3

Australia's Aid Program

Introduction

3.1   This chapter examines Australia's aid program in Africa. It begins with a discussion of the international agreements and declarations that inform Australia's aid program. The Chapter then discusses Australia's Official Development Assistance (ODA) to Africa, as well as NGO and private sector initiatives. Next, some important criticisms that arose during the inquiry are examined. The Chapter concludes with a discussion of the responses to these criticisms.

3.2   Australia's aid program more generally has been significantly influenced by the following agreements and declarations:

- The Paris Declaration;

- The Accra Agenda for Action; and

- The Millennium Development Goals.

The Paris Declaration

3.3   The Paris Declaration was endorsed by over 100 countries in March 2005. It aims at increasing aid effectiveness, and commits 'countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid' through five principles. These principles are:

- Ownership. 'Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption'.

- Alignment. 'Donor countries align behind these objectives and use local systems'.

- Harmonisation. 'Donor countries coordinate, simplify procedures and share information to avoid duplication'.

- Results. 'Developing countries and donors shift focus to development results and results get measured'.

- Mutual accountability. 'Donors and partners are accountable for development results'.[1]

The Accra Agenda for Action

3.4   The Accra Agenda arose in 2008 in order to build on the Paris Declaration, and accelerate progress towards increased aid effectiveness. It added four more elements to the Paris Declaration, which are:

- Predictability. 'Donors will provide 3 — 5 year forward information on their planned aid to partner countries'.

- Country systems. 'Partner country systems will be used to deliver aid as the first option, rather than donor systems'.

- Conditionality. 'Donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions based on the developing country's own development objectives'.

- Untying. 'Donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price'.[2]

The Millennium Development Goals

3.5   The Paris Declaration and the Accra Agenda were designed, in part, to support faster progress towards the achievement of the Millennium

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1   Organisation for Economic Cooperation and Development (OECD) website, <http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html> Accessed January 2011.
2   Organisation for Economic Cooperation and Development (OECD) website, <http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html> Accessed January 2011.

Development Goals (MGDs) through increased effectiveness of aid. The MDGs were agreed to in September 2000 by the member states of the United Nations, and consist of eight goals. They were formulated along with quantitative measures of their success, with the intention of that they be achieved by 2015.

3.6   The MDGs are:

- (MDG 1) Eradicate extreme hunger and poverty. Firstly, this is to be achieved by halving, between 1990 and 2015, both the proportion of people earning less than $1 a day and the proportion of people suffering from hunger; and secondly through the achievement of 'full and productive employment' for every person.

- (MDG 2) Achieve universal primary education. This goal will be achieved by ensuring that every child in the world will 'be able to complete a full course of primary schooling'.

- (MDG 3) Promote gender equality and empower women. This goal is to be achieved by eliminating the disparity between men and women in primary and secondary education. It was to have been achieved by 2005, or failing that, by 2015.

- (MDG 4) Reduce child mortality. This goal is to be achieved by a two-thirds reduction in the 1990 under-five mortality rate by 2015.

- (MDG 5) Improve maternal health. This goal is to be achieved by a two-thirds reduction in the 1990 maternal mortality ratio by 2015, and achieve universal access to maternal health.

- (MDG 6) Combat HIV/AIDS, malaria and other diseases. This goal is to be achieved by halting and reversing the spread of HIV/AIDS and malaria. Furthermore, there should be access to HIV/AIDS treatment to those affected by 2010.

- (MDG 7) Ensure environmental sustainability. There are several facets to this MDG:
  ⇒ reverse the loss of environmental resources by ensuring sustainability is integrated into country and donor policies and programs;
  ⇒ achieve by 2010, a 'significant reduction in the rate of loss' of biodiversity;
  ⇒ halve the proportion of people without access to safe drinking water by 2015; and

> ⇒ achieve by 2020, a 'significant improvement in the lives of at least 100 million slum dwellers'.

> - (MDG 8) Develop a global partnership for development. Again, this MDG has several facets:

> ⇒ 'address the special needs of least developed countries, landlocked countries, and small island developing states';

> ⇒ 'develop an open, rule-based, predictable, non-discriminatory trading system';

> ⇒ 'deal comprehensively with developing countries' debt';

> ⇒ ensure access to affordable life-saving medicines in developing countries, by working with pharmaceutical companies; and

> ⇒ make available to benefits of technological developments, particularly information and communications technology, with the cooperation of the private sector.[3]

3.7   Countries and institutions in Africa are committed to the MDGs. In 2007, the African Union (AU) and the United Nations convened the MDG Africa Steering Group to 'bring together the leaders of multilateral development organisations to identify' practical steps that could be taken towards achieving the MDGs.[4]

3.8   The Australian Agency for International Development (AusAID) noted during the inquiry that most of the countries of Sub-Saharan Africa 'are not on track to meet the MDGs by 2015', and that MDGs 1,4,5,6 and 7 are 'particularly off track'.[5]

3.9   AusAID advised the Committee that Australia, recognising 'the importance of partners in delivering' its aid program, was committed to working with multilateral and regional partners such as the UN, AU, the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC).[6] This also accords with the Paris Declaration and the Accra Accord. In this regard, AusAID was also working to provide targeted bilateral aid in priority areas and sectors, and was also working to 'develop effective partnerships with other like-minded bilateral donors'.[7]

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3   AusAID website, <http://www.ausaid.gov.au/keyaid/mdg.cfm> Accessed January 2011.

4   MDG Africa Steering Group website, <http://www.mdgafrica.org/> Accessed February 2011.

5   AusAID, *Submission No. 45*, p. 563.

6   AusAID, *Submission No. 45*, p. 569.

7   AusAID, *Submission No. 45*, p. 569.

Committee Comment

3.10   The Committee notes the value of using the MDGs as a guide to the provision of development assistance. Furthermore, the MDGs focus aid in such a way that it will do the most good in terms of alleviating suffering and poverty.

3.11   The Accra Accord, while providing more certainty to developing countries in terms of aid predictability, does potentially carry some drawbacks, particularly in Africa. Decreasing conditionality and utilising country systems has the potential to increase the scope for corruption, especially in countries where corruption is widespread or endemic.

3.12   However, using country systems also helps to target aid where it is most effective, because African countries are better placed to determine where aid should be targeted than outsiders. Furthermore, decreased conditionality and untying of aid allows the flexibility required to use aid money as efficiently and effectively as possible.

Australian Aid to Africa

3.13   The Australian Government and Australian companies and citizens provide three types of aid to Africa:

- official development assistance;

- aid money donated and administered by NGOs; and

- individual and private sector initiatives.

Official Development Assistance

3.14   Australia's ODA to Africa, administered by AusAID, in the past has been modest, but it has been increasing in recent years. Budget papers for 2011–12 show actual AusAID expenditure on Africa in 2009–10 was $103 million; the estimated outcome for 2010–11 was $173 million; and the Budget estimate for 2011–12 was $218 million.[8]

3.15   If the activities of other Australian Government agencies which can be classified as ODA are included, the figures increase. For example, the actual ODA expenditure for 2009–10 rises to $170 million (compared to the

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8   Budget Australia's International Development Assistance Program, Statement by Hon. Kevin Rudd MP, Minister for Foreign Affairs, 10 May 2011, p. 126.

