



Submission No 88

**Review of Australia's Relationship with the
Countries of Africa**

Organisation: CARE Australia – Supplementary Submission

JSCDFAT Inquiry into Australia's Relations with the Countries of Africa

CARE Australia - Response to follow-up questions

Partnership with Business

1. The Australia-Africa Mining Industry Group (Sub. 50, p. 6) suggests that Australian mining and service companies could facilitate re-engagement with Africa via public-private partnerships to deliver social development assistance to ensure relatively limited government aid funding is applied to maximum social, financial, political and strategic advantage. The submission added:

A mining operation or mining development project provides an immediate commercial focus for the delivery and management of social development programs that could be branded as 'AusAID' or 'Australian' projects. Government agencies and/or the independent consultants could ensure that the programs are appropriately implemented and managed, and are consistent with UN regional objectives. It is important to stress that companies do not see this concept as an opportunity to abrogate responsibility, but rather a mechanism to increase the scope of these programs, and implement and manage them in a more strategic way.

- *How do you respond to this proposal?*

In principle, CARE welcomes the engagement of the private sector in supporting effective development activities. CARE believes that an end to poverty requires the focused commitment and resources of governments, civil society and the private sector. Business activity necessarily has an impact on the local community, and multi-national corporations often have significant influence in global debates of relevance to CARE's mission. Therefore CARE's policy is to enter into a range of corporate partnerships, with the end goal of building a world where people live with dignity and security.

Regarding the AAMIG's specific proposals around public-private partnerships, we note the following points:

- We strongly believe that the aid program must be focused on reducing poverty and achieving the MDGs. Our concern is that any initiatives of the kind proposed should not dilute this focus, either by a misplaced emphasis on political or commercial benefits, or through support for poorly conceived and potentially harmful interventions.
- "Supplementary" aid program funding to local development initiatives funded by mining interests (or other major investments in developing countries) should be used to ensure that these initiatives are implemented in ways that meet international standards and bring benefits to local communities. However, we would not support funding from the Australian aid program being used as an incentive in any negotiations with local communities around large Australian commercial involvements.

CARE International has been involved in well-designed initiatives similar to the AAMIG's proposal. (A specific example from Peru is given below).

- *A perception could arise that the NGO had become associated with a particular mining company. How do you respond to this possibility?*

CARE expects mutual transparency and openness to dialogue in its partnerships, and to engage with its partners at a meaningful level within a corporation. This enables a clearer identification of mutual interests in any joint activity. On CARE's part, we look to develop partnerships which allow us to achieve our mission, while also protecting the quality of our work in the field and the strength of our global brand. Hence, CARE sees value in partnering with corporations who take an interest in the impact their business

has on local communities. Such corporations can be open to improving the overall social impact of their operations, including openness to changing potentially harmful business practices. In this regard, CARE is aware of particular sensitivities which can exist around the commercial, political, economic and social engagement of mining companies in developing countries.

In exploring any potential major partnership with the corporate sector, CARE is conscious of the potential benefits and risks involved. In such cases, we undertake risk assessment and due diligence processes. These help ensure we consider the benefits of social development programs alongside the potential for risks to CARE's operations, image and reputation with the broader public, our donors and existing partners. We are aware that company activities or alleged business practices could potentially reflect poorly on CARE, or at the extreme could be counter to our mission of ending poverty (e.g. allegations of poor or illegal labour practices or environmental harm). We would consider a range of issues and engage corporations in open and transparent dialogue around factors such as:

- The company's policies and record on ensuring corporate social responsibility, including the environment, governance (including bribery and corruption and codes of ethics), human rights, stakeholder issues and other ethical issues such as involvement in armaments or tobacco;
- The extent to which such policies are monitored and followed through consistently in business activities;
- The company's approach to engaging with NGOs and the broader community; and
- The extent to which the parent company directly controls the business activities of the local subsidiaries.

Once a partnership is agreed and established, our continuing engagement with the company can provide a solid basis to raise and address any new issues that may emerge.

Examples where CARE Australia has worked in the past with support from mining companies include:

- Italian-based petroleum company ENI supporting CARE's work in Integrated Rural Development in Timor Leste; and
- BHP Billiton Community Trust supporting "Communities Fighting Fires" project in Kalimantan, Indonesia.

