

Submission to the Independent Review of Aid Effectiveness

Nic MACLELLAN
January 2011

Independent Review of Aid Effectiveness Secretariat
GPO Box 887
Canberra ACT 2601
Australia

Dear Sir / Madam

Please find attached my submission to the Independent Review of Aid Effectiveness.

The submission is made in a personal capacity, and I would be happy to speak at any public hearings that may be held as part of the inquiry.

Nic Maclellan

Nicholas James MACLELLAN

This submission is focussed on the Pacific islands region, where I have worked for over thirty years, as a journalist, researcher and community development worker. From 1986-94, I worked for nine years across the islands region with the Australian Volunteers Abroad (AVA) program, I served as a Pacific policy advisor to Oxfam International in 2006 and I have conducted research on development issues for a range of organisations, including the World Bank, UNICEF Pacific, the Australian Council for International Development, Swinburne University, Oxfam International and other agencies.

In response to the terms of reference, the submission focuses on a few issues, including the structure of AusAID and other development agencies; the geographic focus of the program; the role of non-government and volunteer agencies; the connection of development programs to the climate emergency; the importance of human rights and self-determination, and the need for a clear policy on aid, trade and labour mobility.

1) The appropriate future organisational structure for the aid program

The Australian Government's decision to increase the official development assistance budget to 0.5 per cent of gross national income by 2015–16 is to be commended, but there is a need to map out a clear timetable for the transition to meeting Australia's pledge of 0.7 per cent.

Given the current expansion of the aid program, it is time to create a Cabinet-level Minister for Development Co-operation, and to transform AusAID into a government department separate from the Department of Foreign Affairs and Trade (DFAT).

The aid department would focus its programs on a rights-based approach to enhancing basic services for people such as basic education, health care, sanitation, water and food security. As well as a focus on eradicating poverty, gender equity and sustainable development, it would also work on eliminating inequality.

Many commentators will no doubt advocate a narrowing of focus for the aid program, but Australia's development agency should retain a level of flexibility and innovation, which would allow interventions in countries or communities that did not meet the primary geographic or sectoral focus. It should be better able to co-operate with external partners (non-government, faith-based, academic or community), in order to provide seed funding for initiatives that fell beyond the core program and policy.

If the new aid department were separate, DFAT could be given its own "national interest" slush fund for short term political interventions in the aid field, but would largely play the role of policy development, introducing "national interest" criteria into the spending priorities to the Department of Development Co-operation, the Department of Defence or the Department of Climate Change.

Even without these changes, there is scope to change the corporate culture of AusAID and other agencies involved in development programs.

One problem often highlighted by Pacific community groups I have worked with is the rapid turnover of staff in AusAID and DFAT. The rotation of staff across desks has obvious benefits for career prospects and for senior managers maintaining control of policy, but this comes at a cost in development outcomes. The 2009 Australian National Audit Office (ANAO) review of AusAID noted that "only 49 per cent of

APS staff finished 2008 in the same section they began it in” and discovered “a range of instances where high staff turnover has compromised the quality of Australia’s program management.”¹

The lack of area specialisation is a major problem within the aid program, and the government should investigate more creative ways to develop advisory systems of area specialists. Many Pacific islanders have stressed the issues of building relationships and spending time in-country to understand the complex dynamics of Pacific cultures and development priorities.

There are a number of other weaknesses with AusAID programs in the region:

- AusAID’s “contracting out” culture and the rotation of staff are weakening the personal connections that are so important in the region.
- The focus on administrative and policy reform in central government bureaucracies has downplayed the need to focus on rural development programs, and creating economic, educational and employment options for young people in rural and outer island communities.
- There is a common – but unfounded - attitude in AusAID that NGO and community development initiatives don’t have a great deal of sustainability
- Many Australian government agencies make a mockery of consultation with civil society organisations (setting ridiculous timeframes for response; engaging with urbanised NGOs in the capital city without supporting structures that could draw in perspectives from rural centres; failing to obey the golden rule “Consultation first, decision second!”)

Government agencies should allocate more time and resources for travel, to spend time to build face-to-face relationships with partners in the field. There should be increased programs to develop Pacific language skills for Australian embassy and high commission staff.

There is also an increased need for overarching “whole of government” policy integration, as there are an increasing number of government departments and agencies accessing the aid program. At the same time, the experience of increasing funding of the AFP and other non-development agencies through the aid program means a loss of accountability to core development principles (the experience of RAMSI shows that Australian agencies have taken time to learn that policing is not just undertaken by police officers, and there is a massive imbalance in Australian funding in the Solomon Islands towards Australian personnel and away from community initiatives²).