$103 million AusAID component).[9] This constitutes about five percent of Australia's overall aid budget.[10] In comparison, Australian ODA constitutes less than one percent of the total annual ODA provided to Africa.[11]

3.16   In line with this modest contribution, AusAID employs 26 people in Africa, including 10 "aid based and locally engaged staff'.[12]

3.17   In delivering ODA to Africa, given Australia's 'comparatively modest' contribution, AusAID focuses its efforts both geographically and, in terms of the MDGs, on four of the MDGs. The aim is to utilise Australia's comparative advantage in the following three areas:

- agriculture and food security;

- water and sanitation; and

- maternal and child health.[13]

3.18   Australia's ODA is delivered primarily 'through partnerships with organisations that have experience or expertise in the areas of focus'. These organisations include:

- African institutions;

- multilateral and bilateral donors;

- NGOs;

- community based organisations; and

- Australian institutions.[14]

Agriculture and Food Security

3.19   Sub-Saharan Africa has the highest rate of food insecurity in the world. Given Australia's 'expertise and experience in agricultural research', a large part of AusAID's activities in Africa are focused on agriculture and food production in support of MDG 1. This initiative is focused on:

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9   AusAID, *Submission No. 107*, p. 1305.
10   AusAID, *Transcript 20 April 2010*, p. 3.
11   AusAID, *Submission No. 92*, p. 1008.
12   AusAID, *Transcript 20 April 2010*, p. 7.
13   AusAID, *Submission No. 47*, pp. 564–5; see also AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010.
14   AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010, p. 15.

- increasing agricultural productivity;

- improving livelihoods by assisting 'to address market failures' hindering rural development; and

- 'supporting social protection mechanisms such as school feeding programs'.[15]

3.20   Delivery is through a variety of means. AusAID channels some of the assistance through NGOs working in communities to help improve small farmers' incomes. Some of the aid is used to fund projects run by the Australian Centre for International Agricultural Research (ACIAR), which is engaged in several projects in southern Africa.[16]

3.21   AusAID also assists in capacity building in key regional organisations focused on improving agricultural production in nearly all of the regions of Sub-Saharan Africa.[17] Direct food aid is given to Zimbabwe as part of a wider bilateral program. (Zimbabwe is the largest recipient of Australian bilateral assistance on the African continent.)[18]

Water and Sanitation

3.22   Given that as many as 42 per cent of Sub-Saharan Africans live without access to safe drinking water, and 69 per cent live without access to basic sanitation,[19] AusAID focuses on 'infrastructure investments aimed at improving access to clean water and sanitation', particularly outside the larger cities. This targets MDG 7. Again, AusAID delivers this assistance through a variety of means.

3.23   Some of this assistance is channelled bilaterally. Mozambique has been the 'prime focus' due to its having one of the lowest water and sanitation coverage rates in the region — only 47 percent of its population has access to safe water.[20]

3.24   Funds for sanitation and clean water are also used to support regional initiatives, such as the World Bank's Water and Sanitation Program. Finally, some of the funding goes to support the activities of Australian

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15   AusAID, *Submission No. 47*, p. 570.

16   ACIAR, *Submission No. 27*, p. 209.

17   AusAID, *Submission No. 47*, p. 570.

18   AusAID, *Submission No. 47*, p. 583.

19   AusAID, *Submission No. 47*, p. 565.

20   AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010, p. 10.

and international NGOs in Africa focused on the urban poor and 'remote and island areas'. [21]

Maternal and Child Health

3.25   There has been very little progress towards MDGs 4 and 5 in Africa as a whole, and Sub-Saharan Africa and the Horn of Africa regions have 'some of the world's starkest indicators for child and maternal mortality'. Thus AusAID is looking to expand Australia's focus from mothers and children living with HIV/AIDS and obstetric fistula and reproductive health to assistance related to health worker training. [22]

3.26   Since 1984, Australia has been one of the major contributors to the Hamlin Fistula Hospital in Addis Ababa. This hospital focuses on both treatment of obstetric fistula and training midwives, and treats more than 2500 women per year.[23] AusAID plans to continue this support into the future.[24]

3.27   Further information on the Hamlin hospital is provided at paragraph 3.79 where the Committee discusses its Delegation's visit to Africa.

3.28   At the present time, other assistance goes directly to 'select countries', namely Ethiopia, Tanzania and Southern Sudan. It includes bilateral assistance to partner governments and assistance channelled through NGOs. AusAID also works with multilateral partners like the AU to 'support its continent-wide advocacy on maternal and child health'.[25]

Other Areas of Focus

3.29   In addition to these AusAID programs, Australia has provided funding to various NGOs, largely through the Australian Partnerships with African Communities (APAC) program. This program ran from 2004-10, and was used to support six Australian NGOs working in seven African countries.[26]

3.30   AusAID also supports capacity building in African countries. This is largely conducted through the Australia-Africa Partnerships Facility, which helps to 'develop the capacity of African governments and

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21   AusAID, *Submission No. 47*, p. 572.

22   AusAID, *Submission No. 47*, pp. 571–4.

23   AusAID, *Submission No. 47*, p. 573.

24   AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010, p. 10.

25   AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010, p. 10.

26   AusAID, *Submission No. 47*, p. 575.

institutions' through the provision of technical assistance, inter-agency cooperation, and education programs.[27] The capacity building program focuses on the following sectors:

- minerals and energy resources; and

- 'aid for trade', or improving market access and trade liberalisation to build competitive economies.[28]

3.31   Complementary to this capacity building is a program focused on building the human resource capacity of Africa. This is largely conducted through various education programs. One such program focuses on scholarships for African students. This program is set to expand over the next several years, increasing from 109 students in 2009, to 250 in 2010, and ultimately to over 1000 by 2013.[29] Currently 19 countries benefit from these scholarships, and as the program expands so will the number of countries involved.[30]

3.32   Through the UN, World Bank, and SADC, Australia has contributed aid and assistance to help combat climate change and its effects.[31]

3.33   Australia is also involved in peace building and facilitation efforts on the African continent through its aid program. This is largely conducted through the UN and AU. An example of these efforts can be found in Australia's role in the March 2010 Addis Ababa symposium on peacekeeping challenges, led by the AU.[32]

3.34   As mentioned above, Zimbabwe is the largest single recipient of Australian bilateral and humanitarian aid in Africa. In recognition that the Inclusive Government formed in 2009 is Zimbabwe's best chance for the future, Australia has delivered significant amounts of food aid and assistance with water and sanitation systems. In this regard, in 2009 Australia announced that it would provide $39 million of assistance in these areas.[33]

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27   AusAID, *Submission No. 47*, pp. 575–6.
28   AusAID, *Submission No. 47*, p. 577.
29   AusAID, *Submission No. 47*, p. 578.
30   AusAID, *Looking West: Australia's strategic approach to aid in Africa 2011-2015*, December 2010, p. 12.
31   AusAID, *Submission No. 47*, p. 582.
32   AusAID, *Submission No. 47*, pp. 582—3.
33   AusAID, *Submission No. 47*, pp. 583—4.

Comments from Australian NGOs

3.35   NGOs made a number of criticisms and recommendations in relation to Australia's ODA in Africa.

3.36   The Australian Council for International Development (ACFID) was critical of some aspects of Australia's proposed future aid program in Africa. Comments were based on input from ACFID's Africa Working Group, which has representatives from 30 ACFID-member NGOs active in Africa.[34]

3.37   The specific criticisms relate to:

   ■ the AusAID focus on just four MDGs;

   ■ the efficacy of technical assistance in building capacity;

   ■ the predictability of aid;

   ■ the number of Australian NGOs supported by AusAID; and

   ■ the delivery of aid bilaterally and multilaterally.

