



Indonesian fisherwoman Umikalsum brings her son's catch from the boat to the family home.
Photo: Rodrigo Ordonez/Oxfam.

THE FUTURE OF AUSTRALIAN AID

A blueprint for an aid program that delivers on the Sustainable Development Goals

To deliver on the Sustainable Development Goals, Australia needs a generous and stable aid program that leaves no one behind, bolsters the capacity and responsibility of states to provide for all their people, and helps to build resilience in an increasingly risky world. Australia's aid program should aim to eradicate, not just reduce poverty. To do that, Australian aid must be innovative, accountable to people living in poverty and backed by strong bipartisan commitment.

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SUMMARY

Since the 1990s more than one billion people have escaped extreme poverty. Now the world faces a new set of challenges that threaten the pace of progress: shocking levels of inequality, dangerous climate change, and countries in crisis. Without addressing these challenges, the Sustainable Development Goals (SDGs) will not be achieved.

There are a number of areas where Australia's aid program is already delivering great impact, such as in promoting gender equality, disability inclusion and responding to humanitarian crises. Building on these areas of strength is important for solidifying a long-term, bi-partisan and strategic approach to the aid program.

To live up to the aspirations of the SDGs, Australia will also need to tackle areas that are currently neglected. Australian aid can be a catalyst for eradicating poverty, reducing inequality and tackling the rising threats of climate change, disasters and fragility – risks that inevitably hit the world's poorest people first and hardest. To achieve that vision, however, Australia's aid program will need to evolve. Australia needs to focus development assistance on supporting and empowering the poorest countries and communities to achieve their aspirations, and ensure resources flow first and foremost to women and other marginalised groups denied power and prosperity.

Australian aid should be delivered in ways that not only helps countries to deliver the development results their citizens require, but also helps citizens to demand the investments and outcomes they need and hold aid providers to account. That means the aid program must invest much more in civil society and programs that support inclusion, aid transparency and social accountability. Aid investments that strengthen this 'citizen-state compact' will ensure results are sustained over time.

To safeguard development progress, Australian aid must also be better oriented towards supporting countries and communities to reduce disaster risk, build resilience and address protracted crises. The aid program needs a much clearer strategy for tackling climate change, and much greater ambition when it comes to investing in climate adaptation, disaster risk reduction, food security and providing life-saving humanitarian assistance. We know investing in resilience and risk reduction saves lives, and is more cost effective than responding when disaster hits. At the same time, humanitarian crises are a fact of life, and their escalating scale and frequency is assured in the near term given climate change and global insecurity. Australia needs to continue to scale up its capacity to respond to this humanitarian challenge in our region and beyond.

To deliver on this ambitious vision Australia needs an aid program that is built on solid foundations: a fair and stable aid budget. The continuous raiding of the aid budget over the past few years has been short sighted. Australia needs to show leadership and set an ambitious target for growing the aid program in light of global needs. Australia also needs to invest in stronger accountability mechanisms and safeguards to ensure effective delivery of aid, at the same time as encouraging innovation and new approaches to tackling the big challenges that threaten progress.

In this paper, Oxfam makes 20 concrete recommendations for Australia to deliver an effective, inclusive and results-driven aid program now and into the future.

RECOMMENDATIONS

To deliver an effective aid program that delivers results for the world's poorest people, Australia should:

Align aid policy to the SDGs

1. Revise Australia's aid policy (*Australian aid: promoting prosperity, reducing poverty, enhancing stability*) and related strategies in light of Australia's commitment to the SDGs and the overarching goal of ending extreme poverty by 2030. The purpose of Australia's aid program should be to eliminate extreme poverty, reduce inequality, promote sustainable development and protect human rights.

Leave no one behind

2. Re-orient Australia's aid program to explicitly focus on reducing inequality within and between countries by: increasing the share of Official Development Assistance (ODA) flowing to least developed states in the Asia-Pacific region and Sub-Saharan Africa; and ensuring aid to lower-middle and upper-middle-income countries explicitly targets the poorest communities and most marginalised groups within them – particularly people with disabilities and women and girls.
3. Retain Australia's target of 80 per cent of aid investments meeting gender equality goals but ensure this target is meaningful by making the self-assessment process more transparent, ensuring all partners are required to integrate gender analysis from design through to evaluation of programs and ensuring the Department of Foreign Affairs and Trade (DFAT) has sufficient technical expertise in gender mainstreaming to accurately assess all programs.
4. Scale up funding for stand-alone, evidence-based, holistic and long-term approaches to ending violence against women. This includes continuing the significant emphasis on ending violence against women in programs like *Pacific Women Shaping Pacific Development*; and expanding programs to tackle violence against women into Asia.
5. Consider trialling and scaling new programming approaches to gender equality, including: programs that target the specific development challenges facing LGBTQIA+ communities; and programs that support collaborations between Aboriginal and Torres Strait Islander women leaders and Pacific Island women leaders.
6. Increase investment in initiatives that encourage all stakeholders to address poverty wages in developing countries. This includes specific funding for rights-based organisations, unions and other civil society actors working to improve wages in the garment sector in Asia, together with industry and government.

Support the citizen-state compact

7. Amend DFAT's performance management system to include performance targets for civil society engagement and inclusion.
8. Direct the Office of Development Effectiveness to conduct a strategic evaluation of the long-term aid effectiveness of commercially managed development facilities compared to other aid delivery mechanisms.
9. Ensure all country, sectoral and thematic programs have a clear strategy for supporting and resourcing civil society actors to ensure social accountability and long-term development impact. The precise model of civil society engagement will depend on the context and should be informed by diverse civil society stakeholders as part of the design process.
10. Continue and expand funding for the Australian NGO Cooperation Program (ANCP) and provide multi-year (3-5+) funding cycles for participating NGOs.

Tackle risk and build resilience

11. Increase Australia's contribution to international climate finance as part of a growing aid program. Oxfam assesses Australia's fair share as AU\$3.2 billion in public and private finance per year by 2020, including both bilateral programs and contributions to multilateral funds. At least half of this contribution should support climate change adaptation.
12. Develop a comprehensive Climate Change Strategy for the aid program to ensure climate risk is factored into all aspects of the aid program; maximise Australia's role in international climate institutions; and allocate dedicated funding for community-based adaptation measures.
13. Significantly increase assistance for small-scale farmers and fishers, particularly women, to access local and international markets; and explore ways to safeguard producers' food security through innovative mechanisms like micro-insurance.
14. Update Australia's humanitarian policy and strategy to reflect the aspirations and commitments of the Grand Bargain agreed at the World Humanitarian Summit in 2016. The strategy should include time-bound performance indicators based on the Grand Bargain commitments, including a timeline for increasing humanitarian funding to local and national responders to 25 percent by 2020.
15. Increase the Emergency Fund budget to at least \$300 million per year from 2018/19, and ensure that Australia's contribution to humanitarian assistance is never less than 10 per cent of total ODA.
16. Ensure multi-year (3+ years) funding for all protracted crises, including current crises in Myanmar/Bangladesh and South Sudan, and generally make greater use of multi-year and un-earmarked humanitarian funding in accordance with the Grand Bargain.
17. Commit 5 per cent of ODA towards Disaster Risk Reduction and disaster preparedness, with a focus on community based risk reduction activities. As part of this increased investment Australia should expand community level DRR programs in Asia.

Get the building blocks right

18. Commit to a time-bound strategy for increasing the aid budget, including identifying potential linked sources of revenue (such as addressing multinational tax avoidance). Australia should aim to allocate 70 cents in every \$100 of gross national income (GNI) towards effective poverty alleviation well before 2030.
19. Develop a standardised system of safeguards and minimum standards on human rights and environmental performance for all private sector partnerships in aid projects, in accordance with highest applicable legal frameworks and voluntary standards (such as the UN Guiding Principles on Business and Human Rights). This should include an accreditation and oversight mechanism for private sector entities delivering ODA, bringing the sector into conformity with best practice in aid effectiveness and standards expected by the non-profit sector. All aid providers should also be required to publish data to the International Aid Transparency Initiative (IATI) data standard (which can exclude all commercially sensitive information).
20. Develop Australia's strategy for innovation in the aid program, including clarifying priorities of the InnovationXchange and how funding decisions will be made and transparently communicated; and embedding funding for innovative practice across all country, sectoral and thematic programs to enable all partners to test new approaches and technologies and solve problems as part of continuous learning.

ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

In September 2015, Australia and other United Nations member countries adopted the SDGs – an ambitious new agenda to eliminate poverty by 2030 and tackle the key challenges of inequality, hunger, and climate change.

The precursor to the SDGs, the Millennium Development Goals (MDGs), demonstrated the enormous development gains that can be achieved with targeted and time-bound interventions and political will. Since 1990 the global community has worked together to achieve staggering progress:

- One billion people have escaped extreme poverty, halving the global poverty rate.
- The number of people who have access to clean water has doubled.
- Millions of people's lives have been saved by reducing the burden of preventable diseases such as malaria and HIV/AIDS.
- The number of women dying during childbirth has nearly halved.
- The child mortality rate has dramatically reduced.¹

Aid from wealthy countries like Australia has been a vital contributor to achieving that progress. For all that the MDGs achieved, they failed to address extreme inequality and progress was uneven.²

The 17 SDGs (see figure 1) are a significantly more ambitious project. They aim to eradicate, not just reduce, extreme poverty and hunger. They also target areas that demonstrably compound poverty, by aiming to reduce inequality, tackle climate change, and realise gender equality and women's human rights.

Figure 1: Sustainable Development Goals



Source: Sustainable Development Goals, United Nations Development Programme
website <http://www.undp.org/content/undp/en/home/sdgooverview/post-2015-development-agenda.html>²

To achieve the ambitious SDGs all countries must align their national and foreign policy and practice with these commitments. For Australia, this means integrating the goals into domestic (Federal and State) and foreign policy, including aid program investments. Such an effort needs strong direction and commitment.