- *Are there opportunities for NGOs and mining companies to collaborate in enhancing the development of the host country?*

As noted above, CARE believes the private sector has a key part to play in poverty alleviation and development, alongside other actors. The mining sector can potentially play a significant role, given that some 3.5 billion people live in countries rich in oil, gas and minerals. Funds generated from the exploitation of these resources can be and often are applied by mining companies to local community development projects in association with mining operations. These funds may be provided either voluntarily or in accordance with revenue-sharing arrangements that are mandated under local regulations or laws.

At the same time, CARE understands (from research by the World Bank and others) that resource-rich countries have often under-performed economically in comparison to resource-poor countries. With good governance, effective management of natural resources can generate strong national income, encourage economic growth and reduce levels of poverty. If governance is not strong, political, economic and social factors around exploitation of the resources can lead to poverty, corruption, and conflict.

A case study from CARE Peru highlights ways in which CARE has developed innovative partnerships with mining companies to address both immediate community needs as well as longer term governance issues surrounding resource extraction. CARE Peru's main goal in working with extractive industries is to promote the increased contribution of these industries to reducing poverty and inequality in the country. CARE does this through advocacy work at the national level, as well as by implementing development projects at the

local and regional level. Projects have been designed to promote and facilitate dialogue and engagement among the three sectors – government, communities and mining companies – within the framework of consensus-based, participatory development planning at the local and regional levels. As an outside actor and international NGO, CARE sees its role as facilitating relations among these sectors to strengthen processes of local and regional governance, to which the three sectors contribute their perspectives, responsibilities and capacities.

One of CARE Peru's innovative programs is being implemented in partnership with the Antamina mine, which is operated by a consortium of mining companies that includes BHP Billiton. In Peru's Ancash region, CARE is working to help enable the Antamina Mining Fund (Antamina's voluntary payments fund) generate greater impact on programs addressing poverty and social injustice. Specifically CARE:

- Implements programs funded by the Antamina Mining Fund to
 - i) increase access to markets for poor women and men; and
 - ii) to reduce maternal and newborn mortality,applying and taking to greater scale strategies that have been proven to generate significant impact in Peru.
- Established an accountability system for CARE's work in Ancash (with an external surveillance counsel, a complaints and suggestions mechanism, and information and communication systems).
- Advocates for the effective application of the Antamina Mining Fund and other voluntary mining funds (this is paid for by CARE's own resources).

Finally, to help ensure positive engagement of the mining sector with developing countries, CARE welcomes corporate engagement with initiatives which provide benchmarks for corporate policy, performance and transparency. For example, the Extractive Industries Transparency Initiative (EITI) aims to strengthen governance by improving transparency and accountability in the extractives sector. The EITI is a global standard that promotes revenue transparency, allowing for monitoring and reconciling of company payments and government revenues at the country level. Around 50 of the world's largest oil, gas and mining companies support and actively participate in the EITI process. Further information is available at <http://eiti.org>.

Partnerships with African Communities

2. Your submission advises (p. 2) that in Mozambique, CARE is helping to create village entrepreneurs through supporting business training and access to credit.

- *Would you provide more information on this program?*

Strengthening Civil Society for Rural Empowerment (SCORE) in Mozambique, is part of the Poverty Alleviation through Civil Society Strengthening Program (PACS) (2004-2010) funded under the Australian Partnerships with African Communities (APAC) Australian Aid program, AusAID. The program's purpose is to *enhance livelihood security and well-being through improving rural communities' access to quality services that mainstream effective responses to HIV/AIDS and address gender inequities.*

SCORE promotes the formation and operation of Community Based Organisation (CBO)s. CBOs are groups of community members that are engaged in specific income-generating activities. Some CBOs have a strictly commercial orientation; their activities provide additional income or savings to CBO members. Other CBOs have a social purpose; they engage in economic activities to generate income, which can then be used to support needy households or individuals within their communities. For example, some CBOs produce food to distribute to needy households, or raise cash to purchase school supplies for orphans. The SCORE project promotes the CBOs to take on these social support functions, but not all do.

Work with CBOs is often undertaken through Village Savings and Loan (VSL) Groups, which includes the provision of business training and access to credit to local self-help groups (for details see response to Question 3 below).

- *Are other donor government agencies and NGOs involved?*

The government of Germany is currently funding a local NGO partner Kukula with whom the SCORE program has worked/partnered for the provision of VSL training in those areas where the AusAID SCORE program is being implemented. The Canadian International Development Agency (CIDA) is also supporting a significant VSL program in adjacent geographic areas to the SCORE program.

Throughout Africa CARE has VSL partnerships with Microvest, IPA, Barclays, Plan International, Mastercard and CIDA.