Restricted aid focus

3.38   In relation to Australia's focus on four MDGs in delivering ODA to Africa, ACFID told the Committee:

> The four MDGs identified by AusAID as a basis for the Framework are important but the ACFID Africa Working Group believes that these alone are too narrow, as the MDGS are really an important global communication tool (which ACFID strongly supports), but not necessarily a basis for aid programming in complex environments on their own. It is unclear whether it is intended that the MDG targets are the focus, or whether the MDGs are being used as a shorthand description for the broader sector of which the MDG target is one part.[35]

3.39   As such, ACFID recommended that the focus of Australia's aid program be broadened to include 'areas where Australian NGOs have programs and expertise', such as:

> HIV and AIDS, active citizenship and civil society building, gender and rights, security and peace building, climate change [and] youth.[36]

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34   ACFID, *Submission No. 37*, p. 274.
35   ACFID, *Submission No. 37*, pp. 285.
36   ACFID, *Submission No. 37*, p. 285.

3.40   AusAID's response was that these MDGs were used because they reflect 'the critical needs of African countries, Australian expertise and experience and ability to make a difference'.[37]

Technical Assistance

3.41   ACFID raised questions about the efficacy of technical assistance in building capacity in developing countries, particularly in relation to driving positive change at the community level. As such it recommended 'not overly investing in technical assistance programs in Africa'. It also noted that Australian NGOs 'are well placed to deliver quality programs at [the community] level and have a track record of success'.[38]

3.42   AusAID responded by saying that, while technical assistance is not 'a large component of the aid program's investment in Africa', its use:

> Reflects the fact that Australia's aid program is concentrated in fragile and conflict-affected countries where government systems and capacities are weak and relevant expertise is not available locally.[39]

3.43   Furthermore, AusAID contended that technical assistance where it is provided is just 'one element in a suite of activities' designed to achieve the outcomes outlined above.[40]

Aid Predictability

3.44   ACFID recommended that, in line with the Paris Declaration, improvements should be made to the predictability of aid through the provision of:

- full information on annual commitments and actual disbursements so that the countries of Africa are in a position to accurately record all aid flows in the budget estimates and their accounting systems, and
- regular information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations.[41]

3.45   AusAID responded that it does publish budget information including 'multi-year budget measures' and 'total estimated budget allocations'. Furthermore, its Annual Report contains information on expenditure. In

37   AusAID, *Submission No. 92*, p. 987.
38   ACFID, *Submission No. 37*, p. 287.
39   AusAID, *Submission No. 92*, p. 1006.
40   AusAID, *Submission No. 92*, p. 1006.
41   ACFID, *Submission No. 37*, p. 283.

the three sectors that AusAID focuses on, large multi-year programs are being developed. Finally, AusAID is a participant in the International Aid Transparency Initiative, which aims to create transparency in development assistance in terms of both donors and recipients.[42]

AusAID Funding to NGOs

3.46   ACFID also criticised the number of Australian NGOs which AusAID supported. While ACFID was supportive of the APAC program and its extension beyond 2010, it was critical of the fact that only five or six Australian NGOs were going to be part of the program, out of a possible 39 Australian NGOs active in Africa. As such, ACFID told the Committee that 'NGOs would like to see the number of organisations supported … increase significantly from 5–6 to at least around 15–20'.[43]

3.47   AusAID told the Committee that from 2010 APAC had been replaced by the Australia Africa Community Engagement Scheme (AACES). This program:

> Will be implemented through a management model of 5—8 partnerships between AusAID and Australian NGOs. The final number of selected proposals could go up by one or two depending on the quality and nature of the proposals received. The program is not just a funding mechanism, but is aimed at establishing strategic partnerships with NGOs working in Africa while supporting the key priorities of the Australian Government to scale up our aid program in Africa. A large number of partnerships would not provide the necessary coherence and opportunities for strategic level engagement between AusAID and the NGOs, and within the group of funded NGOs.[44]

Bilateral and Multilateral Channels

3.48   ACFID was critical of how Australian ODA was delivered in Africa, saying that AusAID 'overly' favoured 'channelling taxpayer funds through bilateral arrangements and multilateral institutions'. ACFID told the Committee that instead AusAID should 'prioritise increased engagement with, and support of' Australian NGOs. Furthermore, this would help promote 'the Australian identity of development programs'.[45]

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42   AusAID, *Submission No. 92*, p. 984.
43   ACFID, *Submission No. 37*, p. 285.
44   AusAID, *Submission No. 92*, p. 989.
45   ACFID, *Submission No. 37*, p. 287–8.

3.49   The lack of Australian identity for some ODA contributions was brought to the Committee Delegation's attention when it visited Zimbabwe. Both Zimbabwean Government and Parliamentary members were unaware of Australia's contribution to reviewing the Zimbabwe Constitution because it had been delivered through multilateral partners. Also several of the aid projects visited by the Delegation were not 'badged' as having received Australian aid.

3.50   AusAID responded to the criticisms of aid being channelled through multilateral organisations by commenting that, in line with the Paris Declaration,

> Australia recognises that aid can be most effective where efforts are aligned with African institutions, multilateral partners and other donors ... Working through multilateral and regional partners spreads the reach and impact of Australia's aid program and provides Australia with a "seat at the table" in policy dialogue.[46]

3.51   Furthermore,

> Australian Government partnerships with multilateral, regional, or bilateral agencies include agreement to undertake efforts to achieve public recognition of the relevant partnership, and Australia's contribution to any outcomes. [...] This could include through messages/information, case studies and/or logos in: promotional materials, media releases and speeches, websites and other online media, and signage at project sites and events. Heads of Mission are also active in participating in the opening of activities.[47]

Non-Government Organisations

3.52   A large proportion of the money donated by Australians to NGOs goes to Africa. In 2008, nearly 35 percent of these funds were used in NGO programs in Africa. In dollar terms, this amounts to $280 million in 2007—8,[48] and $323 million in 2008—9.[49] This money was used to support programs in 39 African countries.[50]

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46   AusAID, *Submission No. 92*, p. 1008.
47   AusAID, *Submission No. 92*, p. 1009.
48   ACFID, *Submission No. 37*, p. 274.
49   ACFID, *ACFID Annual Report 2010*.
50   ACFID, *Submission No. 37*, p. 274.

3.53   Australian NGOs have generated considerable expertise in a few areas, and given their extensive experience on the ground in Africa are well aware of priority areas for assistance. The programs they are engaged in are varied and diverse, and include such areas as:

- HIV/AIDS and health;

- food security and emergency relief;

- refugees and internally displaced persons;

- literacy and education;

- rural development; and

- child sponsorship and children's issues more generally.[51]

3.54   CARE Australia drew attention to the ways in which Australian NGOs add value to Australia's official aid program:

- ability to build civil society capacity in African countries;

- ability to link communities to broader policy and program efforts;

- orientation towards learning, experimenting and innovation;

- ability to work in places where direct bilateral engagement is not desirable or possible;

- capacity to respond quickly and effectively to major humanitarian emergencies, and to transition to effective post-emergency recovery efforts; and

- high degree of accountability.[52]

Proposals from NGOs

3.55   ACFID made a number of recommendations, some of which are discussed above in the section on ODA. Others include:

- Concentrating on a limited geographical area within Africa, particularly those most in need of additional resources and where Australia's comparative advantage will be the greatest. ACFID proposed that Kenya, Lesotho, Malawi, Mozambique South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe be prioritised.

