58, this would represent a total of \$145 billion annually in new savings, with significant potential to promote sustained and equitable growth.

This information is reproduced from: Newton-Howes, Julia; Lettie, Michelle. "The G20 and Financial Inclusion: Meeting the Needs of the Poorest." Lowy Institute G20 Monitor: Development and the G20. August 2013. P.44-48.

4.3 Ensure social protection for those employed in the MSME sector

Recommendation 4: The Australian Government should invest in social protection floors to insulate the labour force in both the informal and formal sectors from shocks and enable an increasing amount of economic resilience.

30. Aid investments for private sector growth should also account for the current economic situation of partner countries and ensure activities that protect the labour force.
31. The provision of social protection measures for the poorest and those working in the informal economy, to shield against extreme poverty, ill-health and lack of education can have the positive impact of increasing worker loyalty and increasing productivity and competitiveness.¹⁷
32. Social protection is an important component of the social infrastructure that is necessary to drive development and ensure that the private sector is able to access a pool of labour that is healthy and educated, thus increasing their productive capacity.

¹⁷ Overseas Development Institute. "Opportunity and Exploitation in Urban Labour Markets: Better economic opportunity does not always mean better work." *Briefing Paper 44*, November 2008. P. 4.

Better Factories Cambodia – Ensuring Labour Standards and Competitive Advantage

Better Factories Cambodia (BFC) is based on an understanding that decent working conditions can spark market competitiveness, create a thriving society and build a vibrant economy.

Funded by the Royal Government of Cambodia, industry, unions, income for paid services and international donor organisations, BFC aims to lift Cambodians out of poverty by facilitating competitive advantages for the nation's biggest formal employer, the garment sector. BFC projects include:

- independent monitoring and reporting of factories to assess compliance with national and international labour standards (all export garment factories in Cambodia must agree to be monitored by BFC in order to receive an export license);
- dialogue between government, unions and employees to collectively address workplace challenges;
- training programs to build good management systems for sustainable self-improvement within each factory; and
- empowering workers to know and understand their rights.

Cambodia's Senior Minister and Minister of Commerce, H.E Cham Prasidh emphasised that BFC's monitoring scheme helps buyers trust Cambodia as a source for garments. "I have received many requests from other countries to come and learn from our experience here. The Government will continue to lend full support to this project and develop more mechanisms for dialogue with the unions and the Garment Manufacturers Association in Cambodia."

Case study developed from information on the BFC website. See: www.betterfactories.org/

4.4 Invest in data gathering

Recommendation 5: The Australian Government should invest in better quality data at the individual level to ensure economic growth is benefitting women's economic empowerment.

33. While the available methodologies continues to grow, and data on understanding the intersection between informal sector economic activities, formal MSME activities, and poverty accumulates, it is notable that current statistical bases for measuring poverty tend to stop at the household level. In that way, the data available continues to obscure the distribution of resources amongst individuals, including women and children, within the household.
34. In order to better support policy that enables women as economic agents and addresses not only the experience of poverty within the household but also the barriers to their participation in, and benefit from, formal enterprise, there is a tremendous need for better quality data, that disaggregates to the individual level.

35. Substantial research has already been initiated through an inter-disciplinary, multi-stakeholder initiative driven out of Australia and the USA to advance this capability.¹⁸ We recommend the Australian Government consider how to invest in extending the piloting of this initiative in the Indo-Pacific to capture relevant data for developing policy on investing in women's economic empowerment as a means of growing the local private sector and enabling private sector-led development.

4.5 Support Social and Development Impact Bonds

Recommendation 6: The Australian Government should invest to support the growth of the Australian impact investing market.

36. Development Impact Bonds (DIBs) bring all stakeholders to the table—private sector, NGO, donors and partner governments. They can create a platform for establishing shared ideas about effective interventions and they allow all actors to play to their strengths. The “private sector provides flexible funding and real-time performance management, partner government and donors articulate the social priorities and pay for results; service providers deliver services and adapt them in response to local needs...”¹⁹
37. Investing in the accelerated development of these social investment markets should enable inclusive, transformative, and socially oriented business to access early capital and achieve scale otherwise impossible given the current maturity of the Australian impact investment market.
38. Through Government's early contributions, both financial and technical, those initiatives that are able to attract further capital will do so and transaction costs of this approach can be reduced over time. A demonstration of results and financial returns can be established to attract further capital and build a functioning and maturing market for impact investors.
39. ACFID member organisations The Fred Hollows Foundation and Opportunity International²⁰ both have experience with these instruments and provide examples of how these types of investments can catalyse a growing market for social investment.

¹⁸ Measuring Poverty and Gender Disparity is a collaborative, inter-disciplinary research effort to improve the measurement of poverty and gender disparity. For more information on the collaborating agencies and institutions visit their website: <http://www.genderpovertymeasure.org/project-team/> last accessed 5 May 2014.

¹⁹ Perakis, Rita. “Two DIB pilots will test new development partnerships.” *Center for Global Development*. http://www.cgdev.org/blog/two-dib-pilots-will-test-new-development-partnerships?utm_source=140422&utm_medium=cgd_email&utm_campaign=cgd_weekly&utm_ last accessed 7 May 2014.