The terms of reference for this inquiry notes that “An audit of the aid program by the Australian National Audit Office in 2009 found that AusAID had effectively managed the increases in the program up to that time”. However effective management and positive development outcomes for the poor are not necessarily the same things as the Office for Development Effectiveness has noted: “Australian aid activities are well managed and achieving some good results – however, it is difficult to demonstrate the links between well-managed activities and better outcomes for the poor.”³

There is also a need for greater transparency in the allocation of aid funds. In recent years, there have been shameful examples where political use of the aid program was covered up by a lack of transparency (one example is former Howard government’s order to AusAID that the amount of AusAID funds allocated to Nauru under the so-called Pacific Solution” were “not for publication” in

¹ Australian National Audit Office (ANAO): *AusAID’s Management of the Expanding Australian Aid Program*, The Auditor General Audit Report No.15, 2009–10 Performance Audit, pp49-50.

² For discussion, see Oxfam: *Bridging the gap between state and society – new directions for the Solomon Islands* (Oxfam, Auckland and Melbourne, July 2006).

³ ODE Annual review of development effectiveness 2007

official budget papers in 2006-07 and 2007-08⁴). AusAID should provide more up-to-date information about all funded activities and expand the publication of project and sector evaluations.

Human rights agendas will only resonate in the region if they move beyond a focus on civil and political rights, to address broader collective rights and integration with economic, social and cultural rights (the right to development, to self-determination, to a clean environment).

The inquiry should re-affirm Australia's commitment to a rights-based approach to development, and should re-configure the aid program to reflect this policy. AusAID should develop a comprehensive human rights policy, which explains how human rights standards will be used to design, deliver, monitor and evaluate programs.

Australia should support the establishment of Human Rights Commissions in the Pacific (especially in Papua New Guinea) as well as a regional Human Rights centre, to ensure governments fulfill their duty to respect and promote the right to food, health and education. The Australian government should also assist the development of the Permanent Forum for Indigenous Issues as a structure within the United Nations system to address these concerns.

2) Geographic focus of the program

Australia engagement with the Pacific region is influenced by the obvious impacts of geography and proximity – it's our region, and affects us directly. Australia plays an important role as a major power in the Pacific islands region, through trade, aid, defence, tourism and cultural relations. Australia is a member of many regional inter-governmental organisations and networks – yet most Australians are not aware of their activities, or engaged with them.

The increase in the size of the Australian aid program in coming years will allow an increase in aid allocation to regions and communities in Africa and South Asia. But there are many reasons why Australian government agencies should focus more, rather than less, resources and attention in the Pacific islands, especially as many European and American agencies have limited programs in the region.

Overall, the key focus of the aid program should remain on low and middle-income countries – however, there should be work with poor communities rather than a rigidly defined set of “poor countries”. The program needs the flexibility to initiate innovative programs in countries and territories that do not meet the criterion of low income. As the Office of Development Effectiveness has argued: “There needs to be a more nuanced understanding of how projects (and other discrete interventions) can be used appropriately within broader program-based approaches to balance the need for more immediate results with longer term systemic development.”⁵

For example, there is scope for some small scale targeted interventions in the French Pacific territories, which could have limited cost but long term political and social outcomes, even though New Caledonia – one of our closest neighbours – has a higher GNI per capita than other poorer Melanesian nations which are already a major focus of Australian development assistance..

⁴ For examples of “not for publication” data, see Ministerial budget statements: *Australia's Overseas Aid Program, 2007-08*, p57 and footnote p63. For discussion of lack of transparency in the aid program, see section 5.2 and 5.3 of *A price too high: the cost of Australia's approach to asylum seekers* (A Just Australia, Oxfam Australia and Oxfam Novib, Sydney, September 2007), pp37-40.

⁵ Office for Development Effectiveness (ODE): *Annual Review of Development Effectiveness 2009*, p21.

After the violent conflict in New Caledonia between 1984 - 1988, the Australian government provided development assistance to the Kanak movement and ACFID members commenced some programs with Kanak NGOs, following an Australian NGO delegation to the country in 1990.⁶ But while private sector links between Australia and New Caledonia are flourishing, these community initiatives have faltered and NGO ties with the French territories are very limited.