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51   ACFID, *Submission No. 37*, Annexure A.

52   CARE Australia, *Submission No. 7*, pp. 69–60.

- Increasing 'the amount of aid channelled through civil society organisations'.

- Increasing the 2015-16 aid commitment from 0.5% to 0.7% of Gross National Income'.

- Focusing the scholarship program on education opportunities based in Africa and inter-African exchanges, and increasing the focus on retaining expertise in Africa.

- Utilising the comparative advantage developed by NGOs in the following areas:
  ⇒ multi-sector approaches at the community level;
  ⇒ sustainable livelihoods;
  ⇒ 'HIV and AIDS prevention, care, mitigation, and support';
  ⇒ the rights of women and children, and the rights of marginalised groups more generally; and
  ⇒ child survival and participation in decisions that affect them.

- Increasing the focus on adaptation to the effects of climate change.

- Strengthening the commitment to protecting 'civilians in high-risk areas', including Sudan.

- In relation to trade issues, ensuring multilateral trade agreements meet the 'human development needs of poor countries', 'reduce or eliminate agricultural subsidies', and 'acknowledge the limitations' African developing countries faced in liberalising their economies and agricultural markets.[53]

3.56   Vision 2020 proposed an increase in funding to increase the focus on preventable blindness in Africa. Building on the success of a similar program in the Asia-Pacific, Vision 2020 commented that Australia was in an ideal position to 'assume a leadership role in efforts to eliminate avoidable blindness in Africa' and 'act as a catalyst for further resource allocation from other stakeholders'.[54]

3.57   According to Vision 2020,

> The more broadly we spread our reach probably the less impact it
> has and the less effective it is. When we focus on those areas where

53   ACFID, *Submission No. 37*, pp. 275—7.
54   Vision 2020 Australia, *Submission No. 72*, pp. 775 & 774.

we really are global leaders already, we can simply do more with less.[55]

3.58   To achieve this goal, Vision 2020 told the Committee it would cost around $900 million, of which it recommended that the Australian Government initially supply $30 million over four years.[56]

3.59   World Vision was very supportive of the sectoral focus of Australia's aid program, and recommended that within these sectors, AusAID focus on:

- supporting the training of midwives and health workers to expand both their number and capabilities, through both bilateral funding and scholarships;

- placing emphasis on changes in personal and community behaviour in relation to water and sanitation interventions;

- focusing agricultural interventions on using Australia's expertise in 'drylands agriculture', agricultural research and development, and increasing agricultural productivity;

- offering support for reforestation efforts and techniques;

- supporting 'disaster risk reduction approaches which incorporate civil society and governance';

- in sectoral programs, allocating resources to the protection of civilians;

- increasing the resources going to NGOs active in the Dafur region of Sudan; and

- promoting 'civic education and support to civil society organisations' through the proposed program of capacity building.[57]

3.60   In relation to these recommendations, World Vision made three proposals to the Committee. These were:

- Australian support of health worker training institutions, in particular schools of midwifery in select African countries;

- Australian support of community led health interventions in Africa; and

- Australian Government support for the delivery of the Minimum Initial Service Package[58] for reproductive health in crisis and protracted crisis African countries.[59]

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55   Vision 2020, *Transcript 8 December 2010*, p. 28.

56   Vision 2020, *Transcript 8 December 2010*, p. 27.

57   World Vision, *Submission No. 31*, p. 227.

3.61   Oxfam Australia echoed calls for increased official engagement with 'NGOs, civil society, community leaders and citizens' in the delivery of assistance in Africa, adding that this would 'reinforce Australia's technical and capacity building expertise'. Not only would this further improve governance, public administration management, and local government administration, it would also 'strengthen Australia's engagement with Africa'.[60]

Committee's visit to Africa

3.62   In early April 2011, the Committee Delegation travelled to South Africa, Zimbabwe, Ghana and Ethiopia and visited and/or received detailed briefings on six activities or organisations which had been assisted by Australian aid money. These were:

- the provision of 'lap desks' through a private South African company;

- assistance to the Bulawayo City Council, Zimbabwe, for repair of the city sewerage system;

- a grant to the Ebenezer Rural Agricultural Training Centre, Zimbabwe, to establish an tomato paste export scheme involving 180 local rural farmers;

- support for the rehabilitation of the Hwange Power Station, Zimbabwe;

- support for a Water Aid project at the Sabon Zongo urban slum in Accra, Ghana; and

- a visit to the Hamlin Fistula Hospital and College of Midwives, Addis Ababa, Ethiopia.

3.63   Whilst in Ghana, the Delegation also met with six Australian Youth Ambassadors and when in South Africa met with participants in the Australian Volunteers Program.

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58   The Minimum Initial Service Package (MISP) is a set of priorities for reproductive health in conflict and crisis zones. It is designed to prevent and manage sexual violence, reduce the transmission of HIV, minimise maternal and neo-natal mortality, and 'plan for comprehensive reproductive health services'. (MISP website, <http://misp.rhrc.org/content/view/22/36/lang,english/> Accessed February 2011)

59   World Vision, *Submission No. 63*, p. 698.

60   Oxfam Australia, *Submission No 39*, p. 353.

The Lapdesk Company

3.64   Responding to a significant proportion of school children in South Africa who do not have access to a desk at school, the Lapdesk Company has developed a 63 cm by 43 cm kidney shaped plastic board which can be used as a writing surface. It includes basic educational tools such as a multiplication table, alphabet and maps.

3.65   In the five years since its inception, the company has delivered 600 000 lapdesks to 18 countries in Africa. AusAID funding has enabled some 22 000 desks to be provided to disadvantaged schoolchildren in Mozambique, South Africa, and Zimbabwe.[61]

3.66   The founder and CEO of Lapdesk, Mr Shane Immelman, told the Committee that some lapdesks had a chalkboard surface on their underside. Sponsors providing lapdesks chose the recipient schools and design of the lapdesk after advice from the company. Lapdesk had chosen to be a 'for profit' entity because such companies provided a greater contribution to the South African economy.[62]

Bulawayo Water and Sewage Emergency Response Program

3.67   Over the years, due to lack of resources for maintenance, the 200 km sewerage system serving the 450,000 residents of Bulawayo has become clogged. The sewage pumps have also become dilapidated and there are some 700 leaks in the fresh water supply system.

3.68   In 2009-10, AusAID provided $4.6 million for a two-year World Vision Australia project to:

- clear blocked sewer pipes;

- renovate pumps and solid particle traps;

- repair leaks in the water supply lines; and

- fund a public awareness campaign to promote hygiene behaviour and appropriate use of infrastructure.[63]

3.69   During its inspection tour, the Delegation saw at first hand a number of renovation works being carried out as part of the project, signage promoting improved hygiene and witnessed an AusAID sponsored street theatre for education.

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61   Australian High Commission, South Africa, *Visit program notes*.
62   Briefing by Mr Immelman.
63   Australian Embassy, Zimbabwe, *Visit program notes*.

