



**Submission to
Independent Review of Aid Effectiveness**

February 2 2011

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1 SUMMARY OF RECOMMENDATIONS

- Recommendation 1:** The Australian Government should have a coordinated international development cooperation program across the whole of government.
- Recommendation 2:** The objective of Australia's development cooperation program should be: "to reduce poverty and inequality in line with Australia's role as a good international citizen".
- Recommendation 3:** Any geographic expansion of Australia's development cooperation program should:
- advance the overall objective of the program to reduce poverty and inequality in line with Australia's role as a good international citizen
 - be consistent with internationally agreed aid effectiveness principles, and
 - be implemented in a transparent and accountable way.
- Recommendation 4:** Humanitarian assistance should be proportionate and provided on the basis of need, rather than a pre-determined geographic focus.
- Recommendation 5:** Sector focus at the country level should not be pre-determined, but identified on a country-by-country basis, consistent with agreed aid effectiveness principles.
- Recommendation 6:** The development cooperation program as a whole should adopt a long-term focus on a small number of sectors that respond to current and emerging development needs and are most relevant to meeting the MDGs in Australia's region of engagement.
- Recommendation 7:** The Australian Government should continue to allocate around the same proportion of the development assistance budget as it currently does to humanitarian response, and be prepared to increase this as humanitarian crises escalate.
- Recommendation 8:** Australia's development cooperation program should focus on the world's poorest people, regardless of where they live. Different strategies will be

required to address poverty and inequality in low and middle-income countries.

Recommendation 9: Given Australia's ability to reduce poverty and inequality in middle-income countries will be greatest where Australia has more trade, economic, political and social connections, the development cooperation program should focus mostly on middle-income countries in the Asia Pacific region.

Recommendation 10: The Australian Government should actively promote equitable development at the international level in trade, climate change and immigration negotiations and by promoting and implementing initiatives such as Publish What You Pay and the Extractive Industry Transparency Initiative

Recommendation 11: Non-government and civil society organisations should continue to play an important role in the Australian development cooperation program. To facilitate this, AusAID should:

- develop a clear strategy for its engagement organisations, and with civil society more broadly; and
- increase its own capacity to engage effectively with non-government and civil society organisations.

Recommendation 12: Aid effectiveness should be the key consideration when determining the appropriate level of support for non-government organisations.

Recommendation 13: The Australian Government should invest in developing the sector-wide leadership necessary to deliver an effective international cooperation program over the next twenty years through, for example, matching funding of emerging partnerships with universities and research institutes.

Recommendation 14: AusAID should seek to strengthen the effectiveness of multilateral development cooperation efforts through:

- Reviewing the current balance of core and earmarked funding allocations to multilateral institutions, with a view to increasing the proportion of core funding;
- Measuring multilateral performance against established safeguard policies and Australia's own development objectives;
- Developing AusAID's own safeguard policies and accountability mechanisms; and

- Ensuring independent review and monitoring, and improved reporting to the Australian public on the effectiveness of multilateral agencies.

Recommendation 15: The Australian Government should adopt a rights-based framework for the development cooperation program.

Recommendation 16: All individual country program strategies should clearly articulate how they will address the Paris Declaration and Accra Agenda for Action principles and targets.

Recommendation 17: The Australian Government should develop a rigorous process for monitoring and evaluating its performance against the Good Humanitarian Donorship principles and incorporating lessons learned into humanitarian policy and practice.

Recommendation 18: The forthcoming Humanitarian Action Policy should demonstrate a strong commitment to strengthen humanitarian protection and be underpinned by a rigorous humanitarian protection framework and adequate resources to implement it.

Recommendation 19: All Australian Government departments involved in delivering relief and assistance should be held to consistent accountability standards to ensure that their activities are effective and are not causing harm.

Recommendation 20: The Australian Government should strengthen its capacity to engage in global humanitarian reform debates.

Recommendation 21: The Australian Government should provide multi-year budgetary allocations and disbursements for all components of the international development cooperation program, with the exception of humanitarian response where flexibility is required to respond to urgent needs.

Recommendation 22: Gender equality must be “mission critical” to an effective Australian development cooperation program. As part of this, gender mainstreaming should be strengthened across the program through:

- compulsory and ongoing training for all staff;
- nurturing and supporting high-level leadership on gender equality;

- performance management that makes all staff are accountable for implementing gender equality policies;
- building accountability to women into all development activities, including humanitarian response;
- systematically working with women's organisations and movements wherever possible, but particularly in recipient countries.