Even as New Caledonians move towards a decision on their future political status after 2014, the language gap makes it harder for Australians to follow the events that are transforming our near neighbour. The need for closer ties is vital, as New Caledonians seek to engage more with the Pacific region and decide whether they'll seek political independence as a sovereign nation.

So why, for example, is Australia not sending volunteers to teach English in New Caledonia, in co-operation with the Government of New Caledonia and provincial authorities in the Kanak-dominated rural provinces? The timing is appropriate: local authorities now control primary education and management of secondary education will be transferred from Paris to Noumea in 2012; the teaching of English throughout the school program is a major government program; and both the Government of France and the Government of New Caledonia are eager for greater collaboration with Australia. Yet AusAID only allocates a small amount for scholarships in the French territories and there is presently no funding for development programs in non-self-governing territories in the Pacific.

The issue of self-determination has dropped off the Australian development agenda, but it remains an integral part of contemporary debate about governance in our region, and near neighbours in Melanesia like New Caledonia and Bougainville will move to a new political status within the next decade. The Australian government should place increased importance on a range of community links with Pacific territories. The same issue applies in Bougainville, as it moves towards a decision on its political future after 2015.

3) The role of non government organisations

The Australian government should increase support to the non-government and community sector through the aid program, by increasing the share of development assistance delivered through NGOs and skilled volunteer programs.

As noted by the Office of Development Effectiveness (ODE), an evaluation of civil society engagement has found that civil society organisations play a vital role in delivering essential services and are often advocates for the most vulnerable members of society. However, "the Australian aid program's current approaches to engaging with civil society and communities have evolved country by country, or issue by issue, without an overarching strategy"⁷

A crucial weakness in many Australian government programs is the dismissive attitude to the community sector in the Pacific, even though many church and non-government organisations (NGOs) are long established and well respected, and play a crucial role in development, governance and national policy. Some of the most dynamic and outspoken Pacific leaders are to be found in local churches, women's groups and NGOs.

⁶ ACFOA: *From New Caledonia to Kanaky* (ACFOA, Canberra, 1990).

⁷ Office for Development Effectiveness (ODE): *Annual Review of Development Effectiveness 2009*, p2.

The Australian government should increase its co-operation with the member agencies of the Australian Council for International Development (ACFID) which have programs in the Pacific islands focussing on working at community level with non-government, community and church partners. Civil society involvement should not simply be in the delivery of services but in the design, monitoring, and evaluation of all programs.

ACFID members have programs focussing on working at community level with non-government, community and church partners in health, education, welfare, agriculture, environment and other development sectors; support for women's organisations and programs targeted at children and young people; rural agriculture, energy and food security programs; support for health education and services, in tuberculosis, HIV / AIDS and other infectious diseases; programs of rehabilitation, reconstruction, trauma counselling and emergency response in post-conflict and post-disaster areas; funding of capacity building for NGOs, improving skills in management, accounting and leadership; support for regional NGO networking, training and information; trade union training; and much more.

There is a need for greater engagement with the informal economy through community sector organisations, as existing models of economic growth and employment underestimate the importance and resilience of this area of the economy. There are a number of ways that Australian agencies could refocus attention on this sector. Support for capacity building initiatives for their Pacific partners or affiliates, with grants for training, equipment, workshops etc, and the allocation resources for capacity building for agencies *within* Australia, to operate more effectively in the region.

Gender equality and women's empowerment are powerful multipliers of development efforts. In line with the 2007 policy document *Gender Equality in Australia's aid program*, this effort should particularly focus on women's organisations (especially as the ODE has found that a formal policy on gender equity "has yet to be translated effectively into performance results"⁸).

Government agencies should extend collaboration with academics and students, to develop research and case studies with a regional focus. The government should further resource specialist courses which focus on the Pacific region, such as ANU's State Society and Governance in Melanesia project, or Victoria University's community development course.

The Australian government should increase funding support for NGO and community initiatives that facilitate and encourage people to people exchanges between Australia and its Pacific neighbours, such as Australian volunteer programs. The effective destruction of the Australian Volunteers Abroad program over the last decade is a major problem for the aid program, at a time when there is increasing call for cost effective, community-focussed development work, and reviews which have exposed the costs of technical assistance.

AusAID's recent policy of removing Australian Volunteers from Pacific countries (such as the freely associated states in Micronesia) and replacing them with Pacific Technical Assistance Mechanism (PACTAM) staff is short-sighted, as volunteers can provide a cost-effective contribution to both government capacity building and community development. The expansion of the Australian Youth Ambassadors (AYAD) program was no substitute for the placement of volunteer development workers in line positions in government ministries, working for 2-3 years on local salary. While creating a useful cultural exchange program, AYAD volunteers are not present in-country for long enough to contribute to meaningful development outcomes.