3.70   The Delegation was also told that citizens were more likely to pay their
        rates when the sewage and fresh water delivery systems were repaired,
        which in turn would provide income for ongoing council maintenance.

Ebenezer Rural Agricultural Training Centre

3.71   Whilst in Zimbabwe the Delegation visited the Ebenezer Rural
        Agricultural Training Centre and was briefed by its principles and met a
        number of apprentices. The Training Centre provides two years training in
        sustainable horticulture to up to 200 apprentices aged between 17 and 24.
        Each apprentice starts with 0.2 ha of land and grows cash crops such as
        tomatoes, onions, pumpkins, and cabbages on a rotation basis. They are
        provided with seed funding and share in the profits of their enterprise. As
        they progress they have access to more land and can increase their share
        of profits to 100 per cent by repaying the seed funding.

3.72   The Training Centre has recently received a $450 000 grant and $300 000
        interest-free loan from the Zimbabwe Window of the Africa Enterprise
        Challenge Fund (AECF ZW) to establish a tomato processing plant. The
        goal is to contract at least 200 farmers to produce tomatoes on irrigated
        land for processing into triple concentrate paste and dried tomato powder
        for export and the local Bulawayo market. It is expected that some 2000
        households will each benefit to the tune of US$1400.[64]

3.73   The AECF ZW is a competition open only to for-profit companies which
        propose projects which:

> … will support ideas in the fields of agribusiness, rural financial
> services and value chains which extend from rural Zimbabwe to
> local and international markets. To qualify for funding [the]
> business idea should have a positive impact on the rural poor:
> delivering increased employment, reduced costs and improved
> productivity.

3.74   The major supporters of the AECF ZW are AusAID, which as a founding
        donor provided $5 million in December 2009,[65] and the Soros Economic
        Development Fund. It is managed by KPMG Development Advisory
        Services, in association with Triple Line Consulting and Acumen Africa
        Consulting. In 2010, 10 businesses in Zimbabwe were awarded a total of
        US$ 6 million. This was expected to 'leverage at least four times this

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64   Australian Embassy, Zimbabwe, *Visit program notes*.

65   AusAID, *Submission No. 47*, p. 583.

amount from the 10 companies' contributions to their own projects' and benefit '800 000 rural households' over four years.[66]

Hwange Power Station

3.75   The Hwange Power Station is one of two coal fired electricity power stations in Zimbabwe. It currently operates at about half its capacity of 920 MW which means that Zimbabwe consistently has power shortfalls. The reason for the lack of operating performance is the inability to continuously remove the ash generated by the furnaces. The various pumps and other systems involved in the removal of ash are either inoperative or break down frequently and this results in the shutdown of the generators. Rehabilitation of the ash disposal system will result in an increase in electricity generation and reduction in atmospheric ash pollution.[67]

3.76   Funds for the rehabilitation are being provided by the Zim-Fund—a multi-donor trust fund which is managed by the African Development Bank. Australia has contributed US$9 million to the Zim-Fund which has allocated US$32.6 million to the rehabilitation of the Hwange Power Station and the sub-transmission and distribution facilities in Zimbabwe.[68]

Sabon Zongo urban slum

3.77   AusAID has partnered with ten Australia NGOs 'to implement a range of activities which complement AusAID's programs in food security; water, sanitation and hygiene. One of these partners is WaterAid. Within Ghana, WAA is carrying out an urban project in Greater Accra (Sabon Zongo) in collaboration with a local NGO, local government, and the urban water and sanitation authorities. The aims of the project are to 'assist local communities to negotiate with local government and the government water and sanitation authorities' in order to:

> … improve access to water and sanitation; improve institutional arrangements for urban [water sanitation and hygiene] service delivery; drive urban sector reforms; and address land tenure arrangements and tariff settings in urban areas.[69]

66   <http://www.aecfafrica.org/zimbabwe/index.php?option=com_content&view= article&id=47&Itemid=53> Accessed April 2011.

67   Australian Embassy, Zimbabwe, *Visit program notes*.

68   <http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/zimbabwe-multi-donor-trust-fund/> Accessed April 2011.

69   AusAID, *Submission No. 114*, pp. 1348–9.

3.78 Specifically the aim is to 'establish a fee-for-service water kiosks, community toilets and hard rubbish collection'. Thus poor people with limited resources are provided access to essential services with an element of cost recovery and sustainability.

3.79 As well, the project aims to deliver:

> … gender and disability friendly [water sanitation and hygiene] facilities to schools in the Sabon Zongo community. Developing such facilities is also aimed at school retention, especially for girls and people with disabilities. [70]

3.80 The Delegation witnessed the ruins of previous toilet facilities and the newly built replacement. As well, the Delegation visited a local school where toilets had been installed for the first time. It was also briefed on the standardisation of street design which provided stormwater drainage and vehicular access—old areas of the slum had no drainage channels and no access for emergency or rubbish collection vehicles.

Hamlin Fistula Hospital and College of Midwives

3.81 The Hamlin Fistula Hospital was established in 1974 by Dr Catherine Hamlin and Dr Reginald Hamlin. The hospital treats obstetric fistulas which are injuries sustained through protracted childbirth. These can result in severe urinary incontinence and lower spinal nerve damage resulting in paralysis.

3.82 The Delegation was told that surgery could cure some 75 per cent of the fistula cases with the remainder requiring extensive physiotherapy aimed to overcome persistent urinary incontinence and paralysis. A significant proportion of these patients are only partially cured and these are provided with long term care in a purpose built village outside Addis Ababa.

3.83 The hospital has recently established the Hamlin College of Midwives to train midwives from rural areas. They will work in a number of rural health centres which are all located within relatively easy reach of Hamlin rural fistula hospitals where emergency caesarean operations can be performed—obstetric fistulas are unknown in the West where caesareans are routinely performed in cases of protracted labour.

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70 AusAID, *Submission No. 114*, p. 1349.

3.84   AusAID has provided $7.3 million since 2000 to the Hamlin organisation, including $2.3 million in 2009-10 for the Hamlin College of Midwives.[71]

Australian Youth Ambassadors for Development Program

3.85   The Australian Youth Ambassadors of the Development Program, a fully funded AusAID program, was created in 1998 to 'strengthen mutual understanding between Australia and the countries of Asia, Pacific and Africa and make a positive contribution to development.' The Program has four main objectives:

- To provide opportunities for young Australians to contribute to Australia's overseas aid program and to gain personal and professional experience in developing countries.
- To build the capacity of individuals, organisations and communities in partner countries through sharing skills and knowledge.
- To foster linkages and partnerships between organisations and communities in Australia and those in developing countries.
- To raise public awareness of development issues and the Australian aid program in the Australian community.

3.86   Each year the Program places 400 Australians aged between 18 and 30 in short-term assignments of up to one year in developing countries in a diverse range of sectors including: education, the environment, gender, governance, health, infrastructure, rural development, and trades.[72]

3.87   In Ghana, the Delegation met six Youth Ambassadors and found them to be articulate and committed. The Delegation considers they are indeed worthy ambassadors for Australia.

Australian Volunteers International

3.88   Australian Volunteers International is supported by AusAID and has been active for over 60 years enabling over 7500 volunteers to work in over 70 developing countries. Most volunteers have at least 10 years of career experience and the volunteer assignments have focused on:

- governance (34%);

- strengthening health and education systems and programs (25%);

- the environment, sustainability and sustainable livelihoods (11%); and

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71   Australian Embassy, Addis Ababa, *Visit program notes.*

72   <http://www.ayad.com.au/what-is-ayad> Accessed May 2011.