Recommendation 23: The Australian Government should ensure a strong commitment to UN Women through core contributions and supporting the entity in its critical establishment stage.

Recommendation 24: The Australian Government should play a leadership role in promoting transparency and accountability for itself, for Australian companies, private contractors, NGOs and development actors globally, by building on emerging international standards and initiatives.

Recommendation 25: AusAID should consider a major investment in local research bodies and tertiary institutes. This could include supporting the development of networks of knowledge and policy development across research institutes, civil society and governments, which would assist in understanding emerging issues and translating knowledge into timely analysis, advice, policy and practice.

Recommendation 26: AusAID should invest in building staff capacity and expertise regarding partnership approaches, provide clearer guidance to staff on what partnership means in practice and provide incentives to reduce staff turnover.

Recommendation 27: AusAID should take action to address the recommendations set out in the draft evaluation of its engagement with civil society regarding the need to develop sustainable rather than parallel systems and move from constraining to enabling processes.

Recommendation 28: The Australian Government should strive to build long-term bipartisan support for key aspects of the development cooperation program, including:

- The overall objective of the program,
- A small number of sectors to be supported over the long term;

- Key development effectiveness standards and principles, such as consistency with international human rights standards, development effectiveness agreements and the Good Humanitarian Donorship principles.

- Recommendation 29:** The Australian Government should consider establishing a legislative foundation for Australia’s international development cooperation program.
- Recommendation 30:** The Australian Government should establish an independent Department for International Development Cooperation, headed by its own Cabinet-level Minister.
- Recommendation 31:** AusAID should monitor inequality - including gender inequality – and the degree to which the development cooperation program is enabling the least powerful and most marginalised groups to be heard, exercise choice, be engaged in the development process, and be empowered to hold to account those who exercise power. It should also encourage consideration of equality measures in MDG monitoring processes.
- Recommendation 32:** The Australian Government should develop a whole-of-government policy framework for Australia’s development cooperation program.
- Recommendation 33:** AusAID should undertake strategic evaluations of the work of other government departments that spend development assistance and monitor and report on any significant developmental impacts of the non-development assistance activities of those departments.
- Recommendation 34:** The Australian Government should monitor the impact of overseas activities undertaken by Australian companies, particularly in countries that lack adequate social, labour and environmental protections.

2 INTRODUCTION

2.1 The Independent Review of Aid Effectiveness

This Independent Review of Aid Effectiveness is timely, needed and welcome.

It is *timely* because, as the international community pushes towards the deadline for the Millennium Development Goals (MDGs), a range of complex and interwoven global trends are increasingly impacting on development efforts and demanding new approaches. These include: deepening inequality, particularly gender inequality; volatility in climate and economic systems, leading to more frequent and severe shocks; increasing demand and competition for limited natural resources, such as food, water, land and energy; rapid population increase and urbanisation; changing global power dynamics; and an ever-growing humanitarian imperative to protect those impacted by conflict and crises. How the international community responds to these trends will determine its success in meeting the Millennium Development Goals and ultimately eradicating poverty.

The Review is *needed* because, as the Australian aid program grows rapidly over the next five years, the key challenge will be to strengthen its effectiveness and ensure additional funds are used strategically to reduce poverty and tackle inequality.

Moreover, there is now a very clear need for a whole-of-government approach to development. As investment in development increases, a range of government departments will administer significant portions of Australia's development assistance and it will be vital to ensure consistency of objective and approach. More importantly, given the nature of the global trends affecting development, it is clear that aid is just one part of the development picture. If the Australian Government is to contribute effectively to poverty reduction, it will also need to ensure coherence across policies and practices relating to trade, investment, taxation and remittances, defence and security, immigration and foreign affairs. What is needed is not simply a more effective aid program but a highly effective, coordinated *international development cooperation program* across the whole of government.

Finally, the Review is *welcome* – indeed, it is something Oxfam Australia has consistently called for. Not only does it respond to the challenges posed by the rapid scaling up of development assistance over the next five years, it also has the potential to set the right course for our development cooperation over the long-term.

