



**Senate Foreign Affairs, Defence and Trade Legislation Committee**

**Inquiry into the**

**Overseas Aid (Millennium Development Goals) Bill 2013**

**Submission**

**Oxfam Australia  
September 2013**

## **1. Introduction**

Oxfam Australia welcomes the opportunity to comment on the Overseas Aid (Millennium Development Goals) Bill 2013 (the Bill).

The Bill highlights the importance of the Millennium Development Goals and Australia's contribution to achieving them and Oxfam welcomes this intent.

Oxfam has previously advocated for a legislated mandate for Australia's development assistance program similar to that which exists in other countries, such as the United Kingdom and Canada. This would define the objectives and parameters of the program, providing a stable legislative foundation for Australian aid.

For this reason, we believe the Bill before Parliament does not go far enough. However, we hope its introduction paves the way for the enactment of broader legislation to guide the Australian aid program.

## **2. About Oxfam Australia**

Oxfam Australia is an independent, not-for-profit, secular, international development agency whose vision is of a just world without poverty. We undertake long-term development programs, provide emergency response during disaster and conflict, and undertake research, advocacy and campaigning to advance the rights of poor and vulnerable people.

In 2011-2012, we responded to 22 emergencies and worked with partner organizations in 30 countries across Africa, Asia, the Pacific and Indigenous Australia to improve the lives of seven million people.

This year, as we celebrate our 60<sup>th</sup> anniversary, Oxfam Australia has more than 550,000 supporters in Australia who contribute skills, time and financial support to advance our work.

Oxfam Australia is a member of Oxfam International, a global confederation of 17 organisations that work together, investing more than \$925 million a year to overcome poverty and injustice in almost 100 countries around the world.

## **3. The Overseas Aid (Millennium Development Goals) Bill 2013**

### **3.1. Level of Official Development Assistance**

Oxfam supports efforts to enact legislation to govern the Australian aid program. As stated in the *2011 Independent Review of Aid Effectiveness*, legislation

would give the program a solid, predictable and non-partisan base by engaging the Parliament, across the political spectrum. It would demonstrate a commitment to consultation and public engagement. It would build confidence that there would be

ongoing transparency. It would underline the status and importance of the aid program. It would give a powerful impetus for coherence across government.<sup>1</sup>

Oxfam Australia believes that legislation should be used to establish the purpose of the aid program as helping people to overcome poverty, and to enshrine guiding principles for its delivery. Inclusion of the purpose of Australia's aid program in legislation with cross-parliamentary support would reduce programming uncertainty and enable clarity of approach in future planning. It is Oxfam's view that legislation enshrining the purpose of the aid program would maximise the impact of the aid program on reducing poverty in the long term and lead to greater integrity of the aid program by ensuring that aid is used only for the specified purpose of reducing poverty.

Legislation that sets a legislative basis for aid programs has been adopted in other countries. For example, the United Kingdom (UK) enacted the *International Development Act* in 2002 and Canada enacted the *Official Development Assistance Act* in 2008.

The UK Act sets a firm focus on the reduction of poverty and states that "development assistance" means assistance provided for the purpose of (a) furthering sustainable development in one or more countries outside the United Kingdom, or (b) improving the welfare of the population of one or more such countries'.<sup>2</sup> The Canadian Act provides that

The purpose of this Act is to ensure that all Canadian official development assistance abroad is provided with a central focus on poverty reduction and in a manner that is consistent with Canadian values, Canadian foreign policy, the principles of the Paris Declaration on Aid Effectiveness of March 2, 2005, sustainable development and democracy promotion and that promotes international human rights standards.<sup>3</sup>

The Canadian legislation goes on to specify that official development assistance can only be paid if the Minister is of the opinion that it '(a) contributes to poverty reduction; (b) takes into account the perspectives of the poor; and (c) is consistent with international human rights standards'.<sup>4</sup> Both of these Acts clearly establish the purpose of their aid programs. This approach provides overall consistency and direction for the aid program.

Set against the background of the purpose of the aid program and guiding principles for its delivery, the proposed targets for aid increases are a useful additional element in legislation.

In 2001, all nation states committed to a global partnership to achieve the Millennium Development Goals (MDGs), with wealthy countries like Australia committing to increase aid to the target of 0.7% of Gross National Income (GNI) – a target first committed to in 1970.<sup>5</sup> To date, five countries have met or surpassed this target – Denmark, Luxembourg, the Netherlands, Norway, and Sweden. Britain will also spend 0.7% of GNI on aid in 2013.

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<sup>1</sup> *Independent Review of Aid Effectiveness*, April 2011, 250.

<sup>2</sup> *International Development Act 2002*, s1.

<sup>3</sup> *Official Development Aid Assistance Accountability Act 2008*, s2.

<sup>4</sup> *Official Development Aid Assistance Accountability Act 2008*, s4.

<sup>5</sup> 'International Development Strategy for the Second United Nations Development Decade', UN General Assembly Resolution 2626 (XXV), 24 October 1970, [43]. See also United Nations, *Monterrey Consensus on Financing for Development*, 18-22 March 2002, [42].