- *Is there an opportunity to extend this program to other African countries?*

Yes, and CARE has already commenced this work. In mid-2008, CARE International launched Access Africa, building on over a decade of experience supporting VSL Groups. Over the next decade, Access Africa will provide basic financial services for 30 million of Africa's poorest people – at least 70 percent of whom will be women. CARE will do this by expanding our VSL associations to 39 countries across Africa and by building the capacity of microfinance institutions to develop and deliver the products and services the clients need. Among the critical issues CARE will be addressing in the years ahead is the question of the “tipping point” - the amount of outside investment and time required before CARE and other organisations can pull out, leaving behind strong, self-sufficient VLS Associations and well-trained and motivated local champions who can create and train new groups. Access Africa will ensure that such groups can link up with a complete range of financial products and services to meet their needs, taking advantage of the latest technological innovations.

Further financial support from AusAID or other sources would greatly assist the expansion of this program.

Role of NGOs in Australia's Aid Contribution to Africa

3. Your submission provides (p. 4) two examples of CARE's innovation—establishing Village and Savings and Loans Groups and your 'Scorecard' approach for involving communities in engaging positively with service providers to assess performance and identify improvements.

- *Would you provide more information on the Village Savings and Loans Groups?*

CARE's VSL Groups are built entirely on member savings and interest from loans; they receive no direct capital investment from CARE. However, their members do receive a year of intensive training from CARE in group dynamics, governance and money management. This business training enables the groups to become self-supporting, to flourish and even to establish and train other groups. The VSL Group approach has unique features that make it a powerful tool for broadening financial inclusion and for development:

- It is simple and easily adapted to illiterate group members;
- It promotes group solidarity and learning and establishes a vehicle for addressing community development issues; It does not rely on infusions of outside funds; and
- It requires no physical infrastructure.

CARE has found that VSL Groups meet the need for savings and credit at the very bottom rung of the world's economic ladder. They create a platform from which the poor can advance to receive the more sophisticated financial services that they inevitably need as their resources, skills and confidence to grow.

The next step, therefore, is the linking of VSL Groups to microfinance institutions and banks so that poorest people in Africa can have access to all of the financial services that can help them improve their lives (see Access Africa program above for more detail).

The VSL mechanism has been supported by PACS in both Mozambique and Malawi. In Mozambique SCORE has supported a VSL program implemented by the local NGO Kukula. Kukula worked directly with five associations in the district of Inhassoro; these associations are made up of women from rural villages who previously had no access to credit. The savings and loan approach that has been used is one that is based on group trust and support wherein if an individual is not able to pay back a loan one of her neighbours or members of the group will do so in order to ensure that there are no loan defaults. The process is based upon a six-month cycle of progressive savings with the total amount collected then distributed to the active participants at the end of the cycle. They are then able to carry this on without additional technical support through progressive cycles. There are many success stories under this program including the ability of women to pay for education for their children, for example by using innovative investment approaches such as the purchase of cell phones to use as a revenue generating activity by charging for their use.

In Malawi, VSL Groups were part of the Supporting and Mitigating the Impact of HIV/AIDS for Livelihood Enhancement (SMIHLE) sub-program (also implemented under PACS). The objective of this sub-program was *to develop and promote operational models and practices that strengthen the delivery of food security services that mainstream HIV/AIDS and gender.*

SMIHLE is based primarily on four operational, service-delivery models including community institutions (namely Village Umbrella Committees), VSL Groups, Seed Bank Groups, and Marketing Groups. In addition, there was specific targeting of vulnerable sub-populations (mainly women and those living with HIV/AIDS) within these group models.

The strongest and most popular model SMIHLE promotes is that of the VSL Groups. These groups have a predominantly female membership and a significant number of women members come from vulnerable households. Some VSL groups have been established exclusively with People Living with HIV/AIDS as members, one of the more empowering outcomes of the program. SMIHLE has established 215 VSL groups (out of a target of 200) but there has been very high demand to develop more. Growth in interest of VSLs has been significant, especially during the last year when those outside the groups were able to see for themselves the benefits members were receiving from participating.

SMIHLE has taken a responsible but flexible approach in creating VSLs – on one hand giving them enough capacity-building and basic facilitation to establish the groups, while on the other hand not dictating how they should structure themselves or establish their rules. Thus, one sees a lot of variety in membership composition and expectations, lending rules and interest rates, repayment strategies, and problem solving. Default rates among members have been low, but default rates when money is loaned outside of the membership have proved problematic. Feedback from VSL members suggests that the savings and loans have made dramatic changes in the lives of VSL members, in particular women. The VSLs have provided an avenue for empowerment by encouraging women to participate in groups for economic gains, by giving them more relevance in household income streams, and by providing some with opportunities to develop income-generating activities on their own. Participating women now say they can pay for school fees more easily, buy fertilizer and other inputs for their own production, and have access to funds when there is a household emergency. Many said their husbands were reluctant to see them join in the beginning but were very supportive once they saw the benefits. As a result, today there is increasing demand by men to be members of VSLs.