The current Australian context provides a generational opportunity to vastly improve the effectiveness of Australia's development cooperation program and this Review presents a means by which to seize that

opportunity. With a bi-partisan commitment to increase Australian development assistance to 0.5 of Gross National Income by 2015, there is now a strong foundation for the kind of long-term, predictable investment that is needed to enhance the impact of our program. Moreover, a growing and increasingly well-informed constituency has dedicated itself to holding the government accountable to this commitment.

What this Review has the potential to provide is a clearly understood and shared mandate for Australia's development cooperation efforts across the whole of government, the non-government and private sectors, and the broader Australian community.

2.2 About Oxfam Australia

Oxfam Australia is an independent, not-for-profit, secular, international development agency. We undertake long-term development projects, provide emergency response during disaster and conflict, and undertake research, advocacy and campaigning for policy and practice changes that promote human rights and justice.

Oxfam's vision is of a fair world in which people control their own lives, their basic rights are achieved, and the environment is sustained. Our approach to achieving this vision is guided by our central commitments to active citizenship and accountability, and an approach that puts human rights at the centre of development.

Oxfam Australia has worked with local communities around the world to combat poverty and injustice for over 50 years. We support more than 400 long-term development projects in 30 countries across Africa, Asia, the Pacific and Indigenous Australia. In 2009-2010, we responded to 25 emergencies and worked with 296 program partners to improve the lives of eight million people around the world.¹

Our supporters are an invaluable part of our organisation, contributing skills, time and financial support to advance our work. In 2009-10, we were supported by 3,174 volunteers, 177,696 individual donors and 146,782 activists.²

Oxfam Australia is a member of Oxfam International, a global confederation of 14 organisations that work in partnership with each other and with others, investing more than \$850 million a year³ to overcome poverty and injustice in almost 100 countries around the world.

¹ Oxfam Australia, Annual Report 2009-10, p6, accessed at <http://www.oxfam.org.au/resources/filestore/originals/OAus-AnnualReport-1210.pdf> 29 January 2011

² Oxfam Australia Annual Report 2009-10, p24-26, accessed at <http://www.oxfam.org.au/resources/filestore/originals/OAus-AnnualReport-1210.pdf> 29 January 2011

³ Figure in Australian dollars. Oxfam International, Annual Report 2009-10, p20, accessed at <http://www.oxfam.org/sites/www.oxfam.org/files/oxfam-international-annual-report-2009-2010.pdf>

2.3 About this submission

This submission draws on the expertise of staff across our organisation, both within and outside of Australia. It sets out our analysis of the key issues impacting on development, our learning and experience about what works and what does not work, and our knowledge of Australia's development assistance program flowing from our long-term partnership with the Australian Government.

The submission reflects how Oxfam sees poverty – that is, as a multi-dimensional and systematic denial of rights that reflects more than material deprivation or income-based poverty. Accordingly, it is founded on the kind of rights-based approach to development that we consistently advocate and seek to practise ourselves.

Moreover, the submission reflects our analysis that aid is just one component of the complex process of development. Aid cannot be considered in isolation from other government policies that impact on development. So, consistent with our recommendation for a clear strategic framework to guide all of Australia's development efforts, this submission refers throughout to Australia's development cooperation program, which we argue should encompass all aspects of government policy and action relevant to our development cooperation objectives.

3 THE CHANGING CONTEXT FOR AID AND DEVELOPMENT

3.1 Inequality as a driver of poverty

There have been important gains in economic growth and human development over the past 20 years. However, over the same period, inequality has increased - both within and across countries. In the Asia-Pacific region, most countries have higher income inequality now than they did a few decades ago⁴ and an estimated 75 per cent of the world's poorest people now live in middle-income countries.⁵

While economic growth raises incomes overall, its effect on income poverty varies enormously from country to country, depending largely on the level of inequality in a country, and the extent to which growth is used to increase or decrease inequality.⁶ In other words, growth is less efficient at reducing poverty where inequality is high. Moreover, if inequality deepens during growth periods, more growth is required to achieve the same poverty outcomes. For these reasons, the way in which economic growth is distributed needs to be carefully managed.⁷

Inequality is linked with other dimensions of well-being, including physical and mental health, education, social cohesion and conflict.⁸ Furthermore, unequal societies are more vulnerable to economic and other shocks, as well as the impacts of increasing scarcity and climate change.