- infrastructure and rural development (5%).

3.89   Recent Africa-based projects have been:

- [assisting] in the drafting of Swaziland's first Child Protection and Welfare Bill 2008; and

- [training] the first Hamlin College of Midwifery graduates in Ethiopia.[73]

Australian Volunteers for International Development

3.90   In May 2011, the Foreign Minister, Hon. Kevin Rudd MP, launched the Australian Volunteers for International Development. The initiative is a partnership between the Australian Red Cross, Australian Volunteers International, and Austraining International (the managers of the Australian Youth Ambassadors for Development Program). The aim of the new program is to draw 'all Australian Government overseas volunteering initiatives together under a single banner making it easier for more skilled as Australians to contribute to … overseas aid efforts.'

3.91   In the 2011 Budget, $55 million was committed to the program to enable some 900 volunteers to be 'deployed to 33 countries including expansion to new countries in Africa, Latin America and the Caribbean in the North Pacific.'[74]

Committee Comment

3.92   The Committee welcomes the increasing level of development aid to Africa in recent years. The Committee further notes that the use of the MDGs to focus AusAID's efforts is appropriate. As Australia's aid budget for Africa expands there will be increasing opportunity to involve NGOs in delivery of aid projects in Africa.

3.93   It is clear to the Committee, however, from the meetings of its Delegation in Zimbabwe that there is some way to go in achieving recognition of Australia's contribution of aid via multilateral partners.

3.94   The Committee notes that there is currently an independent review of aid effectiveness,[75] and so has made no comment in this regard. Nevertheless, the Committee Delegation was impressed by the potential benefit of

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73   <http://www.ausaid.gov.au/publications/pdf/aust-vol-avi-factsheet.pdf> Accessed June 2011.

74   <http://www.australianvolunteers.com/programs/australian-volunteers-for-international-development.aspx> Accessed June 2011.

75   <http://www.ausaid.gov.au/hottopics/topic.cfm?ID=872_6918_7937_5970_8092&From=HT> Accessed January 2011.

supporting private sector initiatives, for example by providing funds through the AECF ZW. Provided such projects are carefully selected, there is the advantage of leveraging additional funds from the private sector; affecting large numbers of people through an expanded local economy; and supporting a sustainable enterprise with the potential for growth.

Private Initiatives

3.95   This section examines two types of private initiatives related to development aid in Africa. The first part examines private sector and individual involvement in delivering capacity building programs, such as in governance and leadership. The second part looks at development programs run by private enterprise and individuals.

Capacity Building

3.96   A number of submissions identified corruption as a major issue hindering development in Africa. As such, a lack of good governance was 'one of the main reasons much of Africa is in nearly constant political and economic chaos'.[76]

3.97   According to the Australian Leadership Program for Africa (ALPA):

> The record of leadership in much of Africa is lamentable and there are few examples of good governance to point to. However, many well-meaning—often well-educated, and young—African public servants want to change this state of affairs but have not been exposed to successful, democratic, decision-making processes. Consequently, it is hard for them to instigate significant improvements in the way processes work in their countries. Yet, these improvements are absolutely essential if Africa is ever to get out of its current development trap and remove its constant tag of 'basket case'.[77]

3.98   Given the above, several submissions and proposals were received to assist in ameliorating this leadership deficit.

3.99   ALPA proposed an initiative wherein groups of young African leaders, from one country at a time, are:

> … placed in Australian organisations where they would be exposed, first hand, to organisational decision-making processes.

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76   ALPA, *Submission No. 4*, p. 29.
77   ALPA, *Submission No. 4*, p. 29.

> Covering critical economic, environmental, social, and cultural
> issues in an experiential format, African participants would
> acquire skills which would be capable of emulation (and
> modification as needed) in their home countries.[78]

3.100   Unlike some other leadership capacity development programs, ALPA is a
not-for-profit organisation, and as such would require some level of
government support. ALPA requested that the Committee recommend
that DFAT develop a leadership training program in conjunction with
ALPA.[79]

3.101   Mr David Wheen proposed that AusAID's Australian Business Volunteers
program[80] be extended to include Africa, citing the example of Rwanda.

> To make a notable impact across a range of fields it is desirable for
> Australian experts to be able to spend time in Rwanda training,
> advising and generally working with the locals in transferring
> knowledge and skills.[81]

3.102   Mr Wheen argued that by extending the program to include African
countries like Rwanda, recipient countries could achieve considerable gain
with a minimal increase in spending on Australia's part. He added that
this would make a real contribution in 'enhancing the quality of public
administration', and that there were Australians with the skills and
willingness to become involved.[82]

3.103   Leading Initiatives Worldwide (LIW) has been running a leadership
capacity development program in Africa since 2002. LIW highlighted to
the Committee that, as a World Bank preferred supplier for capacity
building, it was engaged in building leadership using methods which
incorporate 'leading academic research into the value and results gained
by distributing leadership across an organisation'.[83]

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78   ALPA, *Submission No. 4*, p. 31.
79   ALPA, *Submission No. 4*, p. 33.
80   Australian Business Volunteers (ABV) is an international development agency funded by
AusAID which assists in poverty reduction in the Asia-Pacific through capacity building
delivered by Australian volunteers who donate their time, with the ABV covering their other
reasonable costs.
81   Mr David Wheen, *Submission No. 10*, p. 90.
82   Mr David Wheen, *Submission No. 10*, pp. 91–2.
83   LIW, *Submission No. 102*, p. 1228.

3.104　LIW has been involved in building leadership capacity primarily in East Africa, and has trained some 2500 'ministers, ambassadors, district commissioners, CEOs and directors in both public and private sectors.' [84]

3.105　The aim of LIW in providing leadership training was to go beyond the academic understanding of good governance and the contractual way of working, to:

> … a behavioural argument. They will nod their heads and understand cognitively what is required in terms of good governance but their behaviour might not be aligned to that. So where we have aimed to make some difference is, one person at a time, being able to get them to understand what their moral compass should be and the impact that that has on people that they lead. … There has to be accountability and a leadership example that is set for the role they carry out. That will enable them to carry out their duties to the highest degree of ethics.[85]

3.106　Regarding corruption, LIW had found there has been a 'yawning gap' between their trainees' perception of corruption for their country and Transparency International's Corruption Perceptions Index:

> When the cold light of day hits, then the next question is: 'Well, are you going to perpetuate this? And if you are not, and you make a conscious choice not to, what are the things we need to do? … there has to be an emotional recognition about their role and the impact—and that poverty will perpetuate, corruption will perpetuate, unless you have change. That is an individual choice and what we have found to work with is with individuals who are in significant leadership positions to have that change. What they report back to us is that they have significantly changed their perception of the way of operating.[86]

3.107　LIW told the Committee that it hoped to expand into West Africa and was tendering for a World Bank project for the Association of African Distance Learning Centres which would cover 13 African countries.[87]

3.108　LIW also expressed an interest in:

> Assisting the Australian government and businesses who operate and/or wish to operate in Africa to develop a 'partner leadership'

84　Ms Pia Lee, *Transcript 10 March 2011*, p. 61.
85　Ms Pia Lee, *Transcript 10 March 2011*, p. 66.
86　Ms Pia Lee, *Transcript 10 March 2011*, p. 67.
87　Ms Pia Lee, *Transcript 10 March 2011*, pp. 62, 69