- *Would you provide more information on your Scorecard approach, such as the criteria you use and how you score performance?*

The Scorecard is a two-way, participatory tool for assessment, planning, monitoring and evaluation of services. It is easy to use and can be adapted into any sector where there is a service delivery scenario.

The main goal of the Scorecard tool is to improve the quality, efficiency and accountability of services that are provided to communities. The scorecard brings together service users and the service provider to jointly examine service delivery problems and find a common and shared way of addressing them. The benefits of the 'scorecard' approach are several, and vary according to the sector in which it is applied. When used with local communities and health centres, for example, benefits can include:

- Improvements in the attitude of the health workers;
- Increased accountability of health workers, especially on availability and usage of drugs, supplies and equipment;
- Increased support of communities to health personnel; and
- Increased utilisation of health centres.

The Scorecard is a participatory tool that:

- Is conducted at micro/level and uses the community as the unit of analysis;
- Generates information through focus group interactions, enables maximum participation of the local community;
- Provides immediate feedback to service providers and emphasizes immediate response and joint decision-making; and
- Ensures plans for reforms are arrived at through mutual dialogue between users and providers.

The Scorecard methodology is flexible, but draws on a range of simple social survey tools (such as focus group discussions, social mapping, issue ranking, scoring, and trend analysis) to assist communities to identify issues of concern, understand service level mandates and develop appropriate indicators, and assess provider performance against those mandates and indicators. The Scorecard methodology can be followed by joint monitoring.

The Scorecard can be used by:

- Government Institutions on various levels, from central ministries to local assemblies to district staff and government agencies;
- Non-Government Organisations (national and international) operating in various sectors such as health, agriculture, education, governance, gender and rights;
- Community-based structures e.g. Health Centre Committees and Village Development Committees; and Community-based organisations such as women's groups and homes based care groups;
- Community committees whose responsibility is to represent their constituents in the community (e.g. village health committees, village development committees, village AIDS committees).

- *Have other NGOs or government aid agencies shown interest in your initiatives?*

The Scorecard has been adopted by the World Bank for use in several countries in Africa. (For references please

see: http://search.worldbank.org/all?qterm=community+scorecard&intitle=&as_sitesearch=&as_filetype)

It has also been adopted under the USAID-funded Strengthening Civic Participation Project implemented by CARE Rwanda. World Vision International has adopted the Scorecard tool for their community based performance monitoring. In addition, Oxfam Australia, Plan Australia, Plan Zimbabwe and three Municipalities in Limpopo province in South Africa have shown interest in adopting this model. Some of

their staff has been already trained together with staff from CARE Kenya, CARE Mozambique and CARE Zimbabwe.

The SMIHLE program has also conducted trainings for District Executive Committees (DECs) for two districts to implement the Community Scorecard. The DEC comprises the Government Heads of Department and NGO/ CSOs working in the district. CARE Malawi won an 'ALINE Farmer Award 2010' offered by Institute of Development Studies (IDS) in the University of Sussex for its work on Scorecard.

CARE Australia has also facilitated the adoption of the Scorecard methodology in two AusAID-funded projects implemented by CARE PNG. These are the Capacity Strengthening for Vulnerable Communities (CSVC) and the Integrated Community Development (ICD) projects. In PNG the training schedule also included presentations and round table discussions with donors ie AusAID who are managing a major democratic governance initiative in PNG.

4. Your submission notes (p. 4) that many NGOs maintain a standing capacity to respond quickly and within agreed international standards and protocols to distribute supplies in the event of an humanitarian emergency and to assist in recovery and rebuilding.

- *Would you provide more information on the international standards and protocols which govern NGOs' actions in responding to emergencies?*

During humanitarian emergencies, Australian Non Government Agencies (ANGOs) are committed to uphold common internationally and nationally agreed humanitarian standards, most notably those of:

- A. The Code of Conduct for the International Red Cross and Red Crescent Movement;
- B. International Law; and
- C. Common Humanitarian Standards (most notably those established by Sphere and the Humanitarian Accountability Partnership).