Despite the very clear link between poverty and inequality, development efforts have often failed to adequately address inequality. Even in regions where the greatest poverty reduction advances have occurred, there remain significant populations whose conditions have not improved. For this reason, some suggest that the main reason the world is unlikely to achieve the Millennium Development Goals (MDGs) is because growing inequalities in a majority of developing countries are slowing down national progress.⁹

Accordingly, it has been argued that the goal of development and the role of aid need a major rethink.¹⁰

“For some people this suggests that we should reconceptualise development as the ability of all the world’s citizens to live decent lives, rather [than] a problem of economic industrialisation of poor countries.....[i]t calls for a different kind of policy agenda, which is as much to do with empowerment and political voice as the transfer of resources and investment in public services.”¹¹

⁴ UNDP (2010). *Human Development Report 2010: The Real Wealth of Nations: Pathways to Human Development*, UNDP: 6.

⁵ Sumner, A. (2010). 'Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?', *IDS Working Paper*.

⁶ Melamed, C (2010) 'Economic Growth and the MDGS', ODI Briefing paper no.60

⁷ World Bank (2010) Solomon Islands Growth Prospects: Constraints and Policy Priorities, Discussion Note.

⁸ Wilkinson and Pickett (2009) *The Spirit Level*, WHO (2008) *Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health*. Geneva: Commission on Social Determinants of Health. UNDP (2010) *ibid*:7

⁹ Vandemoortele, Jan (2009). 'The MDG Conundrum: Meeting the Targets Without Missing the Point', *Development Policy Review*, Vol. 27, No. 4, pp. 355-371, July.

¹⁰ Sumner (2010): 26

¹¹ <http://www.owen.org/blog/3815>

3.1.1 Persistent gender inequality

Gender inequality is arguably the most acute and persistent example of inequality and remains the most fundamental obstacle to the eradication of poverty.¹² Over the past twenty years, no single indicator has had a greater impact on overall development than gender equality.¹³ Put simply, gender equality helps to reduce poverty and promote economic growth.¹⁴

Seventy percent of the 1.3 billion people who live in extreme poverty are women and girls. Two thirds of the one billion plus adults who lack basic literacy skills are women. Women perform two-thirds of the world's work and produce half the world's food, yet earn only ten per cent of the world's income and own one per cent of the world's property.¹⁵

Women have experienced additional setbacks over the past few years as the food, fuel and economic crises further undermined their livelihoods and purchasing power.¹⁶ Women are most likely to be adversely affected by climate change. As the principal producers of food crops, they have to work harder to produce food during drought and increasingly erratic rainfall, they have to travel further to collect water and energy for their homes and they have fewer opportunities to generate an income¹⁷.

Reflecting the inherent link between gender inequality and women's lack of power within the societies in which they live, women hold only 19 per cent of parliamentary seats and 16 per cent of ministerial posts worldwide, and are often under-represented at all levels of decision-making.¹⁸

In many instances, women are denied the ability to take control over their bodies and lives, despite policies and laws that enshrine these rights.¹⁹ Pervasive violence against women has been identified as one of the key reasons why development has lagged in the Pacific region,²⁰ and has been consistently identified as an obstacle to full implementation of the Beijing Platform for Action.²¹

Most policy responses recognise that gender equality and women's rights are a prerequisite for development and the eradication of poverty. However, most bilateral and multilateral development

¹² Gender is the most significant predictor of poverty and powerlessness: see arguments by Oxfam Canada and other CSOs in *Strengthening Canada's International Leadership in the Promotion of Gender Equality, A Civil Society Response to the Evaluation of the Implementation of CIDA's 1999 Policy on Gender Equality*, September 2009, CSO Working Group on Women's Rights, p1.

¹³ UNDP (2010) 2010 Human Development Report.

¹⁴ Zuckerman, E (2003), 'Engendering PRSPs: the Track Record and Key Entry Points', GTZ Regional Workshop – Engendering PRSPs in Africa, Nairobi: 2.

¹⁵ International Women's Day 2011 accessed at <http://www.internationalwomensday.com/facts.asp> 29 January 2011 and FAO "Women and Food Security" accessed at <http://www.fao.org/FOCUS/E/Women/Sustin-e.htm> 29 January 2011.

¹⁶ Green D, R, King & Miller-Dawkins M (2010) 'The Global Economic Crisis and Developing Countries' Oxfam International Research Report.

¹⁷ UNDP (2009) *Resource Guide on Gender and Climate Change*, United Nations Development Programme.