⁸ Ibid.

4) Climate proofing the aid program

The government must make analysis and action on climate change a central and cross-cutting element of the aid program, increase humanitarian funding within the AusAID Global Program budget and create predictable contingency funding for emergencies and disasters.

The adverse effects of global warming threaten to set back regional and national efforts to improve health, education and well-being. Unless urgent steps are taken to help people adapt to climate change, and unless these actions are integrated in national strategies for poverty eradication and sustainable development, the allocation of ODA under an expanded aid program will not be effective and many of the MDG goals set for 2015 will not be met.

In contrast to existing disasters that affect the region, climate change has been described as a “slow-burning emergency” and many of the adverse effects of global warming will develop over long periods of time. Projections of climactic changes that occur over decades are outside the scope of governments and development agencies that plan their activities in short project and program cycles, raising concern that governments will be reluctant to take the hard, costly decisions now that will benefit people in future decades.

On a global scale, a sticking point for climate negotiations is the need for the developed world to commit adequate funds for technology transfer and adaptation. Pacific island countries have argued for greater funding to be allocated for adaptation programs, as they have insufficient resources to address the adverse effects of global warming.

In a 2010 paper “Righting two wrongs”, Oxfam International estimated that less than a tenth of climate funds to date have been spent on helping people in vulnerable countries adapt to the impacts of climate change. These estimates are matched by other bodies such as the International Institute for Environment and Development (IIED), which has noted that: “Adaptation funding represents just 10.3 to 16.1 per cent of fast-start finance pledges to date; this is not a ‘balanced’ approach.”⁹

There is a real need to shift attention from the physical, environmental and economic impacts of climate change towards the social and human dimensions of the climate emergency, as advocated by AOSIS at the Malé meeting on the Human Dimension of Climate Change in November 2007.¹⁰

AusAID has begun to develop a more gendered response to the climate emergency¹¹, but more focussed work on social impacts is vital. Given that children below 18 years make up more than 40 per cent of most Pacific island populations, it is a concern that most policy documents on climate change in the Pacific ignore the issue of children and how they are affected. A study of regional strategies such as PIFACC, the Pacific Plan for Strengthening Regional Co-operation and Integration, National Adaptation Programs of Action (NAPAs), climate policy documents from key donor countries like Australia¹² or multilateral agencies like the World Bank¹³ reveal they make no explicit reference to the

⁹ “Fast-start adaptation funding: keeping promises from Copenhagen”, IIED Briefing, November 2010.

¹⁰ Alliance of Small Island States, *Malé Declaration on the Human Dimensions of Climate Change*, Malé, Republic of the Maldives, November 2007.

¹¹ Cheryl Anderson et al: *The gendered dimensions of disaster risk management and adaptation to climate change – stories from the Pacific* (AusAID / UNDP Pacific Centre, Suva, 2008).

¹² AusAID: *Engaging our Pacific neighbours on climate change – Australia’s approach* (Australian Agency for International Development, Canberra, 2009).

effects of climate change on children and rarely reference the unique vulnerabilities of children or address their needs.¹⁴

Developing nations are calling for new and additional funds beyond existing Overseas Development Assistance (ODA) aid commitments and stressing that adaptation funds must be grants, not loans. A central message coming from Pacific governments is that this funding should be *new and additional money rather than the reallocation of existing ODA funds*.

The Pacific's call for 'new and additional funding' is based on the recognition that existing development challenges need ongoing financial and human resources. Specific research and action on climate change should not draw away ODA funds from existing work on health, agriculture, education etc. Indeed, Forum leaders have argued that extra funding for climate activities should be targeted in line with the UN Millennium Development Goals "through 'no regrets' or 'low regrets' actions in affected sectors that are already facing development challenges, including food and water security, health, and the capacity to deal with extreme events such as tropical cyclones, flooding and droughts, thereby simultaneously delivering on sustainable development aims."¹⁵

This debate on "additionality" will be a central political debate in coming UNFCCC meetings.¹⁶ The public announcement of Australia's "fast track" climate funding last December was a welcome sign of transparency, but the government needs to do more to detail where its climate funds are going. It also needs to encourage other developed nation donors to be more transparent and accountable for their climate funding, setting common benchmarks for the boundaries between ODA and "additional" climate funds. The task would be made easier if more OECD governments met their commitment to 0.7 per cent, making it easier to see which funds were additional!

