



Overseas Aid (Millennium Development Goals) Bill 2013

Micah Challenge Submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade

Foreign Affairs, Defence and Trade Committee
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About Micah Challenge

Micah Challenge is a global movement of Christian agencies, churches, groups and individuals speaking out against poverty and injustice, and advocating to governments for strong action to achieve the global anti-poverty Millennium Development Goals (MDGs). Micah Challenge is a coalition of Christian development NGOs as well as mission agencies, churches and church bodies and individuals. A full list of our Coalition partners can be found in Annex 1.

Together with Make Poverty History, we advocate to the Commonwealth Government in support of policy likely to contribute to the achievement of the MDGs, the sustainable reduction of poverty and a more just world.

Legislating the 0.7% GNI aid target

Micah Challenge endorses both the intention behind legislating to achieve the long-standing international aid target of 0.7% of Gross National Income and the schedule outlined in the bill – with stepped increases reaching 0.7% GNI by 2020-21.

Given the overall effectiveness of Australian aid in contributing to poverty reduction and human development outcomes, 0.7% of Gross National Income (roughly 3% of Federal Government expenditures under current settings) represents an ambitious but achievable target. We firmly believe that this is an appropriate level for a prosperous nation like Australia to contribute towards meeting regional and global development challenges, assisting partner countries, and contributing to the provision of global public goods.

While it is legitimate to ask whether Government spending targets should be enshrined in legislation, it is clear that the very long delay in meeting this target – first agreed to in 1970

and reaffirmed by Australian Governments multiple times since then – strongly indicates that supporting legislation would be beneficial in terms of enabling Australian Governments to meet and maintain this aid commitment.

Furthermore, beyond its contribution to poverty reduction and human development, we believe that legislating to meet the 0.7% GNI aid target will have small but significant impact in two other areas. First, it will contribute to galvanising international support for greater aid commitments. By joining the United Kingdom and the five other countries who have achieved 0.7% GNI, Australia will demonstrate a commitment to official development assistance that will be a positive spur to other donors.

Finally, while the benefits of aid predictability are primarily felt at the country or program level (which are not addressed by this Bill), by providing for a transparent and predictable framework for setting the annual level of Australian aid, this Bill is likely to have some beneficial impact in terms of improving funding certainty to assist the planning of Australia's development partners.

Excluded Official Development Assistance

This Bill sets out to exclude the following categories from calculations of the level of Official Development Assistance:

1. Climate finance
2. Asylum seeker assistance in Australia
3. Assistance to another country if:
 - a. The other country is a regional processing country for the purpose of section 198AB of the Migration Act 1958;
 - b. And the assistance is provided for the purpose of implementing Australia's border security strategy
4. Military assistance.

Excluding particular kinds of aid could send a strong signal to the OECD Development Assistance Committee (DAC) that Australia regards these as inappropriate uses of ODA. Micah Challenge would support a strong drive by Australia within the DAC to consider tightening the rules of what can be counted as ODA.

We agree with the intent behind categories 2, 3 and 4 – while acknowledging that further work would need to be done to allow determination of whether assistance “is provided for the purpose of implementing Australia's border security strategy” (which is liable to be subject to highly subjective political interpretations). We believe that closer definition of “military assistance” is also required, as we would not wish to rule out any involvement of the Australian Defence Force in humanitarian or other ODA capacities.

Excluding climate finance from ODA calculations may be more problematic and we suggest that this category needs further definition. In practice, building community resilience and supporting adaptation capacities are critical components of an effective aid program (even absent the additional challenges posed by climate change) and it may be, in practice, difficult and undesirable to separate ODA and climate finance for accounting purposes. We recognise that there is a risk that climate financing commitments could “crowd out” other forms of aid, and that the strategic priorities of the aid program for poverty reduction and human

development should not be compromised by the need to meet international climate financing obligations. However, we are not sure that a categorical exclusion of climate finance from ODA calculations is the best response to these concerns.

Independent Commissioner on Aid Effectiveness

Micah Challenge supports the principles of increased effectiveness and proper scrutiny embodied in the Bill's legislation for and Independent Commissioner on Aid Effectiveness. We agree also, that improved monitoring and evaluation of the aid program's effectiveness is necessary to build and maintain political and public support for meeting the 0.7% GNI target.

However, we are concerned that there is insufficient clarity in the Bill about how the Independent Commissioner would interact with other evaluation and oversight bodies, particularly the Office for Development Effectiveness and the Independent Evaluation Committee.

Our recommendation is that Part 3 of the Bill be separated and brought forward as a related Bill.