¹⁸ IPU (2009) *Is Parliament Open to Women? An Appraisal*, Conference for Chairpersons and Members of Parliamentary Bodies Dealing with Gender Equality 28–29 September 2009, p5 accessed at <http://www.ipu.org/PDF/publications/wmn09-e.pdf> 29 January 2011

¹⁹ One in every three women around the world has been beaten, coerced into sex, or otherwise abused in her lifetime : General Assembly, (2006). *In-Depth Study on All Forms of Violence against Women: Report of the Secretary General, A/61/122/Add.1*. 6 July 2006.

²⁰ Pacific Islands Forum (2009) Final Communique of 40th Pacific Islands Forum, Cairns, Fortieth Pacific Islands Forum, Cairns, Australia, 5–6 August 2009, PIFS(09)12.

²¹ ECOSOC (2010) Review of the implementation of the Beijing Declaration and Platform for Action, the outcomes of the twenty-third special session of the General Assembly and its contribution to shaping a gender perspective towards the full realization of the Millennium Development Goals: Report of the Secretary-General, E/2010/4*–E/CN.6/2010/2*, 8 February 2010.

agencies have been unprepared to back up their policy statements by making gender equality ‘mission critical’ – that is, by making it central to all development strategies, programs and activities. This inaction has further entrenched existing inequalities, minimised the positive impact of targeted policy efforts and hampered global progress towards achieving other development goals, such as the MDGs.

3.2 Growing competition for scarce resources

Demand for resources such as land, water, minerals and carbon space is expected to increase significantly over the next twenty years: food by 50 per cent, water by 30 per cent, and energy by 50 per cent. Competition for these resources is increasingly acute and putting untenable pressure on their sustainability.

In both developed and developing countries, growth in demand is being driven by a potent combination of population growth, urbanisation, rising incomes, changing diets,²² and competition from other uses, for example using land for carbon sequestration and biofuel production²³ or using rivers for hydropower. It threatens to overwhelm the clear limits to the planet’s resources.²⁴

While demand grows for resources, the impacts of climate change are contributing to their scarcity by reducing agricultural production and exacerbating critical water shortages. The Food and Agricultural Organization (FAO) projects that African agricultural output will fall between 15 and 30 percent as a result of climate change by 2080-2100.²⁵ Increasing scarcity poses enormous risks for food security. While hunger has persisted for generations, in 2008 the number of people affected by hunger rose to over one billion for the first time in history.

However, scarcity of resources is not always the result of their shortage. In many cases it is the product of entrenched inequalities, the denial of rights, and a lack of power. Three quarters of the world’s hungry – many of them women – live in rural areas and most of them work as small-scale food producers, either as farmers or labourers. Their hunger is usually not the result of lack of food but because their rights are systematically neglected, they are under-served by agricultural research, technology development and extension work, and generally caught in power structures where resources (and the benefits from them) are controlled by more powerful interests.

²² By 2050, nearly 70% of the world’s population will be urban, compared with about half today. Along with rising incomes, this will change consumption patterns, with shares of grains and other staple crops falling, and vegetables, fruit, meat, fish and dairy rising. FAO (2009) “How to feed the world in 2050” Executive Summary. Accessed at: [tp://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf](http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf), 28 January 2011

²³ Ibid

²⁴ The [Stockholm Resilience Centre](http://www.stockholmresilience.org) has identified nine critical planetary boundaries that must not be transgressed if we are to avoid catastrophic environmental change – including climate change, biodiversity loss, freshwater use, land conversion, and nitrogen and phosphorous use. Three of these boundaries (nitrogen use, biodiversity loss and climate change) appear to have already been crossed, creating the risk of tipping points and irreversible environmental change. Accessed at <http://www.stockholmresilience.org/planetary-boundaries> 28 January 2011

²⁵ FAO, 2009, [How to Feed the World in 2050](http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf), p. 29 Accessed at: [tp://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf](http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf), 28 January 2011

Again, there is a clear interconnection between issues of inequality, urbanisation and scarcity, illustrated by the disproportionate impact of food shortages and price increases on women and girls in urban areas.

3.3 Increasing volatility, vulnerability and humanitarian crises

Over the past decade the world's poor have experienced multiple and often simultaneous shocks – the global food crisis, the energy crisis and the global economic crisis. These have been compounded by an increasingly unstable climate and escalating humanitarian crises. Floods, earthquakes, droughts and cyclones have become more frequent and the number of people affected by them has grown.