²⁰ See the Submissions to this Inquiry made by The Fred Hollows Foundation and Opportunity International for more information.

The Cataract Bond: An Initiative of The Fred Hollows Foundation

The power of capital markets can be harnessed to help channel private impact investment funds toward start-up businesses with a social orientation. They can also be used to support development agencies with the working capital to scale-up proven and cost-effective interventions. In either case, the growth of the impact investing market enables access to finance for good ideas with positive social benefit to achieve scale that would have otherwise been impossible with current funding models.

Development Impact Bonds are an exciting and innovative new approach to raising this capital. They are, however, constrained at present by the social impact investing market's relative immaturity.

ACFID member, The Fred Hollows Foundation is currently developing a proposal as a forerunner of the use of Development Impact Bonds—the Cataract Bond. This DIB would be used to fund the elimination of cataracts in the region of South East Asia.

The Australian Government has an important role to play in leading this approach by underwriting DIBs in their nascent stage and agreeing to pay for performance. As this approach gains a track record for success, delivering both results and returns, the impact investing market will gain greater maturity and investors' greater confidence to drive the long-term feasibility of this financing mechanism.

This information is sourced from The Fred Hollows Foundation. For more please see their submission to the Senate Inquiry on The Role of the Private Sector in Driving Economic Growth.

40. To assist the market in its development, the Australian Government should work with stakeholders to identify appropriate private sector initiatives for development and provide early-stage capital and/or provision of first-loss funding to provide acceptable, risk-adjusted returns, thereby supporting the attraction of additional capital through a social investment market.
41. Building off the Senate Economics Reference Committee report of June 2012, the precise nature of actions to accelerate this maturation could be considered through the establishment of a Social Finance Taskforce.²¹ Such a Taskforce could consider the ways in which the impact investing market could be utilised not only for domestic social investments but also those happening in the overseas development arena.
42. The Australian Government can look to donors such as the USA and UK and philanthropic funds such as the Rockefeller Foundation.²² At the most recent Global Partnership for Effective Development Cooperation (GPEDC) the UK announced it will be investing in two, pilot Development Impact Bond (DIB) initiatives.
43. The Australian Government could consider a 5-year investment plan of \$20 million of ODA to drive this accelerated market maturation.

²¹ Australian Government. "Senate Economics References Committee Report—*Investing for Good: the development of a capital market for the not-for-profit sector in Australia*." June 2012.

<http://www.dpmc.gov.au/publications/docs/government-response-investing-for-good.pdf> p. 4. Last accessed 22 April 2014.

²² Koh, Harvey; Hedge, Nidhi; Karamchandani, Ashish. "Beyond the Pioneer: Getting Inclusive Industries to Scale." A report prepared by Deloitte Touche Tohmatsu India Private Ltd. April 2014. p.94-99.

4.6 Initiate challenge funds

Recommendation 7: The Australian Government can advance innovative thinking about financing models through ‘challenge funds.’

44. Challenge funds – competitive funds for projects that have the potential to solve a particular development problem - have been a key approach to engaging the private sector in development over the past decade and are gathering pace today.
45. The USA and UK have recently joined forces to launch Global Development Innovation Ventures to support innovative approaches with proven results to combat poverty. Similarly, Grand Challenges Canada, a public-private partnership between the Government of Canada and the Gates Foundation is “supporting bold ideas with big impact in global health.”
46. Challenge funds have also been used within the Australian Aid context including the former Enterprise Challenge Fund to stimulate pro-poor economic growth in the Asia Pacific.
47. ACFID supports the initiation of a ‘grand challenges fund’ within the Australian aid program to support innovative business models or projects with a potentially high pro-poor impact, including in the key areas of health, education and agricultural development.
48. Such a fund should focus on projects that demonstrate a reasonable prospect of achieving commercial viability within a certain timeframe, that are likely to deliver strong, pro-poor development impacts, and have little or no prospect of proceeding without the support of public finance.
49. The structure of these funds could consider new and innovative financing models and learn from lessons to ensure that the Challenge Fund has a clear theory of change; has capacity and commitment to a monitoring and evaluation of results that are meaningful for capturing development impact, as well as business success, and; has an understanding of the market to ensure it is operating without violating competitive neutrality of other businesses.²³

4.7 Harness domestic resource mobilisation

Recommendation 8: The Australian Government should harness the domestic resource mobilisation potential of Australia’s low and middle-income bilateral partners by addressing Base-Erosion and Profit-Shifting (BEPS).

²³ See: Callan, M; Davies, R. *When business meets aid: analysing public-private partnerships for international development*. 2013. See also: Kessler, A. *Measuring Results in Challenge Funds: Practical Guidelines for Implementing the DCED Standard*. 2013. See also: Brian, A et al., *Meeting the challenge: how can enterprise challenge funds be made to work better*. 2014.