In 2008 the Australian Government committed to reaching 0.5% of GNI by 2015- 2016.<sup>6</sup> In 2012, this was pushed back to 2016- 2017.<sup>7</sup> Then again in 2013 it was pushed back to 2017- 2018. In 2012, Australia was ranked 13<sup>th</sup> out of the 25 members of the OECD Development Assistance Committee on an assessment of Official Development Assistance (ODA) as a percentage of GNI. The 2013-2014 Australian federal budget sets ODA at 0.37% of GNI, or \$5.666 billion. If the 0.5% target is achieved by 2017- 2018, Australia still has no set commitment to reaching the 0.7% target beyond general statements of support for the target as an aspiration. Oxfam has expressed disappointment about the delay of the ODA target, and the additional reductions to planned increases in aid levels in the years leading up to the target year.

Enacting ODA commitments in legislation would ensure that levels of foreign aid were known in advance and would require timely aid payments. This approach would allow AusAID and the community development sector to plan effectively for future years and would ensure certainty of program delivery. It is essential that any such legislation has the stated support of parliament across the political spectrum to ensure the necessary certainty in funding and program delivery. Cross parliamentary support will reduce the likelihood of such legislation being amended on a regular basis and thus improve predictability.

The failure to deliver aid on time has significant implications for partner countries: it undermines planning and budgetary cycles because there is no guarantee when promised aid for timetabled programs and activities will actually arrive. This volatility can create 'aid shocks' that have been estimated to be as large as the income shocks faced by developing countries during the two World Wars, the Great Depression and the Spanish Civil War.<sup>8</sup> The World Bank suggests that donors can assist partner countries by improving medium-term predictability – specifically by providing three to five year spending plans and abiding by them.<sup>9</sup>

Aid legislation provides an important opportunity to improve Government accountability for the aid program. It would require the Government to ensure its delivery of the aid program is consistent with the Act, and to report to parliament on how it has upheld the Act. This would improve the Government's accountability to Parliament and the Australian public, and would provide a further means for Australian citizens to hold the Government to account for the delivery and outcomes of aid spending. This would also assist governments and citizens in developing countries, and the recipients of Australian aid, to hold the Government to account.

### **3.2 Independent Aid Commissioner on Aid Effectiveness**

Oxfam Australia has consistently advocated for increased aid accountability and monitoring of aid effectiveness. We note that in the United Kingdom, an Independent Commission for Aid Impact was established in 2011. The role of the Independent Commission is to 'provide

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<sup>6</sup> The Hon Stephen Smith MP and the Hon Bob McMullan MP, *Budget: Australia's International Development Assistance program 2008-09*, 13 May 2008, iii.

<sup>7</sup> Senator the Hon Bob Carr, *Budget: Australia's International Development Assistance program 2012-13*, 8 May 2012, 3.

<sup>8</sup> Homi Kharas (2009) Measuring the Cost of Aid Volatility, Wolfensohn Centre for Development Working Paper No. 3

<sup>9</sup> See The North-South Institute, 2010, *A Global Crisis of Development: Responses and Responsibilities*, p 31

greater independent scrutiny of UK aid spending, thereby maximising its value for money and impact'.<sup>10</sup>

In the Overseas Aid (Millennium Development Goals) Bill 2013 the role of the Commissioner is to consider whether Australia's ODA is effective, relevant, impactful, value for money and sustainable. The Commissioner is required to report on these matters to the Minister and Parliament.

Oxfam supports the inclusion of independent monitoring within the context of legislation on aid more broadly as discussed above. However any such additional monitoring and reporting must not duplicate or complicate processes already in place.

It is unclear within the Bill whether the reports prepared by the Commissioner would be intended to replace, supplement or critique the Annual Review of Aid Effectiveness currently prepared by AusAID, considered by Cabinet and publicly released, or how the Commissioner would interact with the Office for Development Effectiveness. These existing processes and functions must be considered and it may be that strengthening the role and independence of the Office for Development Effectiveness is more appropriate than establishing a new body.

#### **4. Conclusion**

Oxfam Australia thanks the Committee for the opportunity to comment on the Overseas Aid (Millennium Development Goals) Bill 2013.

While Oxfam supports the general intent of the Bill, our view is that the purpose of any legislation on aid must to strengthen the effectiveness and accountability of Australian aid. Accordingly, such legislation should specify the purpose of the aid program, establish guiding principles for aid delivery, accountability mechanisms and, ideally, targets and time frames. Any accountability mechanisms must be coordinated with current systems and appropriately resourced.

Finally, with cross-parliamentary support, legislation to govern Australia's aid program would elevate Australian aid above the politics of the day and ensure its focus is firmly established and agreed.

**For further information regarding this submission, please contact:**

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<sup>10</sup> Independent Commission for Aid Impact, <http://icai.independent.gov.uk/about/background/how-we-work/>