These are outlined below. In line with these standards and protocols, CARE Australia also adheres to emergency management protocols informed by CARE Policy and articulates CARE's commitment to the humanitarian imperative in line with its vision, mission and program principles.

A) The Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief

1. The humanitarian imperative comes first
2. Aid is given regardless of the race, creed or nationality of the recipients and without adverse distinction of any kind. Aid priorities are calculated on the basis of need alone.
3. Aid will not be used to further a particular political or religious standpoint.
4. We shall endeavour not to act as instruments of government foreign policy.
5. We shall respect culture and custom.
6. We shall attempt to build disaster response on local capacities.
7. Ways shall be found to involve program beneficiaries in the management of relief aid.
8. Relief aid must strive to reduce future vulnerabilities to disaster as well as meeting basic needs.
9. We hold ourselves accountable to both those we seek to assist and those from whom we accept resources.
10. In our information, publicity and advertising activities, we shall recognise disaster victims as dignified humans, not hopeless objects.

B) International law

CARE is committed to upholding and promoting international legal frameworks, including Human Rights Law and International Humanitarian Law. The rights of people affected by emergencies are enshrined in bodies of law including the:

- Universal Declaration of Human Rights (outlines basic human rights standards including the right to life with dignity for all people), which is the foundation for two binding UN treaties: the International Covenant on Civil and Political Rights; and the International Covenant on Economic, Social and Cultural Rights
- International Refugee Law (defines the rights of people who cross international borders to seek asylum. The Guiding Principles on Internal Displacement describe the responsibilities of states towards the rights of displaced people within their own country. However, under international law they are legally non-binding.
- International Humanitarian Law (establishes the rights and obligations that apply in conflict situations in particular the rights of non-combatants in conflict situations)
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)
- Convention on the Rights of the Child.

C) Common Humanitarian Standards

Information regarding these three standards can be found at:

- Humanitarian Accountability Partnership (HAP-International) <http://www.hapinternational.org/>
- The Sphere Project <http://www.sphereproject.org/>

D) CARE policy statement

The following statement articulates CARE's commitment to the humanitarian imperative in line with its vision, mission, and program principles.

Goal

1. Responding to humanitarian emergencies is an essential part of CARE's work to fight poverty and injustice and we recognize that emergencies are a cause and effect of both. CARE helps people cope with crises through disaster risk reduction, emergency relief, preparedness and post-crisis recovery.

Objectives

2. The primary objective of humanitarian response is to meet immediate needs of affected populations in the poorest communities in the world. Recognizing that people have the fundamental right to life with dignity, CARE also strives to address the underlying causes of people's vulnerability.

3. CARE is a major force in humanitarian response and has a responsibility as a leader in the sector to demonstrate the highest standards of effectiveness and quality.

Principles

4. CARE is a signatory of and holds itself accountable to accepted international humanitarian principles, standards and codes of conduct, including the Red Cross/Crescent & NGO code of conduct, the Sphere standards, and the HAP principles and standards.

5. CARE adheres to the principle of impartiality so that we provide assistance on the basis of need regardless of race, creed or nationality. CARE is committed to addressing the rights of vulnerable groups, particularly women and children, in times of crisis.

6. CARE upholds the principle of working independently of political, commercial, military, or religious objectives and promotes the protection of humanitarian space.

Approach

7. CARE believes that local capacity can provide the most effective response to emergencies. However, by their very nature, emergencies often overwhelm local capacities, and in such situations CARE will respond in an appropriate, timely and effective way.

8. CARE will respond wherever we can add value by:

- Providing additional resources;
- Enhancing the quality of response;
- Committing to longer term solutions; and
- Building local capacities.

9. We have a range of response options:

- Providing direct relief;
- Working with and through partners;
- Advocating with national and international bodies; and
- Keeping the general public informed.

10. CARE develops focused expertise both operationally and at the global policy level in certain specific humanitarian areas.

11. In keeping with our programming principles, CARE develops both local and international partnerships to strengthen local capacities and to add value through collaborative approaches.

12. CARE brings a longer-term view to its humanitarian work, including supporting people to be less vulnerable to disasters in the first place. Where appropriate, our programs link emergency relief, recovery, and long-term development, and include measures for disaster preparedness and risk reduction.

- *Do you consider the provisions of these standards to be appropriate?*

CARE has developed a Humanitarian Accountability Framework that integrates these common standards. CARE deems the standards to be appropriate and is an active member on all the named standard bodies. CARE upholds these international laws, principles and standards in our own programs, and advocates upholding these laws where the rights of people affected by emergencies are being denied.