50. Building on commitments from the 2013 G20 Leader's Summit, concrete action to combat BEPS should be taken by governments as they identify, and increasingly work with, private sector partners to achieve development outcomes.
51. BEPS refers to a tax strategy whereby companies seek to exploit gaps and mismatches in tax law across countries that enable them to claim profits in lower tax jurisdictions and reduce their corporate taxes in places where value is created.²⁴
52. Doing this leads to harm for governments, citizens and business.²⁵
53. Addressing BEPS can increase the revenue base from which governments provide public goods²⁶ for their own populations, reduce the taxation burden on citizens, and even the playing field between private sector enterprise, particularly between multinational and domestic businesses, where the ability of multinationals to shift-profits harms competitiveness.
54. Addressing illicit outflows, including from corruption, will leverage significant funds that could be used for development. The Global Financial Integrity Report found that in 2011, developing countries lost as much as US\$946.7 billion in illicit outflows.²⁷ In the same year, 2011, the OECD DAC put the global total ODA at US\$ 128.6 billion.²⁸
55. The staggering difference between these figures reveals the substantial opportunity available if action is taken to capture more of those funds at the location where value is created and re-invest them in the developmental priorities of low, middle (and even high) income countries.
56. Addressing development needs of low income and middle income countries will increasingly require that these nations are able to preserve the tax base to make on-budget, sustainable payments towards provision of public goods. This will be a vital part of the movement from aid recipient status in the medium to long term.
57. While donors look to increase their own private sector partnerships for development, they should utilise the opportunity to also ensure the necessary legislative and regulatory regimes in place that hold private sector actors accountable to reducing BEPS and illicit flows. Doing so means donor governments are ensuring that their aid dollars are having a multiplying effect on development and the pool of development finance available, over time.

²⁴ OECD. *Centre for Tax Policy and Administration: BEPS*. <http://www.oecd.org/ctp/beps-frequentlyaskedquestions.htm> last accessed 8 May 2014.

²⁵ OECD. "Action Plan on Base Erosion and Profit Shifting." 2013. P. 8. <http://www.oecd.org/ctp/BEPSActionPlan.pdf> last accessed 22 April 2014.

²⁶ For the purposes of this submission ACFID have adopted the definition of 'public goods' as used by the authors of "Beyond the Pioneer" a report prepared by the Deloitte Touche Tohmatsu India Private Ltd in April 2014. The definition includes public goods as traditionally defined, as both non-excludable and non-rivalrous; it also includes what is sometimes referred to as 'common goods' which are non-excludable but rivalrous.

²⁷ Kar, Dev et.al. "Illicit Financial Flows from Developing Countries 2002-2011." Global Financial Integrity. Executive Summary. <http://iff.gfintegrity.org/iff2013/2013report.html> last accessed 22 April 2014.

²⁸ OECD DAC. "Net Official Development Assistance from DAC and other OECD Members." <http://www.oecd.org/investment/stats/50060310.pdf> last accessed 22 April 2014.

58. Without a move to curb BEPS and illicit outflows, public investment in private sector activities runs the risk of being a never-ending flow of funding into a bottomless pool, rather than a tightly constructed part of an investment portfolio which yields dividends in the form of increased development finance for the citizens and Governments with whom the Australian Government partners.

4.8 Explore other options for increasing development finance

Recommendation 9: The Australian Government should establish a taskforce to examine how adaption of Export Finance and Insurance Corporation (EFIC) products might assist Australian companies and Australian NGOs to assist poor people in developing countries.

59. EFIF provides financial solutions to support the growth of Australian companies in their international activities: “We assist businesses so that they can take advantage of commercial export and overseas investment opportunities”. Some of EFIC’s products might be adapted to assist Australian companies and NGOs to provide new services and programs in developing countries including: bonds, buyer finance, working capital guarantees and insurance products.

5. Ensuring value for money

5.1 Innovate, experiment, allow for risk

Recommendation 10: The Australian Government should support innovative solutions to development problems by:

- a) demonstrating, resourcing, and communicating an appetite for risk commensurate with the goal of innovation;
 - b) partnering with stakeholders - private sector, non-government and multilateral – that are able to meet up-front due-diligence and have the capacity for implementation, monitoring, evaluating and learning; and
 - c) ensuring at least a three to five year timeline of partnership to enable innovative solutions to bear fruit.
60. Approaches to engaging the private sector as a partner in development are at different stages of acceptance in different contexts. In order to be a critical driver of this shift, the Australian Government needs to be willing and able to “risk untested and uncertain new approaches, rather than the standard repertoire of development responses, even when it is unclear whether the investment will bear fruit.”²⁹
61. Engaging with the private sector for development is gaining increasing strategic and policy traction around the world as budgets are under pressure, and it is acknowledged

²⁹ Menocal, Alina Rocha. “Getting Real about Politics: From thinking politically to working differently.” Overseas Development Institute. P. 9. www.odi.org Last accessed 14 April 2014.

that the private sector has access to capital that the public sector cannot match.