Aligning to the SDGs will also require an evolution of the vision and approach of Australia's aid program, as outlined in Australia's aid policy – *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.³

While economic growth has been an important factor in the reduction of poverty since the 1990s,⁴ growth alone will not eradicate poverty, transform gender inequality or enhance governments' capacity to deliver basic needs, rights and resources. Nor will it prevent the development impacts of climate change and other factors exposing communities to rising disaster risk. In fact, Oxfam's research has shown that recent economic growth has exacerbated inequality, reducing the efficiency of poverty reduction efforts.⁵

Achieving the SDGs will require Australia to deliver an aid program that:

1. Focuses on **leaving no one behind** by addressing all forms of inequality, particularly income inequality, gender discrimination and disability inclusion.
2. Strengthens the **citizen-state compact** – by helping countries to deliver the development results their citizens demand; and helping citizens demand the investments and outcomes they need.
3. Helps people to escape poverty sustainably, by **reducing risk** and **building resilience** to threats such as climate change.

The following sections will set out in greater detail how Australia should pursue these strategic priorities.

Recommendation 1: Australia should revise its aid policy (*Australian aid: promoting prosperity, reducing poverty, enhancing stability*) and related strategies in light of Australia's commitment to the SDGs. A revised Australian aid policy should:

- Align to all 17 Sustainable Development Goals and the overarching goal of ending extreme poverty by 2030.
- Make the purpose of the aid program to eliminate extreme poverty, reduce inequality, promote sustainable development and protect human rights.
- Set out a new vision for aid that leaves no one behind, strengthens the citizen-state compact, and builds resilience to safeguard development gains.

1 LEAVING NO ONE BEHIND

Despite the gains in poverty reduction since 1990, the world's poorest people have been virtually locked out of developmental progress. The poorest 20 percent of the world's population – those who live on less than \$1.48 per day – have captured less than one percent of the benefits of global economic growth since 1990.⁶ Between 1988 and 2011 the incomes of the poorest 10 percent of the global population rose by just \$3 a year.⁷ In that same time period, almost half (46 percent) of global income growth went to the richest 10 percent.⁸ We live in a demonstrably more unequal world than we did a quarter of a century ago.⁹

People living in poverty are often stuck in a vicious cycle: their influence is diminished by their lack of resources, and their lack of voice diminishes their opportunities for development.¹⁰ Women and girls are more likely to be poor than men and boys due to gender inequality, which results in them owning fewer resources, carrying the burden of unpaid or underpaid labour, having less decision-making power than men and being subject to high rates of gender-based violence.¹¹ People with disabilities, and their families and caregivers (particularly women), are more likely to be living in poverty as a result of discrimination and barriers to economic participation, education and healthcare.

Research by the International Monetary Fund (IMF) and Asian Development Bank (ADB) also shows that inequality constitutes a structural barrier to future economic growth.¹² At the same time, inequality makes economic growth less efficient at reducing poverty by perpetuating social exclusion.¹³ The World Bank argues that reductions in inequality will be key to achieving the SDGs by 2030.¹⁴

POOREST COUNTRIES AND COMMUNITIES

Development can be financed more readily from tax income as nations grow richer. Nevertheless, over the next 15 years, most people living in extreme poverty will live in countries that do not have adequate domestic resources to achieve the SDGs.¹⁵ Of the 1.4 billion people that comprised the poorest 20 percent worldwide in 2011, almost a third lived in 44 countries in which annual government spending was less than US\$1,000 per capita.¹⁶ This amount is simply too low to provide the level of public services necessary for widespread poverty reduction. By comparison, the average OECD country government spent \$17,242 per capita in 2011.¹⁷

While private finance flows, such as foreign direct investment (FDI) and remittances, are a significant source of revenue for developing countries,¹⁸ ODA is also a critical tool for promoting inclusive development.

Australia's development assistance programs need to be targeted to the right countries and regions, and within them to the people facing the greatest barriers to economic and social development. Currently Australia concentrates 91.7 percent of country program aid spend in the Indo-Pacific region,¹⁹ and much of this aid allocation is targeting lower-middle and upper-middle income countries. Australia's country program mix should be

reviewed and adjusted to better target countries with the greatest development challenges if Australia is going to seriously tackle inequality. See annex 1 for Oxfam's analysis of the most challenged countries.

Australia is on track to increase its investment in 'aid for trade' to 20 per cent of the aid budget by 2020, with an estimated \$748 million allocated towards aid for trade activities in 2016-17.²⁰ While well-managed international trade is important for economic growth, it does not guarantee poverty reduction. There is strong evidence that aid for trade programs contribute to raising exports and improving the investment climate in recipient countries,²¹ and there is also evidence aid for trade significantly increases Australia's exports to recipient countries.²² However, there is very little publicly available information about how aid for trade projects impact poverty.²³

Australia should adopt an inclusive, pro-poor approach to aid for trade. Investments should focus on enhancing the capacity and resources available to poor communities and marginalised groups within them, particularly women, to access markets (through increased physical and digital connectivity as well as removing trade barriers). Programs should also aim to increase the benefits flowing from trade to poor communities, for example through increased employment. Currently Australia's focus does not appear to be sufficiently inclusive to maximise poverty reduction benefits.

Recommendation 2: Australia's aid program should be re-oriented to focus on reducing inequality within and between countries. This should result in:

- An increasing share of ODA flowing to the most challenged countries, including least developed states in the Asia-Pacific region and Sub-Saharan Africa, to assist them to increase the volume of domestic resources available for development, in accordance with the needs and aspirations of their citizens.
- Where Australian aid is directed to lower-middle and upper-middle-income countries, it should explicitly target the poorest communities and most marginalised groups within them – particularly people with disabilities, women and girls, and people with diverse sexual orientation and gender identity. This is critical given these states possess the requisite national resources to achieve the SDGs, but nevertheless poverty persists as a consequence of inequality.
- Aid for trade programs should be inclusive, focussing on increasing poor people's access to markets and trade benefits, particularly women.
- Investment in developing country governments' capacity to collect tax revenue from foreign firms, so that those governments can establish a sustainable revenue stream to fund their national economic development and reduce reliance on foreign aid.

GENDER EQUALITY

Gender inequality is arguably the most acute and widespread form of inequality. Women are more likely than men to experience poverty, and two-thirds of the one billion plus adults who lack basic literacy skills are women.²⁴ Conversely, no other indicator has had a greater positive impact on development outcomes than improvements in gender equality.

Violence against women and girls is a global pandemic. Women and girls aged 15 to 44 are more at risk from rape and violence than cancer, motor accidents, war and malaria.²⁵ In at least six Pacific countries, more than 60 per cent of women report physical and sexual violence by a partner or a non-partner.²⁶ The cost of this abuse is significant: In Fiji, for example, costs associated with violence against women have been estimated to account for 7 per cent of GDP.²⁷

Australia's aid program has a welcome focus on gender equality. DFAT's *Gender equality and women's empowerment* strategy demonstrates a commitment to the areas of women's leadership, women's economic empowerment and ending violence against women and girls.²⁸ DFAT has also maintained modest but stable funding for gender-focused programs at a time when other donors to our region have reduced investment.

In 2016-17 Australia's investment in the central Gender Equality Fund, including two 10-year programs (*Pacific Women Shaping Pacific Development*, and the South-East Asia economic inclusion-focused *Investing in Women Initiative*) increased by 10 per cent to AU\$55 million. Nevertheless, overall, gender equality has been hit by cuts to aid and does not receive investment that is in proportion to its policy prioritisation.

Mainstreaming gender across the aid program

Oxfam supports Australia's aid performance standard that 'more than 80 per cent of investments, regardless of their objective, will effectively address gender issues in their implementation'. However, we note this is the only aid performance standard that has consistently not been met by DFAT out of ten key performance targets introduced in 2014.²⁹

Currently 78 per cent of Australia's aid investments are rated as 'satisfactorily addressing gender equality in their implementation', up from a baseline of 64 per cent.³⁰ However, it is not at all clear to external stakeholders how this self-assessment is conducted as the criteria for what is "satisfactory" is not publicly available.

Worryingly, investments in the agriculture, fisheries and water sector were reported in 2015/16 as declining in their gender equality performance as a result of DFAT partnering with private sector entities 'whose awareness of and ability to address gender inequalities in agriculture, fisheries and water still need strengthening'.³¹

Despite the exceptional knowledge of the small number of gender specialists working at DFAT, across the aid program there does not appear to be sufficient technical capacity or cultural acceptance of the importance of gender equality to deliver on this the ambitious equality goals.

Recommendation 3: Australia should retain the 80% gender target but ensure this target is meaningful by:

- increasing transparency of DFAT's self-assessment process so stakeholders understand how programs are being assessed;
- ensuring all partners, including private sector partners, integrate gender analysis from design through to program evaluation;
- ensuring DFAT has sufficient technical expertise in gender mainstreaming to accurately assess all programs;
- increasing financial expenditure on programs where gender equality is the principal objective; and
- increasing transparency of the financial allocation towards gender equality in programs where gender is a significant objective.

Stand-alone gender programming

Australia should retain a clear focus on stand-alone programs that promote women's rights and gender equality, including sexual and gender based violence programs (SGBV).

DFAT's AU\$320 million *Pacific Women Shaping Pacific Development* program is a positive example of stand-alone gender programming to build from.³² It is long-term (2012-2022); holistic (addressing leadership, SGBV and economic empowerment); working with a diversity of partners including Pacific governments, civil society organisations, the private sector, and regional and United Nations agencies; and is directly responding to the aspirations of Pacific governments (it aims to meet the commitments made in the 2012 Pacific Island Forum Leaders' Gender Equality Declaration).

Safe families in Solomon Islands

The scale and impact of sexual and gender based violence in the Solomon Islands is horrific: nearly two of every three women aged 15 to 49 experienced violence from their current or former partner; around 18% of women had experienced non-partner violence; 37% have been sexually abused before the age of 15.³³

Oxfam supports the Safe Families Program, an intensive, locally-developed community mobilisation-based violence prevention program being implemented in Malaita and Temotu provinces. Undertaken in partnership with the Australian Government through *Pacific Women Shaping Pacific Development* and launched in 2015, it builds on the successes and lessons from Oxfam's previous Standing Together Against Violence (STAV) program.

STAV demonstrated that community mobilisation over time can significantly change the attitudes and norms which underpin violence against women and girls, and ultimately the prevalence of violence. The 2015 endline evaluation of STAV found that target communities reported a noteworthy decrease in the prevalence of violence against women, a decrease in harmful attitudes, an increase in positive norms related to equal relationships and respect for women, and men taking on more domestic duties.³⁴ Learning from these successes, Oxfam designed Safe Families to have a greater focus on norms related to gendered power and inequality.