> model whereby both parties utilise a common organisational leadership language in order to work effectively, efficiently and achieve common objectives.[88]

3.109   One of the flow-on effects of the presence of Australian mining companies in African counties is the development of local skills. According to the Australia Africa Mining Industry Group (AAMIG):

> Mining and mining service companies are routinely offering professional training programmes throughout Africa, providing professional development opportunities to mining companies for national staff. The Australian mining sector has done an excellent job in identifying and training national mining professionals and trades-people, many of whom are now utilising their skills throughout Africa and beyond, with earnings being repatriated to their home countries. Ghana, as a more mature African mining economy, represents a prime example. Not only has Ghana itself prospered as a nation on the back of developing mineral wealth, but is now exporting professional and technical mining personnel globally.[89]

3.110   AAMIG added that an area where it could provide assistance, perhaps in conjunction with the Australian Government, was:

> … in the provision and/or sponsorship of professional development training to facilitate capacity building in areas associated with the mining sector, potentially including areas such as mineral legislation and tenure management, geological and hydrological surveys, environmental monitoring and compliance, workforce health education and occupational safety compliance.[90]

Committee comment

3.111   Capacity building provides long-term benefit to African countries. The Committee believes programs such as that run by ALPA, where cohorts of potential leaders are brought to Australia, are worthy of support.

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88   LIW, *Submission No. 102*, p. 1237.
89   AAMIG, *Submission No. 50*, p. 611.
90   AAMIG, *Submission No. 50*, p. 613.

Recommendation 5

3.112 **AusAID should provide funding assistance to capacity building programs such as that conducted by the Australian Leadership Program for Africa and similar organisations.**

3.113 The Committee also believes there is also value in facilitating the involvement of professionals and organisations in capacity building within Africa. Such engagement can transfer specialist knowledge as well as build up personal relations between Australia and Africa. The Committee agrees with Mr Wheen that a practical and immediate way to facilitate capacity building would be to expand the Australian Business Volunteers program to include African countries.

Recommendation 6

3.114 **AusAID should increase funding for the Australian Business Volunteers program so that it can expand coverage to African countries.**

3.115 Whilst in Africa, Committee Delegation members were regularly approached by African government ministers, officials, and businessmen advocating Australian involvement in creating regulation frameworks for the mining sector in African countries. As a major minerals exporter, Australia has experience and expertise in this area and could readily assist African countries. Robust regulatory frameworks offer certainty for business and would benefit resource rich African countries. The Committee notes evidence from AAMIG, cited in paragraph 3.109, offering assistance in this area.

3.116 In addition, members of the Delegation were made aware of the high regard in which State Departments of Mining and Energy (however titled) were held by large numbers of officials in a range of African countries. Often these departments hold expertise built up over 100 years. Officials in African countries repeatedly requested access to this knowledge and expertise.

3.117   There is a major opportunity for the Australian Government, State
         Governments, and the wider mining industry to leverage off this history
         in a practical way that will assist the development, implementation, and
         administration of sound mining codes in a range of African countries.

Recommendation 7

3.118   **The Department of Foreign Affairs and Trade and the Department of
         Resources, Energy and Tourism should establish and fund a special unit
         tasked with establishing a regulatory framework model for the mining
         and resources sector which African countries could consider adopting
         according to their requirements.**

Development Programs

3.119   Mr Andrew MacLeod argued that it was necessary for Australia to change
         the focus of its aid in Africa. He told the Committee that, in order to make
         Australian assistance to Africa more effective on the ground:

> We need to develop more of a balance between public sector
> and private sector interventions. We need to understand that if
> you want true and genuine development you need to establish
> the macroeconomic and microeconomic variables for business
> to thrive. We need to recognise that our private sector
> companies, particularly our resource companies, are doing a lot
> of good work in their corporate social responsibility in
> community investment programs and we need to give them
> some incentives to continue to do that, or at least give them
> recognition for what they can do.[91]

3.120   AAMIG advised the Committee that Australian mining companies active
         in Africa were also:

> Actively involved in establishing and managing social
> development programmes proximal to their operations and
> actively undertaking or sponsoring training initiatives. These
> programmes are extremely diverse, ranging from the
> establishment of civil infrastructure such as villages, potable water
> supplies, schools, clinics and community centres, along with the

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91   Mr Andrew MacLeod, *Transcript 6 May*, p. 49.

staffing and funding of these, while other activities include commercial agriculture and aquiculture projects, enterprise development programmes, workforce health education, professional training courses, and the sponsoring of tertiary and postgraduate students.[92]

3.121 AAMIG noted that these programs would be further assisted by a 'public-private partnership'. This would assist to:

> Ensure the relatively limited available government aid funding is applied to maximum social, financial, political and strategic advantage. A mining operation or mining development project provides an immediate commercial focus for the delivery and management of social development programmes that could be branded as 'AusAID' or 'Australian' projects. Government agencies and/or their independent consultants could ensure that the programmes 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.[93]

3.122 AAMIG admitted, however, that the 'only negative element from a Government perspective would appear to be the potential perception of being associated with a private mining project'.[94]

3.123 A Special Report by the Australian Strategic Policy Institute made a similar proposal to AAMIG's. The Special Report commented that 'the distinction between corporate business and development aid is becoming blurred'; it was therefore time 'to enhance collaboration' between the resources sector and AusAID. Furthermore:

> There should be regular exchanges to discuss sustainable development goals and how the achievement of these goals can be accelerated through greater collaboration. Collaborating in workable partnerships could maximise the beneficial outcomes for all parties, and promote the long-term economic self-reliance of developing countries.[95]

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92   AAMIG, *Submission No. 50*, p. 611

93   AAMIG, *Submission No. 50*, p. 613.

94   AAMIG, *Submission No. 50*, p. 613.

95   ASPI, *A Case for Collaboration: Enhancing the development outcomes of Australian resource companies' operations overseas*, Special Report, June 2010, Issue No. 32, p. 13.

3.124 CARE Australia supported such a proposal in principle, but offered two caveats to this support:

- firstly, 'aid must be focused on reducing poverty', and initiatives like AAMIG's must not 'dilute this focus'; and

- secondly, any initiative should be implemented 'in ways that meet international standards and bring benefits to local communities'.[96]

3.125 A submission from Mr Andrew MacLeod cautioned that:

> A badly motivated company could be a great reputational risk, be it in the host community or back in Australia. A well motivated and well run company on the other hand could give enormous benefit. Hence the great risk of the concept is the need to be able to assess which companies are worth partnering with and which should not.[97]

3.126 In this regard, CARE proposed the following should be considered when undertaking a public–private partnership:

- The company's policies and record on ensuring corporate social responsibility ...;
- The extent to which such policies are monitored and followed through consistently;
- 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.[98]

3.127 CARE also cautioned against allowing funding from the Australian aid program to be used as an incentive in negotiations between local communities and mining companies.[99]

3.128 Dr Geoffrey Hawker, while supportive of the idea, raised some possible difficulties with the proposal. Dr Hawker questioned whether AusAID had the resources 'to supervise, let alone undertake, the substance of such tasks'. Furthermore, while there are some capable of undertaking consultancy work on the issues surrounding the proposal, they are few in number. Support for the proposal and its substance also needs to be

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96 CARE Australia, *Submission No. 88*, p. 946.
97 Mr Andrew MacLeod, *Submission No. 89*, p. 957.
98 CARE Australia, *Submission No. 88*, p. 947.
99 CARE Australia, *Submission No. 88*, p. 946.

universal, include medium and small mining companies, and ideally 'miners with bases in other countries' as well.[100]

3.129 Oxfam Australia voiced six 'significant concerns' about the proposal.

■ Mining companies lacked the 'skills, experience or mandate to deliver social development assistance even with the Australian Government providing supplementary funding'. Oxfam Australia recommended that mining companies need to focus on ensuring their mining activities did not have a negative impact on communities.