62. To incentivise the role of the private sector in the development arena, it is increasingly important for donors to demonstrate that they are willing to partner with those who have new ideas, and to pilot the implementation of new ways of doing development from the early stages—prior to success being assured.
63. Further, the role of the Australian Government in these partnerships should be to reduce uncertainty and risk for other investors, in other words, to act as a first-investor facilitator to enable the leveraging of additional investments.
64. As Australia's Department of Industry notes: "access to patient, high-risk capital, especially at the pre-seed and seed stage to support start-ups is critical to commercialising of new ideas with market potential."³⁰ This principle is no different for the overseas aid investment portfolio where new private-sector led development solutions require the same types of investment and the same type of investment attitudes.
65. As with any development partner, engaging the private sector in partnership should be conceived of as a 3-5 year approach, not a short-term relationship for immediate results. Innovation may take time to yield results and decisions about when to persist with innovative ideas should be based on shared understandings within the partnership.
66. As noted above, taking up innovation and experimental approaches to new ways of working relies on an acceptance that not all activities will be a success.
67. To truly have a well-structured portfolio of investments, the aid program must have a diverse range of initiatives underway, including those that are tried-and-true, and a selection of high-growth-potential innovations, with many different types of partners.
68. Doing so requires "appropriate organisational backing, the right incentive structure [and] sufficient staff capacity..."³¹ In other words, it must become a central part of the Department of Foreign Affairs and Trade (DFAT) culture and staff must feel enabled and empowered to trial and learn (both from success and from failure).
69. A clearly understood approach and threshold in relation to risk should be promulgated by the Government to drive DFAT's engagements with private sector and other stakeholders of development. The innovation culture and experimental approach by the Department should be justified publicly by the Minister for Foreign Affairs in support of the overall policy directions.
70. A willingness to try untested solutions does not mean an unquestioning approach to all innovation. Rather, it should be undertaken in line with clear criteria for selecting partners in these endeavours including track-record, systems capacity and a robust

³⁰ Australian Government, Department of Industry. "Venture Capital and Early Stage Private Equity." <http://www.innovation.gov.au/INDUSTRY/VENTURECAPITAL/Pages/default.aspx> last accessed 5 May 2014.

³¹ Menocal, Alina Rocha. p.9.

monitoring and evaluation approach and commitment. These capacities are vital for capturing relevant lessons learnt and are the basis from which progress can be assessed, failing initiatives can be ceased and, new approaches can be derived from previous success.

5.2 Apply existing good practice

Recommendation 11: The Australian Government should utilise and build on existing global standards of good practice for private sector engagement including the OECD Guidelines for Multinational Enterprises³²; the UN Guiding Principles on Business and Human Rights³³ and the 10 Principles outlined by the UN Global Compact.³⁴

71. While there remains ample scope for growth in regards to engaging private sector actors for development outcomes, it is not an entirely untried undertaking. In fact, those actively involved in the space have developed significant tools to provide guidance, document best practice, and ensure compliance with international obligations.
72. These tools are drawn from experience and from lessons learnt, and utilising them is in line with an innovation culture where learning from past experience is a hallmark.
73. Guidelines from the OECD cover a range of issues from human rights, to combatting bribery, from science and technology to industrial relations. They are framed in recognition of the role of business in development and as a tool for ensuring confidence between such business and the societies in which they operate.³⁵ There are important synergies with these guidelines and the UN Global Compact 10 Principles.
74. Similarly the UN Office of the High Commissioner of Human Rights has developed the Protect, Respect and Remedy Framework highlighting the essential recognition of human rights, of business as a specialised arm of society performing specialised functions that impact on the realisation of human rights, and that breaches of obligations should be matched by acceptable and appropriate remedies.³⁶

5.3 Invest ODA in the preconditions of economic growth

Recommendation 12: The Australian Government should invest the majority of ODA in the pre-conditions of inclusive and transformative growth which can catalyse further private-sector led development.

³² OECD Guidelines for Multinational Enterprises: <http://mneguidelines.oecd.org/>

³³ UN Guiding Principles on Business and Human Rights: Implementing the UN's 'Protect, Respect and Remedy Framework': <http://www.business-humanrights.org/UNGuidingPrinciplesPortal/Home>

³⁴ United Nations Global Compact. <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html> last accessed 17 April 2014.

³⁵ OECD. "Guidelines for Multinational Enterprise." 2011. <http://www.oecd.org/daf/inv/mne/48004323.pdf> last accessed 23 April 2014.

³⁶ UN OHCHR. "Guiding Principles on Business and Human Rights." 2011. http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf last accessed 23 April 2014.

75. There are numerous financial instruments that play a role in helping countries achieve human development. These include: loans, foreign direct investment, remittances, export credit agencies, and grants in the form of ODA. In recognition of these varied tools, the majority of Australia's ODA should be utilised for specific purposes reflecting (and retaining) its unique character as essentially concessional.³⁷
76. By doing so, ODA can play a *facilitation* role for market growth, and private sector investment in development outcomes. Facilitation relies on ODA investments to assist other development interventions by ensuring a strong foundation from which to pursue growth initiatives.
77. Utilising the vast bulk of ODA in this way recognises that private sector actors, and those working in inclusive business and social enterprise, may not, in and of themselves, be able to overcome the inertia of collective action problems.
78. In a Brookings Institute consultation with the private sector, it was raised that while there is a business case for participation in public-private partnerships for development, it is difficult to undertake "sustainable development without complementary action by the public sector."³⁸
79. Thus, to help align the incentives for private sector engagement in development, government donors can invest to provide the basics of human dignity--the necessary preconditions for transformational and inclusive economic growth-- such as: education, health,³⁹ personal safety ensured by the rule of law, physical and social infrastructure such as social protection.⁴⁰ Concurrent to the provision of these foundational necessities of growth, ODA can assist in ensuring development of appropriate regulatory frameworks for investment, including land tenure, tax regimes and collection capacity, business registration systems and contract enforceability.
80. These are important and complementary roles of ODA in not only enabling private sector entry into development but also to overcoming key barriers currently faced in scaling up market-based solutions to development problems.
81. Through provision of public goods, the enabling environment for successful industry scale to be met is made possible. Through the ability to reach scale, the private sector

³⁷ Organisation for Economic Cooperation and Development (OECD). <http://www.oecd.org/dac/stats/officialdevelopmentassistance/definitionandcoverage.htm#Definition> last accessed 22 April 2014.