Safe Families is one of the first Pacific-grown primary prevention of violence programs. Trained community facilitators support local community members to undertake reflective learning and have structured conversations about power and inequality, and design collective action plans to address violence against women and girls. Communities are also supported to improve access to support services for survivors of violence, and alliances of stakeholders at the provincial level also inform national laws and policies to end violence against women.

The current focus for the program is to build the evidence base for the effectiveness of this ground-breaking Pacific-grown solution to violence against women and girls. In 2017, the program was awarded a grant from the World Bank and Sexual Violence Research Initiative (SVRI) to undertake a study of how the program is shifting gender norms to support ending violence against women. This research is being undertaken in 2018 with partners The Equality Institute and Jean Hailes Research Unit, Monash University. It will support the refinement of the Safe Families model and the potential for scale-up and replicability in Solomon Islands and other Pacific contexts.

Recommendation 4: Australia should continue to scale up funding for stand-alone, evidence-based, holistic and long-term approaches to ending violence against women, which are open to a range of organisations, including international NGOs and local civil society. Such programs should fund primary prevention to change attitudes and norms as well as support services for current survivors of violence. This includes continuing the significant emphasis on ending violence against women in programs like *Pacific Women Shaping Pacific Development*; and expanding the provision of funding to addressing violence against women into Asia, where Australia has narrowed its gender equality focus to primarily funding women's economic empowerment work.

New programming approaches

The Australian aid program should continue to develop more sophisticated approaches to tackling intersecting forms of gendered discrimination and exclusion. For example, the aid program could better target women's economic empowerment and leadership programs to women with different abilities, lower financial status and social power.

There are also untapped opportunities for the aid program to promote Indigenous-designed and facilitated leadership and political engagement programs, and support collaborations between Aboriginal and Torres Strait Islander women leaders and Pacific Island women leaders.

Straight Talk: Indigenous women's political engagement and leadership

The Straight Talk program strengthens the capacity and access of Aboriginal and Torres Strait Islander women to participate in political processes. A highlight of the program is a four-day national summit in Canberra every 12-18 months, which is complemented by regional gatherings around the country throughout the year. In 2017, the program was held in partnership with Aarnja Aboriginal Regional Body in the Kimberley region.

The content of the program is designed and adapted by Aboriginal and Torres Strait Islander women, and the program facilitates culturally safe spaces for diverse women to come together and share and learn from each other. The gatherings and capacity building components are facilitated by Aboriginal women, and a panel of prominent Aboriginal women always attend the gatherings (for example Nova Perris, Jackie Huggins).

Programs include meetings with parliamentarians and decision makers in the community and have proven to be effective in breaking down barriers to access, facilitating two-way learning, encouraging parliamentarians to hear what is happening on the ground, and enabling women to have a first-hand experience of politicians. It is also a unique opportunity to explore ways of working together to advance reconciliation and achieve justice and equality for Aboriginal and Torres Strait Islander women.

Now in its ninth year, around 700 women have been part of coming together to learn from each other, and share new tools and skills to be more effective in making change, while also putting Aboriginal and Torres Strait Islander women's issues on the political agenda. These alumni continue to engage with each other and in some cases, have continued to engage with the politicians they have met through the program.

Feedback from participants suggests that the majority have come away from Straight Talk with a clearer understanding of how the political system works and a greater capacity to engage with government institutions, decision-making and change processes. Many women also talk about an increased sense of wellbeing, cultural strength, confidence to speak up, and to articulate the change they are seeking. Others report that learning how to develop a strategy and plan for making change has enabled them to be more effective.

The Straight Talk model could, with contextual modification, be replicated throughout the Asia Pacific region. There are also opportunities to use the program to connect participating and alumni women from the program up with emerging Pacific women leaders to foster collaboration.

The aid program could also explore further ways to support LGBTQIA+ communities and their development challenges within country programs. Discrimination, violence and exclusion on the grounds of sexual orientation and/or gender identity are a violation of human rights, a barrier to active citizenship and gender equality, and a contributing factor to the perpetuation of poverty and marginalisation.³⁵

Given the over-representation of people in the LGBTQIA+ community as survivors of violence and their exclusion from economic opportunity this should be an increasing area of focus for the aid program. Programs that tackle the relationship between homophobia and aggressive forms of masculinity that impact both women and LGBTQIA+ communities should particularly be considered.

Promoting the rights of LGBTQIA communities in Vanuatu

The LGBTQIA community are among the most marginalised people in Vanuatu. As a result of discrimination and widespread homophobia they face significant barriers to economic, educational, social and political opportunities. They are also extremely vulnerable to violence.

Over many years, Oxfam has supported a local partner, Wan Smolbag Theatre, to do work with the Vanuatu Pride Foundation (VPride) on sexual and reproductive health rights.

In May 2017 VPride registered independently as Vanuatu's first ever LGBTQIA organisation. Oxfam is providing institutional strengthening support to VPride, including providing computers, access to training, assistance setting up organisational policies and systems and developing a strategic plan. VPride is also actively engaged in the Oxfam-supported Vanuatu Youth Livelihoods Network to ensure that advocacy on youth economic empowerment is inclusive of the rights of LGBTQIA people.

VPride is rapidly emerging as an influential organisation promoting the rights of LGBTQIA people in Vanuatu.

Recommendation 5: Consider trialling and scaling new programming approaches to gender equality, including:

- programs that target the specific development challenges facing LGBTQIA+ communities and address the intersecting issues of homophobia and aggressive masculinities; and
- programs that support Indigenous-designed and facilitated leadership and political engagement, and support collaborations between Aboriginal and Torres Strait Islander women leaders and Pacific Island women leaders.

DISABILITY INCLUSION

Australia has a strong commitment and track record on disability inclusion in the aid program. This is demonstrated by DFAT's international advocacy for disability inclusive development, the commitments set out in Australia's *Development for All* strategy for strengthening disability inclusive development, and reported progress.³⁶

Australia's focus in this area and compliance with minimum standards has been an important factor in Oxfam Australia's progress towards disability-inclusive policy and practice. Through the Australian Humanitarian Partnership (AHP), funded by DFAT, Oxfam partners with disability rights organisation CBM to ensure people with disability guide our humanitarian programs and that they are inclusive.

This focus is vital given fifteen percent of the world's population are people with a disability, people with disability are significantly over-represented in the world's poorest communities, and they are disproportionately impacted by disasters.

Oxfam notes that the Office of Development Effectiveness will soon publish a strategic evaluation of DFAT's work promoting disability-inclusive development. Any future program investments should be informed by this evaluation.

ENDING POVERTY WAGES

Millions of workers around the world, particularly women, struggle to survive on poverty wages. The current state of extreme inequality, in which eight men currently have the same amount of riches as half of all humanity,³⁷ has happened on the backs of exploited workers.

There is perhaps no starker example of this unfair system than the global garment industry. As little as 2 per cent of the price of garments produced in Bangladesh actually make it to the pockets of workers, where the local minimum wage equates to just 39 Australian cents an hour.³⁸ In Vietnam minimum wage is just 64 cents and in China it is 93 cents.³⁹ This is simply not a living wage.

Among those eight wealthiest men in the world sits Inditex founder Amancio Ortega, known best for Inditex's fast fashion brand Zara. Zara is regarded as one of the pioneers of fast fashion – creating cheap clothing in lightning-fast time that mimics what is on the runway. In Australia alone, the fast fashion industry has grown 21.5% over the five years leading up to 2016–17, with average annual profit margins of more than 8 per cent for fast fashion companies like Zara Australia and H&M.⁴⁰

If companies ensured the payment of living wages in their supply chains, it would mean workers would be able to afford a decent standard of living for them and their families. Elements of a decent standard of living include food, housing, healthcare, clothing, transportation, energy, water, childcare, education, other essential needs including some discretionary money and provision for unexpected events. There is enough profit and other margins within the supply chains of big brands to mean that they can pay living wages, without creating higher prices for consumers.⁴¹

Making living wages a reality

Australia has made some welcome contributions to improving working conditions for people in developing countries, including in the garment industry, by contributing to *Better Work* – a program run by the International Labour Organisation (ILO) and the International Finance Corporation. Australia has committed US\$3 million from July 2016 to June 2019 to the program,⁴² funded out of the Gender Equality Fund.⁴³ *Better Work* has had a modest but measurable impact on increasing the take-home pay of garment factory workers in Indonesia, Vietnam and elsewhere.⁴⁴

In addition to supporting *Better Work*, Australia's aid program should increase investment in promoting the concept and realisation of living wages in Asia and around the world. This investment should include funding for rights-based organisations, unions and other civil society stakeholders to progress discussion and action on higher wages, together with industry and government.

Australia should build on the progress of other donors in this area. For example, Germany's development agency, GIZ, is partnering with the governments of Bangladesh, Cambodia, Myanmar, Pakistan and China to promote social and labour standards in the textile and garment sector in Asia.⁴⁵ Successful approaches focus on ensuring garment workers are able to understand and advocate for their rights at work, and pursue multi-stakeholder action including workers, unions, civil society and NGOs, factory owners, retailers and developing country governments.

Raising the wages of workers and focusing on increasing access to and knowledge of labour rights in high-risk industries such as the garment sector will improve the livelihoods of some of the most disadvantaged people, and allow them to lift themselves out of poverty, in turn reducing those countries' dependence on foreign aid.

Recommendation 6: Australia should increase its investment in collaborative initiatives that encourage all stakeholders to address poverty wages in developing countries through the aid program. This should include specific funding for rights-based organisations, unions and other civil society stakeholders working to improve wages in the garment sector in Asia, together with industry and government.

2 CITIZEN-STATE COMPACT

Governments have the primary responsibility for making the investments necessary for all their citizens to achieve the SDGs. Yet many countries lack the necessary resources to meet their citizen's needs – whether it be delivering essential services, responding to disasters or developing effective and accountable public institutions over the longer term.

Aid can help these countries to build the necessary institutional capacity to be in a stronger position to lead their own development path. Equally important though, is the role that aid plays in helping citizens organise and call for their governments to invest resources effectively, accountably and in the public interest. Civic engagement is valuable not only to demand that governments address citizens' needs, but also because it can help extend the reach of social programs to the poorest and most marginalized people. For example, civic engagement is an important prerequisite to achieving women's rights and gender equality.