■ NGOs might be compromised 'if they were closely associated with a mining company', especially if there existed some tension between local communities and mining companies.

■ 'Mining companies frequently obtain a mining licence / concession from a host government with a commitment to deliver social development projects as part of the contract of operation. This proposal suggests the Australian aid budget be accessed to support projects companies have already undertaken to deliver'.

■ AusAID focused on communities in greatest need of assistance and with the 'greatest potential for sustainable development ... [while] the location of social development projects supported by mining companies is frequently located close to the mine site. This may not necessarily be a location that meets AusAID objectives, and as such the aid programme could be potentially compromised'.

■ 'While mining companies have historically contributed to infrastructure projects such as schools, clinics, roads, water sanitation etc, these projects are not a substitute for good mining governance, transparency, disclosure, and the establishment of meaningful company-community relationships and site-based grievance mechanisms. Further, these infrastructure projects are often not sustained when the company leaves or the site closes'. Thus there is a potential for such legacy issues to 'further compromise the use of Australian aid delivered via an "AusAID branded" public private partnership'.

■ Lines of responsibility and accountability could 'at times be blurred' in public private partnerships. This could be 'particularly difficult to manage and monitor in conflict, post-conflict and weak governance zones'.[101]

100 Dr Geoffrey Hawker, *Submission No. 103*, p. 1242.
101 Oxfam Australia, *Submission No. 85*, pp. 934–5.

3.130   As such, Oxfam Australia 'strongly' advised the Australian Government to not adopt AAMIG's proposal.[102] ACFID supported Oxfam Australia's advice.[103]

3.131   Conversely, Oxfam Australia noted that there exist 'opportunities for NGOs to collaborate with mining companies to enhance development in host countries'. Areas of collaboration proposed included:

■ Advice to companies on policy and practice with regard to the social and environmental impact of their operations, including human rights, gender and corporate–community relations

■ Advice to companies on the establishment of site-level grievance mechanisms and appropriate community consultation mechanisms

■ Advice to companies who wish to support capacity building and service delivery in areas such as HIV/AIDS and health promotion.[104]

3.132   Furthermore, Oxfam Australia told the Committee that:

Opportunities exist for NGOs to work with mining companies to promote responsible business conduct and support for human rights through their operations and processes of engaging with communities. Establishing mutually beneficial corporate community relationships in the extractives sector is recognised as being critical for ensuring an ongoing social licence to operate, conflict management and sustainable development.[105]

3.133   Oxfam Australia noted, however, that such collaboration would not require official Australian aid funding to be delivered via a public-private partnership.[106]

3.134   Dr Richard Parsons, the rapporteur for the ASPI Special Report, acknowledged that the criticisms were valid and necessitated the exercise of 'extreme care' when designing collaboration between the resources sector and AusAID. He suggested that:

… the strongest case for collaboration is on those occasions where there is currently duplication of effort and/or funding in delivering social programmes. Even on such occasions, however,

102 Oxfam Australia, *Submission No. 85*, p. 935.
103 ACFID, *Submission No. 82*, pp. 892–3.
104 Oxfam Australia, *Submission No. 85*, p. 935.
105 Oxfam Australia, *Submission No. 39*, p. 353.
106 Oxfam Australia, *Submission No. 85*, p. 936.

any collaboration must be carefully thought through to ensure that:

- boundaries of responsibility and accountability are explicitly clear;
- each party (company and AusAID) undertakes only those activities for which it is qualified and experienced, and most specifically that resources companies do not become *de facto* governments;
- the promise of AusAID funding is not used to 'buy' community support for a resources project;
- the government is not effectively subsidising resources companies;
- social development programmes are fully sustainable, well beyond the life of the company;
- the social outcomes of collaboration (quantifiable and non-quantifiable) are greater than the sum of the social outcomes of non-collaboration (i.e., synergy in its literal sense).

3.135   Dr Parsons added that, because the conditions were not always clear-cut, it was:

> … important to have in place appropriate governance systems in which as much ownership and control as possible is in the hands of the communities affected, in order that they are able to make informed judgements regarding whether these conditions are being met, and empowered to determine their own futures.[107]

3.136   DFAT's response to the proposal was firstly to emphasise that it was AusAID's 'view that corporate social responsibility programs are of high importance, however they should remain the primary responsibility of mining corporations'.[108]

3.137   DFAT added, however:

> AusAID considers that there is merit in holding discussions with key stakeholders in the African mining sector that will draw on the experience and expertise of NGOs, industry and Government to explore possible areas of cooperation and help ensure that any future development assistance provided to Africa's extractive industries sector is best targeted.[109]

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107 Dr Richard Parsons, *Submission No. 110*, p. 1302.
108 DFAT, *Submission No. 94,* p. 1161.
109 DFAT, *Submission No. 94,* p. 1161.

3.138   As such, DFAT concluded, while this course of action is certainly 'of interest', it 'would require further whole of government consideration'.[110]

Committee Comment

3.139   The Committee recognises the role that corruption plays in hindering development, especially in Africa. Furthermore, the Committee notes that building governance capacity is very important in terms of overcoming the detrimental impact which corruption has on development. The Committee strongly supports and encourages the role the private sector and individuals undertake in capacity building.

3.140   The Committee notes that collaboration and cooperation between the private sector, government agencies, and NGOs in delivering aid to Africa can result in synergies. Such synergies could capitalise on NGOs' expertise in development issues in local communities, private sector business acumen, and public funding sources. However, this must not detract from the delivery of aid where it is most needed.

3.141   Such connections do exist already, and the Committee notes that Oxfam Australia has been working with both Rio Tinto and BHP in relation to their offshore mining operations.[111] The Committee welcomes such connections and believes they should be encouraged and expanded wherever possible.

3.142   As such, the Committee sees value in DFAT facilitating meetings between NGOs, resource companies and AusAID with a view to cooperating in development initiatives and maximising synergies.

3.143   Furthermore, the Committee considers that there is strong potential for DFAT to facilitate more connections between NGOs and resource companies active in the same area. It notes that there are positive examples of this type of collaboration between CARE Australia and Italian-based petroleum company ENI in Peru, and also between CARE and BHP Billiton Community Trust in Indonesia.[112]

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110   DFAT, *Submission No. 94,* p. 1162.

111   *Transcript 5 May 2010*, p. 81.

112   CARE Australia, *Submission No. 88*, p.947.

Recommendation 8

3.144   **DFAT should coordinate regular meetings between AusAID, NGOs, and Australian resource companies engaged in Africa, with a view to facilitating aid and development delivery cooperation to take advantage of their differing and complementary strengths.**

3.145   The role played by remittances as a form of aid to Africa, unrecognised in aid statistics, has not been discussed in this Chapter, but is included in Chapter 8.