³⁸ Kharas, Homi. Reimagining the Role of the Private Sector in Development." *The 2013 Brookings Blum Roundtable Policy Briefs; Enterprising Solutions: The Role of the Private Sector in Eradicating Global Poverty*. 2013. p.4.

³⁹ Health and education, as they relate to the deepening of 'human capital' are discussed in: The World Bank: Commission on Growth and Development. "The Growth Report: Strategies for Sustained Growth and Inclusive Development." Conference Edition. 2008. P.37-41. <http://www.ycsg.yale.edu/center/forms/growthReport.pdf> Last accessed 17 April 2014.

⁴⁰ Reilly-King, Fraser. "Presentation to the Standing Committee on Foreign Affairs and International Development: Part of the 2012 Committee Hearings on Achieving Canada's Development Interests." *Canadian Council for International Cooperation*.

may go on to play a truly transformative role in promoting growth and development.

5.4 Safeguards for public private partnerships

Recommendation 13: The Australian Government should ensure that public-private partnerships for development, particularly any large-scale physical infrastructure, at a minimum, comply with the World Bank's social, legal and environmental safeguards with mandatory and transparent social and environmental impact analysis undertaken prior to implementation.

Recommendation 14: The Australian Government should follow the lead of the Asian Development Bank and appoint Principle Sector Specialists on Safeguards.⁴¹ The role would be responsible for ensuring coordination of, compliance with, and capacity development on, adherence to safeguards for development both in Canberra and at Post.

82. In regards to public-private-partnerships, particularly any large-scale physical infrastructure, it remains vital that the impacts of the project are properly identified, accounted for and mitigated in line with the specific social and environmental risks they may pose, either definitely or potentially.

Infrastructure - the Case for Strict Implementation of Safeguards

In 2011, then-AusAID joined the Asian Development Bank (ADB) as a co-financier of the Railway Rehabilitation in Cambodia Project. The project has suffered from inadequately implemented safeguards and saw more than 3,000 people involuntary displaced from their place of habitat and occupation.

Such involuntary displacements can have a range of consequences for individuals, families and business, including: loss of income; lack of access to basic services; high incursion of debt and therefore; high exposure to predatory lending.

Each of these impacts has a negative effect on individuals' full participation in productive activities.

The 2014 ADB Compliance Review Panel made a comprehensive report detailing that the lack of appropriate implementation of safeguards led to harm. The report recommends \$3-4million of compensation be awarded. The project has not only been costly, it has harmed reputations and it has not been successfully completed. Full implementation of relevant safeguards and standards can protect against these types of adverse outcomes both for the poorest and for the growth services that such projects intend to deliver.

See: Asian Development Bank Compliance Review Panel Final Report on Compliance Review Panel Request No. 2012/2
See also: ABC: "Asian Development Bank Report finds Cambodian Rail repair project has left thousands of families' worse off." <http://www.abc.net.au/news/2014-02-10/an-report-finds-cambodian-rail-repairs-have-left-thousands-of-f/5249094>

⁴¹ The ADB has principle safeguard specialists as part of country-specific teams. For an example of the duties undertaken by these specialists visit: <http://www.adb.org/careers/adb-hr-14-0306> last accessed 5 May 2014.

83. Often large-scale infrastructure can have flow-on effects such as involuntary displacement of local people, abrogation of indigenous custom, and/or destroying physical cultural resources. These can be coupled with environmental impacts such as degradation of land, air or water quality; and/or other natural resource depletion.
84. The World Bank's Environmental Assessment is designed to ensure that any such risks are identified and local people are properly consulted prior to a project being approved. The safeguards take an integrated approach to the social and environmental impacts of any project and can be useful in proposing improvements, additions or alternatives in light of impact assessment findings.⁴²

5.5 Partnering for results

Recommendation 15: The Australian Government should recognise the role of civil society-private sector partnerships and use its convening and brokering power to facilitate new multi-stakeholder initiatives for development.