The citizen-state compact sits at the centre of the relationships and institutions that are necessary to drive development progress in a country.⁴⁶ A central role of aid in a post-2015 world should therefore be to support the citizen-state compact.

Australian aid should enable countries to be owners of the development process and support the citizen-state compact by actively supporting participation, inclusive decision-making and social accountability.

Figure 2: The citizen-state compact



Source: Oxfam⁴⁷

Australia invests ODA heavily in partner government capacity – from the placement of technical governance advisers in national ministries, to delivering large sectoral programs through commercially managed service delivery facilities, to providing on-budget support, and investing in public-private partnerships to develop infrastructure projects. These investments are designed to work with partner governments to deliver essential services at scale, and hopefully enhance the capacity of partner states to deliver development outcomes for their citizens over the longer term.

Investing in services and building the capacity of governments and the private sector is only one side of the equation. We know a vibrant civil society with effective organisations capable of holding government and the private sector to account is vital to sustain development progress and poverty reduction. Yet, in many of the countries where Australia delivers ODA there is a shrinking space for civil society organisations, and a consequent reduction in the ability of communities to hold political and private sector institutions to account.

To strengthen the citizen-state compact, Australia needs to get the balance right in its mix of partners: investing both in government and private sector actors, as well as local and national civil society players – either directly or through international NGOs, research organisations and other multilateral partners – to play their vital social accountability role.

MEASURING CIVIL SOCIETY ENGAGEMENT

Australia's aid performance framework sets a target to assess partners' performance and ensure stronger links between performance and funding.⁴⁸ Measuring performance of partners is a critical aid effectiveness priority, and an important accountability measure for Australian taxpayers.

DFAT reports that commercial partners receive marginally higher Partner Performance Assessments on average than NGOs (an average score of 5.1 and 5 respectively).⁴⁹ These assessments do not, however, measure the sustained impact of the work of partners on development indicators. Rather, they assess how well partners are delivering services specified in funding agreements with DFAT. Commercial contractors are seen as enabling DFAT a much higher level of managerial direction and control over aid delivery, 'whereas grant agreements with NGOs and multilateral organisations are partnership agreements where DFAT has agreed to fund investments over which partners have much greater autonomy in investment design and implementation'.⁵⁰

This method of assessment and the primacy of DFAT control over program delivery fails to ascribe value to the autonomy of local civil society, and the important social accountability role civil society actors play. This could be addressed by adjusting DFAT's performance management system to set performance targets for inclusion and active civic engagement in Australia's aid investments and their long-term impacts.

Recommendation 7: DFAT's performance management system should be amended to set performance targets for civil society engagement and inclusion.

IMPACT OF 'CONSOLIDATION'

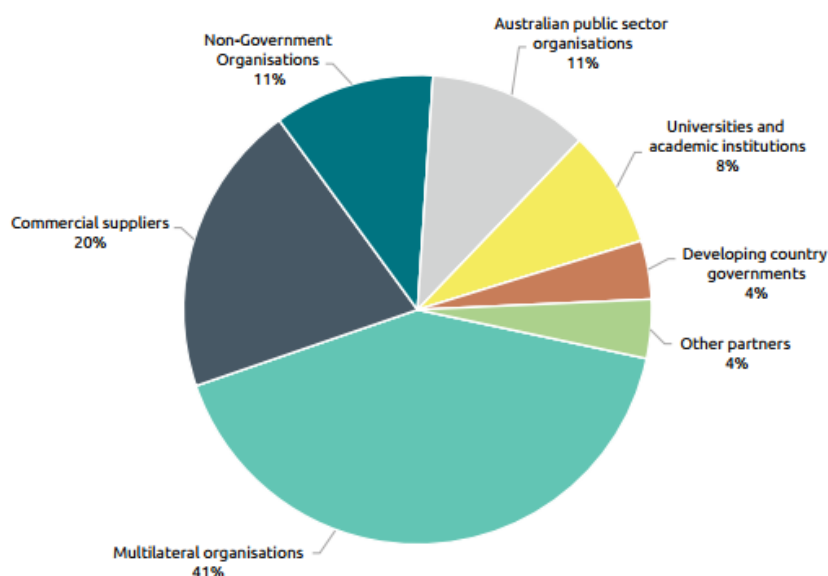
Australia's aid performance framework explicitly seeks to consolidate the number of individual aid investments by 20 per cent by 2016-17. This policy decision was made on the basis that 'fewer, larger investments will increase the impact and effectiveness of our aid, as well as reduce the administrative overheads required to manage the program'.⁵¹

DFAT reports it achieved this target in 2015/16, when roughly 20 per cent of the aid program was delivered by managing contractors, up from 14 per cent in 2011/12.⁵² Between July 2013 and July 2016 the average size of aid investments has increased by more than 26 per cent, and the number of aid agreements (contracts and grant agreements) has decreased by 33 per cent.⁵³

A direct consequence of this policy decision has been a significant increase in the proportion of aid funding expensed through commercial managing contractors.⁵⁴ Large-scale privately managed development facilities are now responsible for delivering large proportions of Australian aid in Papua New Guinea, Fiji, Timor Leste and Indonesia.⁵⁵ In many cases this shift has resulted in significantly reduced funding opportunities for NGOs to partner with the Australian aid program. For example, PNG is one of the largest recipients of Australian aid, however funding available for NGOs is only 3% of the AU\$550m available, whereas 58% is for commercial suppliers.⁵⁶

As a number of multi-year grant programs have recently or are soon coming to an end, without apparent plans for continuation, Oxfam believes that the proportion of the aid program flowing to commercial managing contractors will continue to increase.

Figure 3: Proportion of Australian aid delivered by partner type 2014/15



Source: DFAT⁵⁷

DFAT has flagged plans to evaluate the effectiveness of large-scale commercial development facilities in order to 'make a decision on whether that is actually the most effective way for us to deliver the program'.⁵⁸ This would be a welcome move.

While managing contractors have demonstrated capacity to manage large facilities and provide capacity building and service delivery programs quickly and at scale, they are not well equipped to assist civil society to hold governments accountable for sustained outcomes. Civil society organisations and groups are often excluded from the design and implementation of these programs, or are given marginalised roles with no power to influence the direction programs take. This creates almost a false economy – where government and private sector have all the power and investment, and national and local civil society actors are excluded or treated merely as implementers.

Very rarely do managing contractors work or engage at a community level. An over-reliance on managing contractors is likely to therefore result in community engagement – vital for leaving no one behind – becoming a missing component of the aid program.

Recommendation 8: The Office of Development Effectiveness should conduct a strategic evaluation of the long-term effectiveness of commercially managed development facilities compared to other aid delivery mechanisms.

INVESTING IN SOCIAL ACCOUNTABILITY

To promote social accountability and long-term effectiveness of the aid program, Oxfam strongly recommends that DFAT invest systematically in civil society strengthening at a country, regional and sector program level. This would require more funding and support to be directed towards civil society actors, including NGOs, research bodies, media and grassroots community organisations, as part of a strategic investment in social accountability to protect the long-term outcomes of Australian aid.

Importantly, this could be achieved without necessarily losing the efficiency gains DFAT is seeking through consolidation. There are a range of tried and tested civil society funding models that DFAT could employ much more frequently and effectively across the aid program. These include:

- **Multi-pillar program design** – in which a regional or sectoral program has multiple inter-connected pillars, with one led by civil society and responsible for inclusion and social accountability outcomes. An example of this model is DFAT's Mekong Water Governance Program, under which Oxfam has lead responsibility for the "inclusion pillar" (see box below).
- **Investing in country and regional civil society coalitions** – to support civil society networks and alliances that are already collaborating to hold governments accountable for development outcomes who could scale up with increased resources. An example of this is the European Union funded *Raising Pacific Voices: Reinforcing*

Pacific Civil Society program. The three-year program is currently being implemented by Oxfam in the Pacific with the Pacific Disability Forum (PDF) and the Pacific Regional Non-Governmental Organisations Alliance (PRNGO Alliance) members across 10 Pacific Island countries, in the three sub-regions of Melanesia, Polynesia and Micronesia. The program is strengthening Pacific civil society organisations' effectiveness in shaping regional and international policy-making.

- **Consortium and grant models** – in which multiple civil society actors collectively manage a large grant, or allocate one of the partners to manage the grant on behalf of the consortium. An example of this model is the Vanuatu NGO Climate Change Adaptation program, locally known as Yumi stap redi long Klaemet Jenis, which was funded by DFAT and implemented by Oxfam, CARE, Save the Children and Vanuatu Red Cross Society (VRCS) in partnership with a range of other organisations. The program was implemented in 39 communities in 12 islands across four provinces in Vanuatu.
- **Grants for partnerships** – in which DFAT funds a single entity (NGO, Human Rights Commission or research body) to partner with multiple smaller civil society organisations and entities. As Oxfam and many other Australian NGOs work consistently with civil society organisations, networks and coalitions at country level in program delivery we have literally thousands of examples of this partnership approach working to deliver positive outcomes.

Investing in these civil society engagement models could be done in a variety of different ways, depending on the country, sectoral or thematic program design and context.

A multi-pillar approach: Mekong Region Water Resources Program

Shared by six countries — Cambodia, Laos, Vietnam, Thailand, China and Myanmar — the Mekong region is rich in resources, culturally diverse and home to what the people of the region call their 'life blood'; the Mekong River. Yet decisions about how water is managed are often made quickly and with little input from river-dependent communities.

Australia has been providing assistance to Mekong societies in water management since the 1990s through the Greater Mekong Water Resources Program (GMWRP). The current iteration of the program, which runs from 2014-18, aims to support water resources management of the Mekong Region to achieve 'economic development that is sustainable, equitable and improves livelihoods'.⁵⁹ Oxfam Australia leads the "inclusion pillar" of the program, responsible for supporting civil society and local communities to participate in water management decision making. As part of the program Oxfam nurtures relationships with 22 partner organisations, river networks and academia organisations to ensure farmer and fisher communities along the Mekong River have a say in decisions on water infrastructure development.

