



February 1, 2011

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

Re: Submission to the Independent Review of Aid Effectiveness

To the Review Panel

The Oaktree Foundation is an aid and development organisation run by young people under the age of 26. We're young people working together to end global poverty.

We believe that education is the most powerful force we have to change the world. Oaktree takes action by partnering with developing communities to make educational opportunities reality. We do this by supporting educational projects in developing communities, as well as bringing young people together to campaign on issues of global poverty in the Australian context.

The Oaktree Foundation is also a signatory to the ACFID code.

We propose the following points in response to the terms of reference of the review:

1. The appropriate geographic focus of the program

1.1 The Australian government should maintain its commitment to mutual respect and mutual responsibility in regards to engagement with Pacific neighbours. PACER-plus negotiations must be undertaken without timelines, in a staged process, to ensure trade is not liberalised prematurely before Pacific neighbours are ready.

A proposed PACER-plus trade agreement needs to be framed in terms of sustainable development goals with trade as a key device in achieving these ends. Australia should demonstrate a real commitment to the Pacific and place development goals ahead of any economic gains for Australian exporters.

1.1.1. The Australian Government should reconsider including essential services, such as health, water & education, into PACER-plus trade deals as including them risks creating greater polarisation of access to essential services. There are currently concerns this trade deal will disadvantage rural, more impoverished regions in favour of urban centres.



1.2. The Australian Government should, in addition to PACER-plus negotiations, quickly establish and scale up the Pilot Seasonal Workers Scheme for the countries in the Pacific region. Greater effectiveness could be achieved by making changes to the current program based on the similar, but more effective, New Zealand Recognised Seasonal Employer (RSE) scheme. Labour mobility is the biggest contribution that Australia can make to the development of the Pacific region and cannot be excluded from the eventual PACER-plus deal if the Australian Government is serious about poverty reduction.

1.3. Gender equality is vital in achieving sustainable development. Gender must be integrated into a proposed PACER-plus agreement to ensure women have equal access to economic opportunities created by trade liberalisation and greater participation in the Seasonal Worker's Scheme.

2. The appropriate sectoral focus of the program

2.1. Education should be the flagship sector of Australia's aid program, something the Australian Government has already indicated.

2.1.1. Although Australia has been extensively involved in providing education through the Education For All Fast Track Initiative (EFA-FTI), that body has failed to deliver on its potential. Given Australia is currently a board member of the EFA-FTI, it could leverage its position and provide strong political leadership to create a Global Fund for Education. Following the model of the successful Global Fund to Fight AIDS, Tuberculosis and Malaria, the transformation of the EFA-FTI into an independent and ambitious Global Fund for Education would improve the quality and access to education dramatically around the world.

2.1.2. Consideration should be given to the creation of an "Australia Fund", an innovative financing mechanism designed to accelerate progress on achieving education for all in our immediate region. The Fund would focus on improving the quality of secondary and tertiary education in the Pacific region. Recent cutting-edge research funded by AusAID, as part of the Leaders Elites & Coalitions Research Programme has found that higher education is the critical ingredient to the development of good leadership and stable institutions that promote development. Such a fund could be financed through a Public Private Partnership (PPP), independent of AusAID. This Fund would address the challenges of how to manage the increase in Australia's aid budget effectively without undermining the quality of the aid program; AusAID could effectively outsource the management and evaluation of the projects financed through the Fund.



Such a fund would help reduce the burden on AusAID as its budget doubles, it would accelerate global progress on education and help make education truly the flagship of the Australian aid program.

- 2.2. The Australian Government should separate its commitment to climate financing from the existing commitment to increase ODA to 0.5% of GNI by 2015.

Australia is obliged to provide new and additional money to finance climate commitments under the Copenhagen Accord (2009) and the United Nations Framework Convention on Climate Change (1992).

Double counting climate finance as part of the commitment to increase aid to 0.5% of GNI will have serious impacts on both the poverty reduction capacity of the Australian aid program and on the ongoing international climate negotiations.

Diverting a portion of the aid budget to climate finance will decrease aid flows to sectors such as education and health, limiting the capacity for Australia to do its fair share to meet the Millennium Development Goals.

If climate finance were to be separated in the Federal Budget, it is still perfectly reasonable for both climate finance and the money committed to as part of the 0.5% by 2015 spending increase to be administered through AusAID.

In order to solidify this commitment, the Australian Government should introduce a law as part of the new climate change legislation that mandates that climate change adaption and mitigation assistance is new and additional.

- 2.3. AusAID should spend a greater proportion of its funding on Australian based development-focused research, especially that which aims to improve the livelihoods of impoverished people.

3. The relative focus of the aid program on low and middle-income countries

- 3.1. The Australian Government should remove 'national interest' from the objectives of Australia's aid program. AusAID's mission could be changed to 'to assist developing countries to reduce poverty and achieve sustainable development'. This would allow for greater alignment of foreign aid with the actual needs of low and middle-income countries.



4. The relative costs and benefits of the different forms of aid, including the role of non-government organisations and the appropriate balance between multilateral and bilateral aid funding arrangements.