85. As the private sector constitutes an indivisible component of achieving inclusive and transformative growth, so too are there other development actors and activities, vital for development's achievement. These actors may work alongside the private sector, or, like the state, provide facilitation activities, creating enabling conditions for private-sector led growth to thrive.
86. It is, therefore, important to note that a robust, dynamic and well-functioning civil society is a catalyst for growth and development, and a development outcome in its own right.
87. Investing in the private sector should include a focus on connecting private sector and civil society actors together to make use of, and extend, existing modalities of engagements between the two sectors. Civil society organisations (CSOs) have extensive experience working with all parts of the private sector, from the informal and micro-enterprise endeavors in developing countries to large, multinational actors. These engagements take a variety of forms and the skills of CSOs in regards to the private sector can be largely categorised as:
 - a. Connectors: providing capacity building and skills development of local entrepreneurs and small businesses in low income communities;
 - b. Educators: working with local labor unions to address issues such as gender inequality or safe work practices in local business contexts;
 - c. Conveners: facilitating dialogues with industry, government and other civil society actors to explore how all actors can positively impact human development;
 - d. Contractors: bringing private sector actors into their program designs to provide specific, technical expertise such as engineering;

⁴² World Bank. Environmental Assessments.

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:20064724~menuPK:64701637~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html> last accessed 22 April 2014.

- e. Grantees: receiving funding through contract or partnership arrangement with private sector actors to do work on an area of mutual interest, usually in a region in close proximity to the business' activities.⁴³
88. ACFID's own sample of member activities with the private sector identified a range of active partnerships and working relationships between CSOs and the private sector in areas of technical assistance, economic development, skills transfer and capacity building and research. See **Annex 2**.

Recommendation 16: The Australian Government should build on people-to-people links for business by investing in volunteering programs with mentoring and linking functions, and with particular attention to supporting women entrepreneurs in the Indo Pacific region.

89. Connecting the private sector and civil society should also include a continuing focus on volunteering for skills transfer, knowledge sharing and people-to-people links.
90. ACFID members including Australian Business Volunteers, Australian Volunteers International and Australian Red Cross support programs that enable Australians to contribute their skills and expertise and build connections across the Indo-Pacific. This includes a particular focus on programs that support Australian executives to provide practical business advice and guidance to SMEs within developing countries.

6. Conclusion

91. Engagement with the private sector for increasing development outcomes is an important investment for Australia's ODA but it requires innovating and taking risks, and a willingness to see some activities fall-short.
92. As stewards of the public purse, it is important that this innovation approach be balanced by smart, long-term investment in development interventions that have a track record of yielding development results. Inclusive and transformational growth requires strong foundations of health, education, equity of opportunity and the means and tools to connect those most disenfranchised to the benefits of growth.
93. We encourage a continued dialogue with all aid partners to assess how each are performing in that regard and to seeing the benefits for the poorest people multiply and extend several times over through application of the recommendations we have put forward here.

⁴³ These categories were identified through a survey of Canadian Non-Government Organisations carried out by the Canadian Council for International Cooperation. Klassen, Jared; Reilly-King, Fraser. "Leveraging the Private Sector? An overview and analysis of how Canadian international development organisations are engaging the private sector through advocacy, dialogue, promotion and partnership." Canadian Council for International Cooperation. 2014. p.14.

Full Members:

- 40K Foundation Australia
- ACC International Relief
- Access Aid International
- Act for Peace - NCCA
- ActionAid Australia
- ADRA Australia
- Afghan Australian Development Organisation
- Anglican Aid
- Anglican Board of Mission - Australia Limited
- Anglican Overseas Aid
- Anglican Relief and Development Fund Australia*
- Asia Pacific Journalism Centre
- Asian Aid Organisation
- Assisi Aid Projects
- Australasian Society for HIV Medicine
- Australia for UNHCR
- Australia Hope International Inc.
- Australian Business Volunteers
- Australian Cranio-Maxillo Facial Foundation
- Australian Doctors for Africa
- Australian Doctors International
- Australian Federation of AIDS Organisations
- Australian Foundation for the Peoples of Asia and the Pacific
- Australian Himalayan Foundation
- Australian Injecting and Illicit Drug Users League
- Australian Lutheran World Service
- Australian Marist Solidarity Ltd
- Australian Medical Aid Foundation
- Australian Mercy
- Australian Red Cross
- Australian Respiratory Council
- Australian Volunteers International
- Beyond the Orphanage
- Birthing Kit Foundation (Australia)
- Brien Holden Vision Institute Foundation
- Burnet Institute
- Business for Millennium Development
- CARE Australia
- Caritas Australia
- CBM Australia
- Charities Aid Foundation
- ChildFund Australia
- CLAN (Caring and Living as Neighbours)
- Credit Union Foundation Australia
- Daughters of Our Lady of the Sacred Heart Overseas Aid Fund
- Diaspora Action Australia
- Diplomacy Training Program
- Door of Hope Australia Inc.