The Inclusion pillar of the program has successfully increased women's leadership and participation in relation to water governance issues; has increased civil society partners' knowledge of technical issues related to water governance, enabling them to help communities to understand and participate in water governance practices and systems; and is creating space for civil society to engage in policy dialogue with government and development partners about water management issues.⁶⁰

The program is also helping to build better relationships between civil society organisations and governments and inter-governmental institutions in the Mekong region. A representative of the Mekong River Commission Secretariat in Lao PDR was quoted in a mid-term evaluation of the program saying, for example:

'Oxfam is a connector that engages with us; they provide a link between MRC and other stakeholders, share information and support civil society to raise concerns to us ... They ask us difficult questions, but they are constructive'.⁶¹

Recommendation 9: Australia should have a clear strategy for supporting and resourcing civil society actors to ensure social accountability and long-term development impact in all country, sectoral and thematic programs. The precise model of civil society engagement will depend on the context and should be informed by diverse civil society stakeholders as part of the design process. Directing development assistance towards technical capacity and resources for the state and private sector must always be accompanied by investment in social accountability, community governance and civil-society strengthening.

Building on the Australian NGO Cooperation Program

One obvious way Australia can scale up its investment in civil society engagement models is through the Australian NGO Cooperation Program (ANCP), through which NGO partners have already been through a rigorous accreditation process.

The Office of Development Effectiveness' (ODE's) 2015 evaluation of ANCP found it was one of the best performing programs against Aggregate Development Results (ADR). It found that in 2013–14 ANCP represented 'around 2.7 per cent of the aid budget and delivered 18.2 per cent of the department's output-level aggregate development results. In comparative terms the ANCP reported the largest number of aggregate development results of any program in DFAT while being the eighth largest program by value'.⁶²

Despite these strong results, funding for ANCP has declined from AU\$134 million in 2014/15 to only AU\$129.3 million in the 2017/18 aid budget.⁶³ Expanding funding for ANCP is therefore a logical option for increasing investment in civil society and social accountability, as well as improving the overall results of Australia's aid program.

ANCP would also be even further strengthened by returning to multi-year funding cycles. In 2016 ANCP was reduced from 5-year funding cycles to yearly funding cycle, significantly reducing predictability and, most likely, undermining results. This decision should be reversed.

Recommendation 10: Continue and expand funding for ANCP and provide multi-year (3-5+) funding cycles for participating NGOs.

3 RISK AND RESILIENCE

The frequency and complexity of humanitarian crises around the world is increasing as we collectively grapple with the impacts of climate change, food insecurity and conflict. More than 65.6 million people globally are now displaced as a result of persecution, conflict or violence.⁶⁴

The UN estimates the cost of fragility and conflict in 2015 alone was a staggering US\$13 trillion.⁶⁵ Since then the conflicts in Syria, Iraq, Yemen and Myanmar have deteriorated, tentative improvements to security in Afghanistan are unravelling, and the already fractured diplomatic relationship between the United States, Russia, Iran, North Korea and other powerful nuclear armed states have stooped to new lows, putting the world on a dangerous path. Those most impacted by conflict and fragility are of course those with the least resources and power to protect themselves.

At the same time, we know that climate change is already escalating the risk of severe weather-related events such as hurricanes and droughts, exposing vulnerable communities to sea inundation and reduced crop yields, and increasing the risk of forced displacement with all the complex human impacts that entails. These trends will only escalate in the coming decades given the slow pace of international action on climate change to date.

On average, more than 20 million people are uprooted each year by sudden-onset extreme weather disasters.⁶⁶ Oxfam analysis reveals that people in low and lower-middle income countries are around five times more likely than people in high-income countries to be forced from their homes by extreme weather disasters. This is likely an understatement of the impact of weather and climate-related events on the world's poorest communities, as the numbers do not account for 'slow-onset' disasters like drought and rising sea levels.⁶⁷ The economic losses resulting from disasters over the past 30 years amount to well over US\$3.5 trillion.⁶⁸ Pacific Island countries are particularly at risk: The World Bank estimates that annual economic losses for Vanuatu and Tonga respectively are 6.6 percent and 4.4 percent of GDP.⁶⁹

Against this backdrop of rising disaster, climate change and conflict risk, Australia's aid program must protect development gains through a strategic focus on resilience. The SDGs will simply not be achievable in countries facing high risk exposure, including all developing countries in the Pacific, Asia and Sub-Saharan Africa, without significant investments in risk reduction, climate change adaptation, food security and humanitarian action. Tackling rising risk and building resilience is therefore fundamental to the vision of the Australian aid program.

ADAPTING TO CLIMATE CHANGE

Despite having contributed almost nothing to the cause of climate change, people living in poverty are being hit first and hardest by negative climate impacts. The provision of adequate financing to assist poor countries to adapt to climate change is both a matter of international justice and a critical development investment.

Many developing country governments are showing impressive leadership in the face of these challenges. Pacific Island governments are, for example, creating ambitious plans for resilience-building and renewable energy, and playing a critical role in climate negotiations. However, the need for adequate and accessible financial support for climate action is urgent and growing.

Many countries continue to face considerable barriers in accessing existing climate funds and need greater assistance to tap into opportunities presented by development donors and the Green Climate Fund.⁷⁰ As Co-chair of the Board of the Green Climate Fund Australia has sought to make the Fund more effective in meeting the needs of Pacific countries and communities. However, to fulfil its international obligations and under the Paris Agreement, Australia must scale-up its overall contribution to international climate finance and work continually on improving the effectiveness of this support.

Australia's current commitment to climate finance – approximately AU\$200m a year⁷¹ – remains well short of Australia's fair contribution of AU\$3.2 billion per year towards the shared goal of mobilising US\$100 billion a year by 2020.⁷² Australia also does not have a climate change strategy for the aid program. Although Oxfam had understood DFAT was developing such a strategy in 2016, at the time of writing nothing has been finalised. This lack of strategic direction is problematic.

Recommendation 11: Australia should increase its contribution to international climate finance as part of a growing aid program and in line with Australia's international obligations. Specifically, the Government should:

- Provide Australia's fair share of the international goal of US\$100bn/year in public and private climate finance by 2020. Oxfam assesses Australia's fair share at AU\$3.2 billion in public and private finance per year by 2020, including both bilateral programs and contributions to multilateral funds. At least half of this contribution should support climate change adaptation.
- Support new and innovative sources of climate finance to supplement contributions from the national budget, such as levies on international transport emissions, revenue from emissions trading schemes and the redirection of fossil fuel subsidies.

Community-based adaptation

In Oxfam's experience, both top down and bottom up strategies are required to adapt to climate change.⁷³ National governments, together with donors and the private sector have a critical role to play in delivering large-scale adaptation projects. At the same time, meeting the adaptation needs

of the most vulnerable communities will continue to depend on information, strategies and grants-based support reaching the community level. Individuals and communities are often best able to develop effective adaptation solutions themselves; after all, they know their own particular context better than anyone. Civil society have an important role to play in supporting community level adaptation, and ensuring accountable use of adaptation finance.⁷⁴

In addition to scaling-up its overall contribution to international climate finance, Australia should continue to invest in community-based adaptation through a dedicated allocation of funding, building on the lessons from the Community-Based Climate Change Action Grants provided over 2011-2015.⁷⁵ Oxfam's program experience shows these grants have proved highly effective in building community resilience by, among other things, increasing the participation and leadership of women, strengthening national and local adaptation planning, and amplifying the voice of vulnerable communities in international fora.

Resilience building in Central America and Melanesia

Between 2014 and 2017 Oxfam implemented the Central America and Melanesia Resilience Building Program. The program was funded by a philanthropic donor and implemented in partnership with local organisations in 44 communities vulnerable to climate change and disasters across the Solomon Islands, Vanuatu, El Salvador and Guatemala. It involved a wide range of community-level resilience building activities and an Emergency Response Fund which was activated three times to support quick responses to weather induced disaster: Tropical Cyclone Pam in Vanuatu, Tropical Cyclone Winston in Fiji, and drought in El Salvador and Guatemala.

The program supported communities to better absorb disaster risk, adapt and transform their lives in spite of the changing climate.⁷⁶ Farmers assisted by the program reported improved crop yields and being better able to withstand weather uncertainty as a result of changed agricultural practices (such as returning to traditional crops and native seeds, changing planting locations and timing and wise management of scarcer water resources). After a small hazard event one of the communities supported in El Salvador decided to harvest one of their communal plots to feed the people who had been evacuated and affected, thereby helping the affected group to recover quickly.

The program also resulted in improvements in disaster preparedness. Program participants across the board reported greater awareness about what to do to protect themselves in the event of disaster. One of the male project participants from Niu Birao, Solomon Islands explained that '[i]n my household we have a disaster kit prepared and we refer to it regularly. It's very important for my family because it will help us save lives and property.' This improved preparedness and contributed to the speed and effectiveness of Oxfam's responses to Tropical Cyclone Pam in Vanuatu in 2015, which impacted 60 per cent of the population spread across 63 islands.

Overall, the program directly and indirectly benefited over 85,000 people across the target countries, on a budget of just US\$4.6 million. That included more than 3,500 women and 2,900 men assisted to build resilience, nearly 40,000 community members who benefited indirectly from improved food security and disaster preparedness, and more than 41,000 people who were directly assisted through emergency assistance.

The program demonstrates the significant impact that can be achieved at relatively low cost by investing at a community level in adaptation and resilience building.

Recommendation 12: Australia should develop a comprehensive Climate Change Strategy for the aid program. The plan should:

- Ensure climate risk is factored into all aspects of the aid program.
- Maximise Australia's role in international institutions, including its role as Co-Chair of the Board of the Green Climate Fund, towards improving the accessibility and effectiveness of support to Pacific Island countries and other vulnerable nations.
- Allocate dedicated funding for community-based adaptation, including initiatives that increase the involvement of women and young people in decision making, increase the flow of information to communities and all stakeholders on climate risks and adaptation strategies, and support local and scalable activities for building community resilience.

FOOD SECURITY

Since 1990 there has been a 50 percent drop in the percentage of people in developing countries who are undernourished.⁷⁷ This is a significant achievement. Nevertheless, there are still 815 million people around the world who go to bed each night with an empty stomach. That's one in every nine people on the planet.⁷⁸ One in three people suffer some form of malnutrition, and children are particularly at risk.⁷⁹

Small scale, big impact

The vast majority of the world's hungry people are small-scale farmers, livestock keepers, fishers or forest foragers; many of whom are women. Growth in agriculture, particularly small-scale agriculture, benefits the poorest people at least twice as much as growth in other sectors of the economy.⁸⁰ However, small-scale farmers experience numerous obstacles including barriers to accessing markets, lack of access to savings and credit, and lack of access to technical assistance responsive to local contexts.

