

01st February 2011

Committee To Protect Vietnamese Workers Submission to the Independent Review of Aid Effectiveness

1. A rights-based approach to aid, especially civil and political rights

We strongly support a rights-based approach to aid. That is, we support an approach in which human rights considerations permeate all aspects of aid. Further, as it is universally recognised that peoples whose civil and political rights are respected can best develop their potential, we submit that civil and political rights ought to be given more prominence than up to now.

What this means is that Australia's aid program should have the support of civil and political rights among its aims, not just the alleviation of poverty. Alternatively, the alleviation of poverty should be designed in a rights-based manner, such that Australia's aid program directly assists peoples of recipient countries to see improvements in their civil and political rights.

This also means that performance indicators, departmental performance reviews, independent audits, and future parliamentary reviews of the aid program's effectiveness, should include considerations of civil and political rights.

2. Supporting workers' rights should be an integral part of the aid program

By "workers' rights", we do not mean helping people to improve work skills, training farmers to improve farming practices, etc. We mean rights enshrined or recognised by the ILO - such as the right to unions independent from state and employer control, the right to collective bargaining, the right to safety at work, etc. A look at past aid programs would show that such rights have not been top-of-mind for aid planners.

Why do we submit that supporting workers' rights be built into Australia's aid program? Because aid is fundamentally about helping people to help themselves, and workers' rights are fundamental in people being able to help themselves. The old saying is that it's better to teach a man how to fish than to give him a fish - but in the modern world, one usually goes fishing as employees of a fishing company rather than as individual fishermen, yet if the employer pays poverty-level wages and workers are too industrially weak to negotiate better terms, then learning how to fish still leaves one poverty-stricken.

To illustrate further in the case of Vietnam: Millions of Vietnamese workers have long been suffering wages that are well below living-wage levels, plus other problems such as employers' widespread misbehaviours - from making statutory deductions then pocketing them, to taking half (sometimes the whole) of their first month's pay as a "bond" so that if they quit the company before it sacks them, they lose the money. An aid program, even a purely poverty-alleviation one rather than rights-based, if it does nothing about the situation of millions of people systematically kept in poverty, cannot be very effective.

In practical terms, how can workers' rights be included in aid programs? Below are some possible ideas:

- **An aid project to assist willing companies of the recipient country to gain social credentials for exporting** - such as, for example, Europe's BSCI (Business Social Compliance Initiative) or Australia's Quality Mark for the textile - clothing - footwear industry (Note: It is not yet determined whether or not the Quality Mark will apply to imported products). The project would assist company owners to qualify for such credentials and, in the process, help workers in these companies to gain the rights demanded by such credentials. It would be a win-win for employers, workers, and the recipients of their products or services.
- **Require entities (belonging to the recipient country or not) delivering aid projects to respect their workers' rights**, that is, ensure that their workers in the recipient country, who are

involved in activities benefiting from the aid, can form their independent unions, can bargain collectively, enjoy safety rights, etc. This requirement should not just be a prerequisite but should also be audited and, if not met, results in penalties.

A weaker form of this idea is to apply it to only foreign NGOs and companies. For example, an Australian NGO delivering a training program should ensure that its trainers enjoy workers' rights, and an European company delivering an Australian building project should ensure that its local workers and local contractors enjoy workers' rights. The stronger form applies to local entities.

3. Fund ongoing independent effectiveness audits with fixed percentage of aid budget

In theory, AusAID can carry out its own reviews, Parliament can maintain an oversight role via Estimates and other mechanisms, and the ANAO can conduct broad-scale reviews.

However, in practice the complexity of the aid program, plus the pre-existing heavy workload for reviewers, are such that if there are problems, Parliamentary oversight and ANAO reviews would detect few, if any. Internal reviews can vary in effectiveness, depending on their terms of reference and how they are run. For example, if they only ask "Have the programmed moneys been given to the recipient government's departments (or the aid deliverers), and have they produced reports about their usage?" then the answer could be a satisfactory "Yes" even if such reports obfuscate the fact that money is wasted or pilfered down the line.