4.1. Australia has one of highest percentages of non-core aid going to multilateral organisations out of the OECD countries. AusAID should increase the amount of core funding for effective multilateral organisations as these organisations rely on consistent core funding to carry out long-term projects and maintain high levels of efficiency. Channelling more funding through multilateral organisations will also allow AusAID to more effectively manage its increasing budget.

4.1.1. One of the great successes of the Australian aid program was its integral involvement in eradicating polio in the Western Pacific Region in 2000. Australia could also have a real impact on eradicating polio worldwide. The Global Polio Eradication Initiative is the world's largest public health initiative and currently has a funding gap of US \$810 million. This is an initiative that has shown real results; in the last 20 years worldwide vaccination efforts have reduced polio by 99%, however it is still endemic in parts of Afghanistan, India, Nigeria and Pakistan. Australia needs to increase its financial contributions to this initiative to help bridge the funding gap and secure the eradication of this infectious disease.

4.1.2. The Global Fund is a unique and effective global public/private fund partnership dedicated to providing additional resources to prevent and treat HIV/AIDS, Tuberculosis and Malaria. The Global Fund, since its creation in 2002, has saved 6.5 million lives through AIDS treatment, anti-tuberculosis treatment and the distribution of 160 million bed nets for the prevention of malaria. Australia needs to increase its commitment to the Global Fund to ensure its sustainability when the next funding round happens in 2013.

4.2. AusAID should reduce the use of expensive technical assistance and redirect this money in order to provide more basic services at the community level. This would be in line with recommendations of the 2010 Review of the PNG-Australia Development Cooperation Treaty which highlighted that more than 50% of funding to PNG was being used for technical assistance costs. We welcome the Australian Government's strategy of phasing out more than a third of long-term technical advisory roles over the next two years in PNG; however, we would like to see a reduced dependence on technical assistance across all of Australia's bilateral aid programs.

4.3. Greater funding should be given to effective, non-profit, non-government organisations, thereby simultaneously reducing the large percentage of funding provided for development to corporate contractors. Not-for-profit NGO's often have better



connections with local communities and are more effective in reaching the most marginalised people in society.

According to the 2010-11 AusAID Budget, only 2.5% of the \$4.3 billion of aid funding will be given to NGOs and community organisations. In line with ACFID recommendations, at least 10% of ODA should be channelled through effective NGOs as these have high levels of Australian public support.

5. An examination of the program's approach to efficiency and effectiveness and whether the current systems, policies and procedures in place maximize effectiveness.

- 5.1. Government projections to increase Australia's official development assistance (ODA) to the promised 0.5% of GNI by 2015 need to be accompanied with an evenly weighted timeline. A progressive scale-up of the budget will ensure government agencies are able to adjust to each increase adequately rather than adjusting to large increases towards the end of the 2015 deadline. In addition, the Australian government needs to demonstrate a genuine commitment to the Millennium Development Goals and comply with our agreed fair share of foreign aid. This would mean making 0.7% GNI more than just an "aspiration" and creating a timeline for meeting it.
- 5.2. Examine the possibility of enshrining development effectiveness principles into law. The UK International Development Act 2002 makes poverty reduction the core focus of the UK Department for International Development's (DFID) work and has helped transform DFID into a world class aid agency. The popular national interest rhetoric in Australia masks the fact that foreign policy aims, particularly counter-terrorism and security objectives, are often part of the aid program. An Australian International Development Act would enshrine in law the goals of AusAID providing much needed clarity and also ensure that Australia's aid program be primarily concerned with poverty reduction.
- 5.3. All Australian Government supported aid programs should be managed by AusAID to provide greater simplicity and transparency in the allocation of aid funds. This would include such programs as the Direct Aid Program.
- 5.4. AusAID needs to increase communication with the public to ensure transparency and accountability.
 - 5.4.1. Every program that is run by AusAID, either through government or non-government partnerships, should be listed on the website. This should include both project summaries and reports posted in both English and in the official language of the country that program is operating.



For increased transparency AusAID should publish up-to-date and regular reports of all aid expenditure clearly detailing how funds are being distributed.

6. The appropriate future organisational structure for the aid program

- 6.1. Consideration should be given to the benefits of separating AusAID from the Department of Foreign Affairs and placing a Minister in charge of International Development. For AusAID to be regarded as a world class, effective and transparent aid agency it must also be regarded as an important part of the Australian government.
 - 6.1.1. At the very least the International Development portfolio should be separated from the Foreign Affairs portfolio, possibly with a merged ministerial title, allowing for a Minister of Foreign Affairs and International Development.
- 6.2. The Australian Government should investigate establishing a Permanent Parliamentary Committee on International Development to increase parliamentary involvement, or alternatively, create a sub-committee within the Parliamentary Joint Committee on Foreign Affairs, Defence and Trade to highlight issues in development. The creation of this committee would ensure effective implementation of this review's findings.

7. Review and evaluation of the aid program, including an examination of the role of the Office of Development Effectiveness and options to strengthen the evaluation of the aid program

- 7.1. AusAID should strive to increase the involvement of the aid community – including NGOs - in its decision making.
- 7.2. Annual reviews of AusAID and its programs, including those by the Office of Development Effectiveness should and distributed be published on line.

Yours Sincerely

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