In Oxfam's experience, development partnerships that focus on supporting the most vulnerable small-scale farmers and fishers deliver the greatest social, economic and efficiency outcomes.⁸¹ Investing in women small-scale farmers is particularly effective, given roughly 80 per cent of women in low-income developing countries work in the agriculture sector.⁸² The FAO estimates that merely providing women farmers with the same resources (such as agricultural inputs, credits 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.⁸³

Australia's aid investments in agriculture and fisheries have often missed opportunities to target women small-scale producers. For example, an ODE evaluation in 2014 found that only one of the six agriculture programs assessed, the Cambodia Agricultural Value Chain Program, actually addressed gender from the design phase and sought to address 'gender-related barriers to women's participation'. The evaluation concluded that while four of the other initiatives included some gender-responsive

activities, 'none of these carried out gender analysis to inform their approaches, thereby missing opportunities to overcome context-specific constraints to women's agricultural activity'.⁸⁴

Since then Australia has developed a new aid investment strategy for agriculture, fisheries and water which includes performance standards around increasing small-scale farmers and fishers' participation in markets, especially women.⁸⁵ The Australian Centre for International Agricultural Research (ACIAR), responsible for delivering a large percentage of Australia's food and agriculture aid (\$106.5m in 2017/18) has notably increased its focus on small-scale producers and women in recent years.⁸⁶ A focus on small-scale women farmers should continue with greater support for women's access to finance, credit and training opportunities.

Increase focus on fishers

Small scale fishers are critical to food security in Asia and the Pacific. Fish provide between 50 and 80 percent of the animal protein consumed by the 60 million people living in the lower Mekong basin,⁸⁷ and between 50 and 90 percent of animal protein in the Pacific region.⁸⁸

Small scale fishers are highly vulnerable to changing weather patterns and are often the worst hit when disasters strike. For example, in the wake of Typhoon Haiyan in the Philippines in 2014 fishing communities were hit hardest. An estimated 30,000 boats were damaged or destroyed in the disaster and nearly three-quarters of fishing communities were severely affected, losing crucial equipment such as boats, nets, and cages.⁸⁹

The Pacific Community estimates that 75 percent of fisheries in the Pacific may not meet food security needs by 2030 as a result of population growth, overfishing and low productivity, climate impacts and challenges with distribution networks.⁹⁰ Damage to reef ecologies and marine ecosystems associated with climate change will also have severe consequences for fish-dependent Pacific communities.⁹¹

Australia should increase its investment in small scale fishers, particularly women, to address these growing challenges.

Greater ambition needed

Australia's 2017/18 budget allocated \$339.5 million towards agriculture, fisheries and water, a marginal increase on 2016/17 figures (\$314.1 million).⁹² This is, however, a significant reduction in funding for food security compared to five years ago, when the 2013/14 aid budget committed \$411 million towards food security programs.⁹³

Meeting the SDG of eradicating extreme hunger will be significantly harder to achieve than progress reducing hunger to date. This is both because of the rapidly escalating impacts of climate change on food security and the reality that those still left hungry are often in the most complex situations: in fragile political contexts, on the frontlines of the climate crisis or highly exposed to extreme weather events. Given this, Australia should make efforts to boost food security and sustainable agriculture and fisheries a greater priority for the aid program.

Safeguarding producers against calamity

Micro-insurance schemes have emerged as an important strategy for helping to protect primary food producers from destitution in the event of calamity. Oxfam first began using this approach in earnest during the 2011 Horn of Africa food crisis,⁹⁴ and we have continued to explore this strategy in a number of contexts (see box below). Australia should consider exploring innovative approaches like micro-insurance as strategies to assist small-scale food producers build resilience.

Sri Lanka: Weather Index Insurance program

In Eastern Sri Lanka, weather-related disasters like floods and droughts often damage or destroy the harvests of rice farmers. For a majority of them, paddy cultivation is their only income, and this climate-sensitive crop relies on the availability of right amount of water and sunshine. In Batticaloa, every year 40 percent of farmers lose their crops to flood; in 2014, the damage went up to 70 percent. 1.2 million Sri Lankans suffered from extreme drought in 2016, and Oxfam's research shows that farmers communities are the worst affected.

While the Sri Lankan government has a form of crop insurance for rice farmers, almost no one has benefitted due to complicated procedures and inadequate resources of the Agrarian Insurance Board. With support of DFAT, Oxfam partnered with Sanasa, a private sector insurance provider to design a Weather Index Insurance scheme as an alternative product to side steps these challenges.

The Weather Index Insurance scheme is more transparent, accessible, user-friendly, and requires fewer resources as farmers insure their crops against the amount of rainfall. Rainfall levels are set for both droughts and floods, with payouts starting at the minimum threshold and increasing according to the severity. Oxfam has set up a weather station which monitors rainfall and automatically communicates in real time via SMS with the farmers, government, and the insurance provider – who triggers payments automatically.

In 2016, Oxfam supported 500 farmers to obtain the insurance for the Yala season (Yala is one of the two rice seasons of the year and happens from May to August). Due to dry weather and lack of rain in May 2016, a payout was triggered, and each farmer received compensation of LKR. 4,400 (AU\$37.30), with a total payout of LKR. 2,200,000 (AU\$18,653 to all farmers).

During the Maha Season 2016/17, from October to February, in spite of some short and sharp bursts of rain, most of Batticaloa experienced an extreme drought damaging or destroying the rice fields. However, the quantity of rain was higher than the minimum threshold that would trigger a drought payout, and this meant that 622 farmers who signed up for the Weather Index Insurance wouldn't receive compensation. Oxfam negotiated with Sanasa, the insurance provider, and as a result, the farmers are now receiving payouts with the total being LKR. 3,550,000 (AU\$30,099).

Oxfam and partners are working together to develop Weather Index Insurance further to include complicated disaster scenarios like what happened this Maha Season and upstream rains which cause floods in low-lying areas. By reaching out to more private sector and financial sector actors, the program will be able to offer this affordable and practical coverage to more farmers.

Oxfam Australia won 'Best Social Innovation' at the 2017 Australian Financial Review's Most Innovative Companies awards for this program.

Recommendation 13: Australia should significantly increase assistance for small-scale farmers and fishers, particularly women. Programs should:

- Assist producers to access local and international markets, including through facilitating access to finance and credit.
- Support farmers and fishers to adapt their practices to climate change and increasing disaster risk.
- Explore ways to safeguard producers' food security through innovative mechanisms like micro-insurance.
- Ensure all programs in the food and agriculture sector are designed and monitored for food security impacts at a household and individual (gender-disaggregated) level, in line with best practice.⁹⁵

HUMANITARIAN ACTION

Over many decades Australia has developed an effective humanitarian program, focusing on rapid disaster response in the Asia Pacific region, improving the scale and effectiveness of the international humanitarian system, disaster risk reduction and humanitarian preparedness. Australia needs to scale up this area in response to rising humanitarian crises.

The Grand Bargain

Australia joined 50 other donors and aid agencies, including Oxfam, at the World Humanitarian Summit in 2016 to agree on the “Grand Bargain” for improving global action to address rising humanitarian crises.⁹⁶ The Grand Bargain commits donors and aid agencies to improve the efficiency and effectiveness of humanitarian action, including by:

- providing 25 per cent of humanitarian funding to local and national responders by 2020;
- increasing and diversifying funding for humanitarian assistance in fragile situations and complex emergencies, including increasing cash-based programming where appropriate;
- increasing the use of multi-year, un-earmarked and flexible funding for greater predictability and continuity in humanitarian response; and
- investing in risk management, preparedness and crisis prevention capacity to build the resilience of vulnerable and affected people.⁹⁷

While Australia has a well-articulated and principled humanitarian strategy,⁹⁸ the strategy has not been updated to reflect the Grand Bargain commitments. This should be a priority for the Australian Government.

Recommendation 14: Australia should update its humanitarian policy and strategy to reflect the aspirations and commitments of the Grand Bargain agreed at the World Humanitarian Summit in 2016. The strategy should include time-bound performance indicators based on the Grand Bargain commitments. For example, it should include a timeline for increasing humanitarian funding to local and national responders to 25 percent by 2020.

Resourcing the humanitarian challenge

Efforts to make the humanitarian system more efficient are critical given rising humanitarian need. However, efficiency gains are not a panacea. International donors must also provide sufficient resources to enable agencies on the ground to respond at scale to increasingly frequent, severe and protracted crises.

In practice, donors, including Australia, are not keeping pace with increasing humanitarian needs. In 2016, total humanitarian funding requirements were US\$17.7 billion. Of this, only US\$11.9 billion was provided, leaving a 39.8 percent shortfall.⁹⁹ In contrast, the humanitarian funding shortfall in 2008 was just 28.5 percent. Put simply, the gap between global humanitarian needs and global humanitarian funding is increasing every year.¹⁰⁰ This funding gap comes at enormous human cost. Thousands of women, men, boys and girls in crisis situations are being denied lifesaving assistance including food, water, shelter and healthcare.

Australia's global humanitarian funding contribution in 2015 was US\$238.7 million, down from US\$241.9 million in 2005.¹⁰¹ This means that Australia's humanitarian funding allocation has declined substantially over the decade, despite global humanitarian funding needs increasing from US\$4 billion to US\$10.9 billion in the same period.¹⁰²

In a welcome move, the 2017-18 Federal Budget increased humanitarian funding to AU\$399.7 million, equivalent to just over 10 percent of Australia's total aid budget of \$3.9 billion.¹⁰³ This included increasing Australia's Emergency Fund – a critical mechanism for rapid, needs-based humanitarian funding – by AU\$20 million to AU\$150 million.¹⁰⁴

Internationally, Oxfam recommends that donors allocate a minimum 10 percent of their ODA to humanitarian assistance. However, given the limited size of Australia's aid budget, a contribution of \$399.7 million is still significantly short of Australia's 'fair share' of total humanitarian appeals. As part of an increasing humanitarian program, Oxfam recommends Australia's Emergency Fund should be doubled to meet this humanitarian funding gap.

Recommendation 15: Australia should increase the Emergency Fund budget to at least \$300 million per year from 2018/19, and ensure that Australia's contribution to humanitarian assistance is never be less than 10 per cent of total ODA.