- EDO NSW
- Engineers without Borders
- Every Home Global Concern
- Family Planning New South Wales
- Foresight (Overseas Aid and Prevention of Blindness)
- Fred Hollows Foundation, The
- Global Development Group
- Global Mission Partners
- Good Shepherd Australian New Zealand*
- GraceWorks Myanmar
- Grameen Foundation Australia
- Habitat for Humanity Australia
- Hagar Australia
- HealthServe Australia
- Hope Global
- Hunger Project Australia, The
- International Children's Care (Australia)
- International Christian Aid and Relief Enterprises
- International Detention Coalition
- International Needs Australia
- International Nepal Fellowship (Aust) Ltd
- International RiverFoundation
- International Women's Development Agency
- Interplast Australia & New Zealand
- Islamic Relief Australia
- John Fawcett Foundation
- Kyeema Foundation
- Lasallian Foundation
- Leprosy Mission Australia, The
- Live & Learn Environmental Education
- Mahboba's Promise Australia
- Marie Stopes International Australia
- Marsh Foundation
- Mary MacKillop International
- Mercy Works Ltd.
- Mission World Aid Inc.
- Motivation Australia
- MSC Mission Office
- Nusa Tenggara Association Inc.
- Oaktree Foundation
- Openaid 1000 Villages
- Opportunity International Australia
- Oro Community Development Project Inc.
- Oxfam Australia
- Partners in Aid
- Partners Relief and Development Australia
- People with Disability Australia
- PLAN International Australia
- Project Vietnam
- Quaker Service Australia
- RedR Australia
- Reledev Australia
- RESULTS International (Australia)
- Royal Australian and New Zealand College of Ophthalmologists
- Royal Australasian College of Surgeons

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- Royal Institute for Deaf and Blind Children
- Salesian Society Incorporated
- Salvation Army (NSW Property Trust)
- Save the Children Australia
- Service Fellowship International Inc.
- Scarlet Alliance: Australian Sex Workers Association
- SeeBeyondBorders
- Sight For All
- SIMaid
- Sport Matters
- Surf Aid International
- Tamils Rehabilitation Organisation Australia*
- TEAR Australia
- Transform Aid International
- Transparency International Australia
- UNICEF Australia
- Union Aid Abroad-APHEDA
- UnitingWorld
- University of Cape Town Australian Trust
- Volunteers in Community Engagement (VOICE)
- WaterAid Australia
- Women for Women in Africa*
- World Education Australia
- World Vision Australia
- WWF-Australia

Affiliate Members:

- Australian National University – School of Archaeology and Anthropology, College of Arts and Social Sciences
- Deakin University – Alfred Deakin Research Institute
- La Trobe University – Institute for Human Security Refugee Council of Australia
- Refugee Council of Australia
- RMIT – Global Cities Research Institute**
- University of Melbourne – School of Social and Political Sciences
- University of the Sunshine Coast – International Projects Group
- Vision 2020 (Also a Code Signatory)

* Denotes Interim Full Member

** Denotes Interim Affiliate Member

ANNEX 2

ACFID members – examples of private sector engagement

ACFID members are actively engaging and partnering with the private sector for development outcomes in areas including technical assistance, economic development, skills transfer and capacity building, and education and research, as set out in the examples below.

	Program	Country/ies	Organisation	Private Sector Partners	Beneficiaries
Funding assistance	Sight Restoration & Blindness Prevention	Indonesia	John Fawcett Foundation	Newmont Mining, Freeport McMoRan, Snowy Mountain Engineering Corporation), PT Adaro Mining, various hotels in Bali	<p>Since 1991, three-quarters of a million poor Indonesian men, women and children screened for eye problems</p> <ul style="list-style-type: none"> - Over 37,000 cataract operations performed - Over 300,000 individuals provided with eye glasses - Over 500,000 people provided with medicines for treatment of minor eye ailments
	Development of Essential Eye Care Services in Gabsu Province, Inner Mongolia Autonomous Region and Jiangxi Province	China	Fred Hollows	Seeing is Believing (Standard Chartered Bank), Inner Mongolia Chaoju Red Cross Eye Hospital, Lanzhou Bright Eye Hospital	250,455 people over three year project period
	Social Marketing and Pharmacy Partnerships - increase uptake of family planning by women, men and young people through centres, outreach and social marketing	Bangladesh	Marie Stopes International	City Corporation (among other partners)	In 2012, 1.66 million men and women in Bangladesh used a modern method of family planning provided by MSI

Technical Assistance	Food Security and Nutrition Project	Timor Leste	World Vision	Best Western Australia, Bordo International, CAF BP Staff Matching Gift, Henning Harders Pty Ltd, John Simson (Aust) Pty Ltd	17,000 people
	Vanuatu Rural WASH Project	Vanuatu	World Vision	Amcor Ltd, Deloitte Touche Tohamtsu, Euphonic Investments P/L, Grey Global Group, Macquarie Group Foundation Ltd, P O'Brien & Associates Pty Ltd, Trinity Sport And Leisure Wear, Water Corporation	2,000 people directly and 6,000 indirectly
	Hilans Pig - capital assistance to support out-grower farmers to farm pigs and to localise feed sourcing to assist farmers to build the market for cassava and sweet potato crops	PNG	Business for Millennium Development	Oil Search	Up to 500 families
	Yawar Education Project	PNG	World Vision	Dimension Data, Ernst & Young Foundation, Talk Technology, Trinity Sport and Leisure Wear	1,200 people directly and 33,000 indirectly
	Effectiveness Measurement - provides technical assistance in the collection and analysis of data to measure social performance and inform decision-making	India, Philippines, Indonesia	Opportunity International	EDA Rural Microsave, Macquarie Group Foundation	1,537,359 people
	Golden Mountain Foundation - lift the incomes of local farmers and secure a supply of "snack grade potatoes" through provision of seed, agronomy advice, access to market and social programs to farmers	Myanmar	Business for Millennium Development	Pepsico	Over 2,000 families to date, with estimates of over 8,000 families over next 4 years