Pacific governments have welcomed existing pledges of support for adaptation from donors like Australia, New Zealand, Japan and the European Union. But atoll nations are concerned that adaptation funds may be going into consultants and bureaucracy rather than programs at local level - they want to ensure that donors maintain specific programs around food security, water supply, disease prevention and coastal management. As the Forum leaders' official communiqué in 2008 stressed: "The priority of Pacific SIDS is securing sustainable financing for immediate and effective implementation of concrete adaptation programs on the ground."¹⁷

Another problem for Pacific states is their capacity to deal with a complex array of multilateral and bilateral climate initiatives. Pacific governments have argued for easier access to these funds, which will provide much needed resources to small island states for adaptation programs. The challenge is to ensure that more of these adaptation funds can be focussed on community level activities, instead of being soaked up in research and policy making.

¹³ Muthkumara Mani, Anil Markandaya and Viju Ipe: *Policy and institutional reforms to support climate change adaptation and mitigation in development programs – a practical guide* (Environment Department, World Bank, Washington, 2008); Sofia Bettencourt et al.: *Not if but when - adapting to natural hazards in the Pacific Islands region*, World Bank Policy note, World Bank Pacific Islands Country Management Unit, (2006).

¹⁴ For discussion on a more gendered a child-focussed response to climate change, see M. Urbano et al: *Children and Climate change in the Pacific Islands*, Report submitted to UNICEF Pacific from the Nossal Institute for Global Health, University of Melbourne, April 2010.

¹⁵ Forum communiqué, Pacific Islands Forum, Niue, August 2008.

¹⁶ Jessica Brown, Neil Bird and Liane Schalatek: *Climate finance additionality: emerging definitions and their implications*, ODI Climate Finance Policy Brief No.2, June 2010

¹⁷ Forum communiqué, Pacific Islands Forum, Niue, August 2008.

Much of Australia's pledge of climate adaptation funding will be channelled through consultants and multilateral and regional intergovernmental organisations including the World Bank. Other funding goes to Australian scientists for climate research (such as the Pacific Climate Change Science Program, to be funded from Australia's ICCAI adaptation fund). This allocation of significant amounts from the Pacific climate adaptation initiative to Australian researchers may produce valuable scientific data. But there are questions about how this research is communicated to policy makers in the Pacific, let alone translated into concrete adaptation work in the low-lying atolls of the region. Much of this research will generate climate models as a basis for planning risk reduction, but comes at a time when island governments, universities and NGOs are seeking resources for empirical research and action in the atolls and islands of the region.

The challenge for climate adaptation donors is how to draw on local knowledge and empower grassroots communities across the region. So far, the Australian government has pledged limited amounts of adaptation funding to non-government organisations. A major problem is that donor countries often channel adaptation funds to the Pacific through regional initiatives rather than prioritising and tailoring programs to the particular and diverse situation on the ground in each country. As well as co-ordination issues between countries, there are also problems of multi-funding within individual country programs. AusAID is funding Pacific governments through SPREP but also supports Australian NGOs to run parallel programs.

The aid program also needs to allocate more resources to look proactively at the issues of disaster preparedness and response and potential climate displacement, and how this will affect development outcomes.

Successive Australian governments have failed to engage in forward planning involving communities and governments around the region, to address the issue of displacement from a rights-based approach. The current intergovernmental *Pacific Islands Framework for Action on Climate Change 2006-15* (PIFACC), developed by Australia and other Forum member countries, makes no mention of climate displacement or migration. This contrasts with many Pacific NGOs and churches, which have argued that Australia and New Zealand, as the largest members of the Pacific Islands Forum, have particular responsibilities to take develop programs for displaced people from their island neighbours, or to fund relocation programs within and between island states.

Of course, changes in the aid program will be irrelevant unless the government increases its commitment to reductions in Greenhouse Gas Emissions by 2020. The rapidly changing climate science has highlighted the need for much more stringent reduction targets than set out in existing Australian policy, to avoid catastrophic consequences for low-lying atoll nations. Rather than a 2 degree target, AOSIS has previously called for "well below 1.5 degrees Celsius", and many developing nations are calling for greenhouse gases to be stabilised well below 350ppm. This stronger target is now acknowledged by many leading climate scientists and one of the best contributors to the development objectives set out in the aid program would be to address these targets urgently.