Protracted crises

The continuation of decades-long conflicts and the emergence of new protracted crises have challenged humanitarian actors to better integrate humanitarian responses with long-term development programming. Based on experience in multiple protracted crises, we know that a key enabling factor for humanitarian responders to effectively plan for the long term is the availability of multi-year funding that is linked, as far as practicable, to national development plans.

The Rohingya refugee crisis, for example, provides an opportunity for donors to act on lessons learned in previous crises. We know that this

crisis will be protracted, and that given its scale and complexity, it will require a coherent and comprehensive humanitarian and development strategy. The time is now to provide multi-year humanitarian funding so that responding agencies can plan for the long-term.

Oxfam's humanitarian response in Bangladesh: Australian Humanitarian Partnership

The Australian Humanitarian Partnership (AHP) is a strategic five-year (2017-2021) partnership between the DFAT and six consortia of Australian organisations, including Oxfam Australia. Through the AHP, NGOs have committed to deliver humanitarian assistance in response to disasters and protracted crises; and strengthen the ability of local communities and organisations in the Pacific to prepare for and respond to crises. For the AHP, Oxfam Australia works in consortia with the Australian Broadcasting Corporation International Development, Habitat for Humanity Australia and CBM Australia.

The AHP provides a flexible rapid humanitarian response mechanism for the Australian Government to activate as needed. Australia activated the AHP as part of its response to the escalation of violence in Myanmar's northern Rakhine State, which since August has driven more than 600,000 Rohingya refugees into Cox's Bazar in southern Bangladesh.

The crisis is escalating daily. Some 18,000 Rohingya refugees crossed into Bangladesh in the second week of October alone, and as of the time of writing, thousands more have amassed at the border. It is the fastest growing refugee crisis in the world, and the concentration of refugees in Cox's Bazar is now amongst the densest in the world.

With support provided through the AHP, Oxfam has been able to rapidly scale up relief efforts in Bangladesh. In just over two months Oxfam has supported 180,000 people with clean drinking water, food rations, emergency toilets, water pumps, hygiene kits and emergency shelters in the over-crowded, ill-equipped camps and ad-hoc settlements of Cox's Bazar.

Until there is an end to all violence in Rakhine, and the Government of Myanmar allows humanitarian access, the crisis will likely continue. In this context, the AHP provides a key vehicle for the Australian Government and Australian NGOs to respond to the dire humanitarian needs as quickly and efficiently as possible. A multi-year funding approach is, however, important for Australia's long-term response to this crisis.

Oxfam is very supportive of Australia's moves towards the development of multi-year humanitarian assistance packages for some protracted crises. This includes the Syria Crisis Humanitarian and Resilience Package, a three-year \$220 million investment of humanitarian assistance, protection and livelihoods programming.

Australia should continue to roll out this approach wherever possible, including in South Sudan and Myanmar/Bangladesh. Year on year funding cycles for protracted crises should become the exception rather than the norm.

Recommendation 16: Australia should ensure multi-year (3+ years) funding for all protracted crises and generally make greater use of multi-year and un-earmarked humanitarian funding in accordance with the Grand Bargain.

DISASTER RISK REDUCTION

Disasters have a devastating impact on development, often reversing or significantly delaying progress on poverty reduction.¹⁰⁵ Conversely, investing in disaster preparedness and risk reduction can save lives and is far less costly than disaster response. Numerous studies have shown that \$1 dollar invested in effective Disaster Risk Reduction (DRR) can save from \$2 to as much as \$80 in avoided or reduced disaster response and recovery costs.¹⁰⁶ Recent experiences of both Cyclone Pam and the Nepal Earthquake have demonstrated the value of DRR programs in reducing the impact and severity of natural hazards on communities.

Investing in preparedness and risk reduction activities are also key strategies for donors to support the localisation of humanitarian response, by giving national responders the tools they need to be able to respond when disaster strikes.

Australia has long been seen as a champion and leader on DRR. Australia has been one of the top 10 DRR donors,¹⁰⁷ and has played a key role in promoting greater investment in DRR through the UN. However, Australia's level of DRR investment over the past six years has stayed at two to three percent of an overall shrinking foreign aid budget.¹⁰⁸ In 2016 the estimated funding breakdown for 'disaster risk reduction, preparedness and response' was AU\$39 million – equivalent to just 1 percent of the total aid budget.¹⁰⁹ As DRR is budgeted together with humanitarian response the breakdown for each is unclear.

Given the humanitarian and economic benefits of investing in risk reduction, Oxfam and a range of other organisations have been calling on donors to allocate at least 5 percent of ODA by 2020 towards DRR and preparedness programs, in line with national government disaster management plans.¹¹⁰

Investing in preparedness, but not at the expense of risk reduction

While Australia's overall investment in DRR is not currently sufficient, Australia does have a well-articulated policy and approach to delivering programs that reduce disaster risk.¹¹¹ Australia also has a solid track record of funding effective DRR and disaster risk management (DRM) programs through the Humanitarian Partnership Agreement (HPA – the precursor to the AHP), and under the AHP is supporting a comprehensive disaster preparedness program.

Australia's AU\$45 million Pacific Disaster Ready Program, launched in 2017 to run for five years, aims to strengthen the ability of Pacific governments, communities and local organisations to be better prepared for and able to respond to slow and rapid onset disasters, with a particular focus on strengthening leadership and agency of women, youth and people with disabilities in disaster management. The program is being implemented in partnership with the six lead NGOs of the AHP, including Oxfam.

Positively, the Pacific Disaster Ready Program includes an AU\$12 million Performance and Partnerships fund, to encourage NGOs and our partners to trial new and innovative approaches and scale up existing approaches to localisation, disaster preparedness and early recovery in the aftermath of crises. This is welcome, given flexible forms of funding like this will help to ensure NGOs are at the cutting edge of programming approaches.

However, unlike the DRR/DRM component of the previous HPA, the AHP approach is to focus almost exclusively on disaster preparedness. That is, the emphasis is now much more on programs that improve readiness and contingency planning for a potential future humanitarian response, rather than programs that reduce the risk of a disaster's impact in the first place.

There are real limitations to this approach, given we know both preparedness and risk reduction are critically important program approaches for saving lives and reducing disaster impact. For example, the Sri Lanka Weather Index Insurance program outlined on p. 28 above was funded through the DRR/DRM component of the previous HPA. Under the current formulation of the HPA this kind of program would not be funded, but undoubtedly this program is working to increase the resilience of farmers so that extreme weather events do not turn into disasters. The only grants available to NGOs to do this sort of DRR work currently would appear to be ANCP or innovation grants.

Risk reduction in Asia

Another shift has been the narrowing of the AHP disaster preparedness program to the Pacific region. Given extremely high disaster risk in Asia, and the reliance on Australia and Australian NGOs to respond to disasters in the Asia region, Oxfam recommends Australia should be working with NGO partners to deliver DRR programs at sufficient scale in Asia.

Across the Asia-Pacific region, we can predict with increasing accuracy the impact of climate change and El Niño and La Niña events. This means the aid program can target risk reduction programs where they are needed most with increasing precision, making DRR programs a highly strategic and cost-effective aid investment for Australia.

Recommendation 17: 5 per cent of ODA should be allocated towards Disaster Risk Reduction and disaster preparedness, with a focus on community based risk reduction activities. As part of this increased investment Australia should expand community level DRR programs into Asia by either:

- Extending the geographic reach of the Pacific Disaster Ready Program in Asia with increased funding and incorporate a focus on DRR/DRM; or
- Creating an Asia Disaster Risk Reduction Program within the Australian Humanitarian Partnership with a focus on DRR/DRM.

GETTING THE BUILDING BLOCKS RIGHT

To realise the vision for the Australian aid program set out in this paper and to make an ambitious and transformative contribution to the SDGs, Australia's aid program needs to be built on solid foundations. That includes:

- A stable aid budget that remains predictable over the forward estimates and is commensurate with Australia's capacity to make a difference;
- Safeguards to ensure effectiveness, transparency and accountability of all aid and aid providers; and
- Investment in research and innovation so we're ready to solve tomorrow's challenges.

A FAIR AND STABLE AID BUDGET

For Australia's aid program to deliver sustainable and measurable impact, the government needs to demonstrate leadership and deliver a fair and stable aid budget.

In 2017-18 Australia's aid budget is \$3.9 billion, representing just 0.22 percent of Gross National Income (GNI). This is significantly lower than the OECD Donor Assistance Committee (DAC) average of 0.32 percent of GNI.¹¹² It also represents a significant abrogation of Australia's commitment to international aid since the height of the program in 2012-13, when the aid budget was \$5.057 billion, or 0.34 percent of GNI.¹¹³ At that point Australia was still on a trajectory towards allocating 0.5 percent of GNI towards international aid – a commitment that had bipartisan support.

Today, that bipartisanship has evaporated. While Australia's aid budget has been slashed, Australia's plan to increase defence spending to 2 per cent of GDP by 2021 enjoys strong bipartisan support.¹¹⁴ Based on current projections, defence spending is likely to increase by 80 percent over the next decade to AU\$58.7 billion in 2025-26.¹¹⁵ This level of spending makes a mockery of any suggestion that aid levels are high. At the same time, we know aid helps to reduce a range of security risks that the military are often eventually deployed to respond to¹¹⁶ – making this imbalance of budgeting priorities entirely not strategic.

In the absence of commitment and political leadership to maintain aid investment in the long-term, the aid budget remains highly vulnerable to future cuts. Further budget uncertainty and contraction would significantly undermine Australia's aid program ambition, effectiveness and impact, with flow on impacts for Australia's standing in the international community.

Australia needs to get the aid budget back on a predictable and increasing trajectory. DAC donors agreed as far back as 1969 that 0.7 percent of GNI represents a fair benchmark allocation of international aid. The 0.7 commitment was reinforced in 2015 and is a part of the Sustainable Development Goals. Currently Denmark, Germany, Luxembourg, Norway, Sweden and the United Kingdom all have aid budgets at this target or above.

Australia, with one of the highest incomes per capita in the world, should make 0.7 GNI its target. Anything lower may be politically expedient, but is not commensurate with global need or Australia's capacity to contribute. While in the past decade the global development landscape has changed with new forms of finance and resources coming into play, the reality is that for the poorest countries and communities ODA is a lifeline. Choosing to withhold that lifeline is unconscionable for a country of Australia's economic wealth.