The case of corruption in PNG is widely acknowledged, but similar ingredients for disaster exist in many other aid recipient countries where governments are inefficient, lack sufficient transparency, or simply corrupt. Some such countries even have worse conditions - for example, in Vietnam, the media is state-run, the justice system is not independent, and civil-society corruption fighters (and corruption-busting reporters) are imprisoned. Just because in the past only a few problems affecting Australia's aid programs have been detected in such recipient countries does not mean problems were not widespread or will not exist.

Therefore, we submit that independent audits should be a built-in feature, and built into Australia's aid budget. Specifically, a fixed percentage of annual aid budgets should be allocated to fund ongoing independent effectiveness audits and reviews. The administration of this part of the budget should be independent from AusAID and the aid-delivery arm. Not only accounting auditors but also qualified NGOs should be allowed to do this kind of work. They, and their method of review, should be empowered and given flexibility rather than restricted by their terms of reference.

The broader the scope of a review, the less deep it can go, assuming a fixed amount of effort. Therefore, one aspect of the above-mentioned flexibility is that such reviews can be deep or broad as required. For example, one review could be small, costing just a few thousand dollars, simply to confirm that local workers in a randomly-chosen company above are indeed allowed to exercise their freedom of association, while another review could be a full-scale financial audit.

4. (The new) AusAID should have more of an overseer and strategic role, than tactical

Everyone we know who are or were AusAID officials, are people of high integrity. But the fact remains that being human, everyone everywhere would prefer to keep their jobs and to advance their careers. Thus, if one discovers a problem involving the effectiveness or integrity of an aid project, or cultural problems at the workplace, then the choice of disclosing it or staying silent can be difficult.

We are aware of an AusAID official who said she knew of higher-level AusAID officials turning a blind eye to corruption problems affecting Australia's aid to Vietnam, but she would not publicly give details.

Whether some such accusations become formal allegations and are found to be true or false, and even if they are proven false, the need remains for Australia's aid program not just to be transparent but to be

seen as such. This need arises because of the combination of 2 factors: Aid is public money, and recipient countries often have governments of less transparency and accountability than Australians would be comfortable with.

We think that ideas such as these should be considered: Ensuring ample career paths into and out of AusAID; Ensuring that an official's involvement with a given recipient country or a given program is shorter than a maximum tenure; And facilitating entry into mid- and high-level AusAID positions from outside the public service.

What about AusAID's role, itself?

A few decades back, letters and phone calls were carried by a government body, roads were built, trains were run, and prisons were administered by government departments. In the 1970s it would have been nearly impossible to imagine that they can be run by private industry. But they are now.

Is foreign aid different, because it is intimately tied to national strategy and diplomacy? Yes, we think it is different enough to not follow letters and roads exactly, but not different enough that it must stay the way it is.

We urge the Review Panel to consider models where (the new) AusAID takes a few steps back and adopts an overseer and more strategic, less tactical role. It would still need to ensure that the aid program is linked to national strategy and diplomacy, and it would still be responsible to the Minister and subject to Parliamentary oversight, but its overseer role would increase significantly. In practical terms, this means at their annual performance reviews officials would be asked questions like *"About the programs under your watch: Have you set goals that are challenging for implementers to achieve? Have the programs been effective when measured against such goals? What have you done to prevent problems? What have you done to solve problems? If problems have been detected by the independent review stream (see Section 3, above) then why didn't you detect them yourself?"*.

5. Aid money for democracy and human rights should be taken out of AusAID

Currently, already some aid money is earmarked for democracy and human rights. The problem, however, is that AusAID or DFAT have much say in how it is spent and how much.

Similar to the issue we raised in the previous Section, an AusAID or DFAT official who approves the use of this money for an activity unapproved by the recipient government, is not likely to stay in their job for long. By their very nature, undemocratic governments will not approve activities that rock their boats.

Therefore, we submit that the administration for this type of aid is taken out of AusAID and DFAT. For reasons of international relations, it should be taken into a non-government body or one that is at arm's-length from government. The structure (and chequered history) of the US' National Endowment for Democracy provides an example and lessons, both positive and negative, on one way to do this. Whichever structure is chosen for this entity, it must be held accountable - perhaps to Parliament. This entity should also have no actual or perceived conflict of interest. Most importantly, its *raison d'être* should be the promotion of democracy and human rights overseas.

- End -