	Sustainable Energy Initiatives - providing solar power and clean cooking energy to poor communities	India	Opportunity International	Barefoot Power - Melbourne based solar company, IFR - global mobile technology corporation	2,100 people
	Digital Direct - developing next-generation mobile telehealth platforms for diabetic retinopathy assessment	Global	Fred Hollows	Digital Direct	Early stage technology development project so figures not yet available
	Rehabilitation of 13 Schools	PNG	ChildFund	SMEC	4,272 people
Economic and Business Development	Microsave Capacity Building - Engages with indigenous microfinance institutions to implement best practice in management and develop sustainable operations	India, Philippines, Indonesia	Opportunity International	Microsave	2.14 million people
	Value Chain Initiatives - Linking micro/small businesses into the market supply chains	Philippines, India	Opportunity International	JollyBee and San Migual Corporation	376,477 people
	Coffee Industry Support Project - promote the economic and social security of women involved in coffee production in the Highlands of PNG	PNG	Care	PNG Coffee Industry Corporation	Still to be finalised
Skills Transfer and Capacity Building	International Corporate Volunteering Programs - partnering with companies to develop opportunities for their staff and executives to mentor counterparts and provide pro-bono services to businesses, governments and organisations in the Asia-Pacific	Asia Pacific	Australian Business Volunteers	IBM, Hume City Council, Optus, Taylors	In 2012/13, 103 volunteers deployed with 34 local beneficiary organisations across 10 countries

	Australian Volunteers for International Development Program - short-term business component		Australian Business Volunteers		In 2012/13, 127 volunteers deployed, with 106 local beneficiary organisations across 12 countries
	Capacity Building of Asian and Pacific Institutions - partnering with companies in Asia and the Pacific to provide business advice and transfer skills to staff	PNG, Cambodia, Laos, Vanuatu, Solomon Islands, Nauru	Australian Business Volunteers	Oil Search Foundation, Securities Exchange Commission Cambodia, PNG Ports, Vanuatu National Provident Fund, Solomon Islands National Provident Fund, AAA Zenag Properties	In 2012/13, 5 volunteers deployed, 3 beneficiary local organisations across 3 countries
	Collaboration for Health in PNG - clinical mentoring and training to health care workers, working primarily with the Catholic HIV/AIDs Service Incorporated	PNG	Australasian Society for HIV Medicine (ASHM)	Collaboration of Australian Pharmaceutical Companies as well as Catholic HIV/AIDs Service Incorporated and PNG national and provincial health departments, PNG Sexual Health Society	
Education and Research	PwC Price of Sight Research - determining the monetary values and the costs of realising the Vision 2020 strategy to eliminate avoidable blindness and visual impairment	Multi-country	Fred Hollows	PricewaterhouseCoopers, Estender Solutions, University of Sydney, University of Melbourne, SAMHRI	Research/advocacy project so exact beneficiary numbers cannot be provided
	Academic and Vocational Skills	Indonesia	World Vision	Philadelphia Scientific Asia Pacific, Sing Tel Optus Pty Limited	450 people

ANNEX 3

Definitions

Private Sector: all privately owned commercial enterprises including those that operate in the informal economy and which can include: multinational companies; large domestic companies; micro, small and medium enterprise (MSME); business intermediaries and interlocutors; social enterprise; mutual organisations, and; state owned enterprise.⁴⁴

Facilitation: Financing, activities and technical inputs that assist other development interventions by ensuring a strong foundation that resolve barriers to industry growth.⁴⁵ This includes ODA investments in: health, education, physical safety and extends to the necessary taxation regimes and collection capacity, land tenure suitable for investment and enterprise and contract enforceability and rule of law.

Inclusive and transformative growth: Growth that is driven by, and where benefits are accessible to, the most disenfranchised from opportunity. Such growth should drive fundamental changes for the lives of the poorest and benefit all in society while reducing inequality.

Impact Investing: Investments that are made to companies, organisations and Funds with the intention of generating measureable, beneficial, social and environmental impacts, and in addition, generating a financial return.

Base Erosion and Profit Shifting: A “tax planning strategy that exploit gaps and mismatches in tax rules to make profits ‘disappear’ for tax purposes or to shift profits to locations where there is little or no real activity but the taxes are low resulting in little or no overall corporate tax being paid.”⁴⁶

⁴⁴ United Nations Development Programme. “Strategy for Working with the Private Sector.” July 2012. P.9. <http://www.undp.org/content/dam/undp/library/corporate/Partnerships/Private%20Sector/UNDP-Private-Sector-Strategy-final-draft-2012.pdf> Last accessed 7 May 2014. P.9

⁴⁵ Koh, Harvey; Hedge, Nidhi; Karamchandani, Ashish. “Beyond the Pioneer: Getting Inclusive Industries to Scale.” A report prepared by Deloitte Touche Tohmatsu India Private Ltd. April 2014. P.16.

⁴⁶ OECD. *Centre for Tax Policy and Administration: BEPS*. <http://www.oecd.org/ctp/beps-frequentlyaskedquestions.htm> last accessed 8 May 2014.