Recommendation 18: Australia should commit to a time-bound strategy for increasing the aid budget, including identifying potential linked sources of revenue (such as addressing multinational tax avoidance). Australia should aim to allocate 70 cents in every \$100 of gross national income (GNI) towards effective poverty alleviation well before 2030.

ACCOUNTABILITY AND SAFEGUARDS

Aid has to be accountable, both to the Australian public and to the people and countries Australia is aiming to assist. The ODE is absolutely critical to the effectiveness, transparency and accountability of Australian aid and should be maintained and strengthened with the resources necessary to continue its work.

In addition, all aid projects should have appropriate safeguards to ensure the rights of impacted communities are protected. In particular, Australia should apply a greater level of sophistication to its partnerships with the private sector in delivery of aid.

As discussed above, Australia is increasingly reliant on commercial contractors and other private sector actors to deliver large parts of the aid program. Contracting commercial entities is a perfectly legitimate approach, as long as Australia maintains a balanced portfolio of partners across commercial and non-commercial spheres.

Where Australia does engage the private sector to deliver aid it should expect the same level of due diligence that it does of other partners. Currently this is not the case. While Australian NGOs go through a rigorous accreditation process before being able to deliver Australian aid,¹¹⁷ private sector partners do not appear to be held to the same standard.

Contracting out large parts of the aid program to private entities without appropriate safeguards carries risks of aid profiteering and poor ethical practice. The Department for International Development (DfID) in the UK, for example, is under increasing scrutiny for its use of private sector partners, with a House of Commons committee recently releasing a

damning inquiry report into the issue. The inquiry raised concerns about the practice of managing contractors, the lack of assessment of program level interventions, and raised concerns that DfID's use of contractors was 'being driven by a lack of administrative capacity in the Department', rather than necessarily aid effectiveness principles.¹¹⁸ DfID is now reportedly undertaking a 'fundamental review of its work with suppliers to instigate root and branch reform based on accountability and transparency'.¹¹⁹

Australia could do much more to ensure its private sector partners are abiding by human rights standards, which would in turn position Australia to be a much more vocal and effective leader in international business and human rights fora. This would be beneficial for Australia as it is poised to take up its new position as a member of the UN Human Rights Council.

Recommendation 19: Australia should develop a standardised system of safeguards and minimum standards on human rights and environmental performance for all private sector partnerships in aid projects, to ensure these projects deliver on people-centred and sustainable development outcomes. This should include ways for people to let the Australian Government know when important standards are not being met by Australian aid projects. It could further include:

- more robust ethical checking processes for DFAT when assessing private sector partners to work with;
- an accreditation and oversight mechanism for private sector entities delivering ODA, bringing sector into conformity with best practice in aid effectiveness and standards expected by the non-profit sector;
- requiring all partners to publish data to the International Aid Transparency Initiative (IATI) data standard (which can exclude all commercially sensitive information).
- requiring all private sector partners, as a condition of the partnership, to adopt a human rights policy that is aligned with the highest applicable legal frameworks and voluntary standards (whether international legal frameworks or national laws), such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the International Finance Corporation (IFC) on Environmental and Social Sustainability.¹²⁰

INNOVATION

Australia's focus on innovation is a positive development for the aid program, however the InnovationXchange is still in its infancy and it is difficult to draw conclusions on its impact.

So far, the InnovationXchange has run a number of challenge funds and prizes to catalyse good ideas into action, including the Pacific Humanitarian Innovation Challenge, the Australian Development Accelerator (ADA) and the Google Impact Challenge.

Oxfam was recently awarded the DFAT Technology Against Poverty Prize, an AU\$500,000 grant as part of the 2016 Google Impact Challenge. Under the prize Oxfam is partnering with the Philippines Central Bank and other financial service providers to pilot a new electronic payment system which allows poor Filipinos to transfer cash safely and cheaply, and make cashless payments for goods and services to build livelihoods. The collaboration is the first of its kind in the Philippines and will help transform access to financial services for up to 50,000 women and men in five provinces.

Oxfam is also aware of a number of other interesting and potentially highly beneficial projects that have been funded through the various innovation funds. These funds are a great way to get new ideas and digital innovations off the ground, however their small funding envelopes limit the potential for truly transformative innovations. For example, the Pacific Humanitarian Innovation Challenge was a fund of AU\$2 million with up to ten grant recipients.

The InnovationXchange itself may be an important catalyst for necessary risk taking in the aid program. However, DFAT does not appear to have a wider strategy for how these innovative practices will be incorporated back into the aid program, or how lessons will be shared with other partners. This is particularly so given several of the InnovationXchange's challenge funds are administered through a managing contractor run Innovation Resource Facility, and therefore sit quite separate from the rest of the aid program.

Innovation should not just be a stand-alone area of program investment. To increase innovation and continuous learning across Australia's aid program, innovation should be integrated across all existing thematic, sectoral, regional and country programs. This is happening in some programs, for example in DFAT's AU\$110 million Water for Women WASH program which has incorporated an innovation component through a separate 'Partnerships and Performance Fund'. However, this is not the norm.

There are significant untapped opportunities for Australia's aid program to invest in digital innovations that reduce poverty, inequality and disaster risk in Asia, where nearly 2 billion people are online. Investing in programs that enhance poor women, men and young peoples' access to information, financial services, communications and other essential digital services should be core business for the aid program, not just for the InnovationXChange.

Finally, the InnovationXchange is not particularly transparent about how its AU\$120 million budget is being allocated outside the publicly advertised challenge and accelerator funds. Oxfam understands that significant amounts of money have been awarded but not publicly announced, and it is not clear what the basis of funding allocations and rejections are.

Australia's investments in this area could be improved by having a much clearer articulation of DFAT's strategy for innovation in the aid program, better integration of innovation across the aid program, and greater transparency around funding and partnership opportunities.

Recommendation 20: DFAT should define more clearly its strategy for innovation in the aid program, including:

- clarifying priorities of the InnovationXchange and how funding decisions will be made and transparently communicated;
- establishing how the aid program will capitalise on developments from InnovationXchange funded projects; and
- embedding funding for innovative practice across all thematic, sectoral and country programs to enable all partners to test approaches and solve problems as part of continuous learning.

ANNEX 1: MOST CHALLENGED COUNTRIES

In 2016 Oxfam conducted an analysis of the 23 “most challenged” countries, selected according to the following criteria:

- **Limited government capacity:** government spending below \$1,000 per capita per year.
- **Limited potential tax base:** annual household consumption below \$2,000 per capita per year.
- **Aid dependence:** ODA was the largest external flow into the country.

Country	Population in bottom global income quintile	% of national population in bottom global income quintile	Household consumption/person 2011 (constant 2005 USD)	Govt spend/person 2011 (PPP\$)	Net ODA 2011 (USD)	ODA/capita (USD)	ODA/GDP (%)	ODA/total inflows (%)	ODA/person in bottom 20% (USD)	ODA/total govt spend (%)
Benin	5,910,054	60.43	453.09	346.67	673,250,000	68.84	3.91	52.51	113.92	44.60
Burkina Faso	8,182,400	51.14	274.43	311.25	959,160,000	59.55	4.05	75.48	117.22	43.71
Burundi	8,192,952	85.88	110.61	275.86	555,430,000	56.73	7.96	90.45	67.79	61.02
Cambodia	2,827,035	19.35	556.93	519.37	774,610,000	53.08	2.00	31.59	274.00	29.99
Cameroon	7,073,788	33.43	719.08	535.90	586,680,000	27.78	1.06	40.40	82.94	11.31
CAR	2,835,384	63.86	356.06	144.51	259,380,000	57.25	6.41	68.76	91.48	79.18
Comoros	385,280	55.04	553.80	322.64	49,530,000	69.18	5.13	73.54	128.56	39.41
DRC	56,418,225	88.25	193.70	79.92	5,380,510,000	79.02	12.80	51.08	95.37	113.59
Eritrea			141.80	382.84	125,610,000	26.23	1.86	55.55		12.94
Gambia	721,929	41.73	343.74	392.08	130,690,000	74.72	4.88	44.29	181.03	59.31
Kenya	19,459,890	46.3	464.56	579.47	2,437,390,000	58.85	2.24	47.23	125.25	22.38
Liberia	3,233,400	79.25	397.01	193.73	744,060,000	182.39	24.89	38.53	230.12	174.89
Malawi	12,159,290	78.65	208.15	261.53	785,620,000	51.59	6.80	73.57	64.61	54.73
Mali	8,944,726	62.03	297.38	386.91	1,249,380,000	79.89	5.23	53.27	139.68	51.43
Pakistan	43,091,182	24.46	568.73	831.49	3,482,260,000	20.05	0.46	15.09	80.81	8.26
Rwanda	7,898,260	70.9	318.41	316.72	1,234,980,000	116.99	8.37	80.51	156.36	77.80
Senegal	5,741,231	43.07	630.96	607.60	1,026,500,000	76.85	3.56	30.61	178.79	26.90
Sudan	8,870,705	24.35	546.15	681.81	1,068,150,000	28.93	0.73	40.78	120.41	9.23
Tanzania	25,376,625	54.75	357.28	393.60	2,397,830,000	50.88	2.37	46.88	94.49	35.48
Timor-Leste	547,166	46.37	478.60	441.86	274,070,000	244.62	12.45	63.03	500.89	19.94
Togo	3,889,764	60.12	308.79	287.50	517,880,000	78.87	6.28	31.31	133.14	60.84
Uganda	16,260,390	46.26	310.69	261.14	1,546,400,000	45.14	2.74	47.64	95.10	38.22
Vanuatu			1,231.73	712.01	91,990,000	380.32	13.05	48.87		48.36
Total	248,019,676				26,351,360,000					
Average		54.08	427.03	192.76		86.42	1.81	37.48	106.25	24.79

Source: Oxfam International, *Accountability and Ownership*, September 2016.

These countries were home to 18 percent of the poorest 20 percent of the world's population in 2011 (248 million people). However, bilateral DAC donors contributed less than 14 percent of their total aid to these countries per year between 2000 and 2014.

NOTES

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- ⁷ The World Bank estimates that in 2015 there were 10% of the world's population or 700 million people living below \$1.90 a day, 2011 PPP. Cited in Oxfam International, *An economy for the 99%*, as above, p. 12.
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