The number of people affected each year by 'natural' disasters has increased, on average, from around 75 million people in 1980 to almost 250 million people in 2007. Moreover, given the impacts of climate change, we can expect more disasters in the future, with predictions that the number of affected people will grow to 375 million people each year by 2015.^{26 27}

Disaster impacts are much worse when people are already poor and vulnerable, and where peoples' resilience and coping capacities are already fragile. In the Haitian capital of Port-a-Prince, the impact of the 2010 earthquake was significantly worsened by pre-existing conditions of vulnerability: before the earthquake hit, unplanned urbanisation had resulted in widespread urban poverty, displacement and one million people living in inadequate housing, diminishing the community's resilience to shocks.²⁸

So, the challenge is not simply that there are more crises, but that the combined effects of climate change, greater concentrations of people on marginal land (in both urban and rural areas) and deep-rooted inequality are making communities more vulnerable to those crises. Climate change increases the geographic spread of debilitating diseases such as malaria and dengue fever; has a negative impact on the social determinants of health in the poorest communities;²⁹ displaces affected communities and can contribute to conflict.³⁰ Climate change has therefore been described as the "the biggest global health threat of the 21st century"³¹ and has the potential to reverse "the hard-earned development gains of the past decades and the progress toward achieving the Millennium Development Goals".³²

²⁶ Oxfam International (2009) *Right to Survive: The Humanitarian Challenge for the 21st Century*, written by Tanja Schuemer-Cross and Ben Heaven Taylor, April 2009, p24.

²⁷ In a typical year between 1998 and 2007, 98 per cent of people affected by crisis suffered from climate related disasters such as droughts and floods: Oxfam International, *Right to Survive: The Humanitarian Challenge for the 21st Century*, written by Tanja Schuemer-Cross and Ben Heaven Taylor, April 2009, p2

²⁸ Oxfam International, *From Relief to Recovery: Supporting good governance in post-earthquake Haiti*, January 2011. Accessed at <http://www.oxfam.org/en/policy/relief-recovery> on 29 January 2011,.

²⁹ Costello, A. et al. (2009) "Managing the Health Effects of Climate Change." *The Lancet* 373 (9676): 1693-1733.

³⁰ *Development and Climate Change: A Strategic Framework for the World Bank Group* Report to the Development Committee Accessed October 12, 2008, p.1 available at [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21928837/DC2008-0009\(E\)ClimateChange.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21928837/DC2008-0009(E)ClimateChange.pdf), 29 (accessed 19 January 2011)

³¹ Costello, A. et al. (2009) "Managing the Health Effects of Climate Change." *The Lancet* 373 (9676): 1693-1733.

³² *Development and Climate Change: A Strategic Framework for the World Bank Group* Report to the Development Committee Accessed October 12, 2008, p.1 Accessed at [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21928837/DC2008-0009\(E\)ClimateChange.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21928837/DC2008-0009(E)ClimateChange.pdf) 19 January 2011)

Humanitarian relief efforts often focus on high visibility disasters such as the Pakistan floods and Haiti earthquake. In the future, they will need to address other types of disasters that have less public profile. These slow-onset chronic crises – such as the gradual increase in the number of people suffering from hunger – will affect very large populations. Their impacts will be worsened if they are allowed to undermine the resilience of communities, and reduce their ability to cope with idiosyncratic shocks, such as a bad crop, illness or a drop in family income.

Humanitarian crises – and their complexity – are also increasing as a result of escalating conflict and violence. Conflict-related deaths have been growing since 2005, with two-thirds of these deaths occurring in Afghanistan, Iraq, Pakistan, Somalia, and Sri Lanka.³³ Ninety per cent of these victims are civilians and, of those, 70 to 80 per cent are women and children.³⁴ While civilians are increasingly targeted in conflict, most deaths are caused by the wider effects of conflict, such as dysentery or interruptions to food supply and markets.

Conflict worsens the situation of the world's poor: at least 22 of the 34 countries least likely to achieve the MDGs are in the midst of – or emerging from – conflict.³⁵ Moreover, no country categorised as 'fragile' by the World Bank has yet to achieve a single MDG.³⁶ This is reflected by Oxfam's Australia's own experience; almost every country where we work – Sri Lanka, Solomon Islands, Timor Leste, Mozambique, Zimbabwe, Cambodia, Laos, to name just some – is a site of current, recent or significant historical conflict. Conflict exacerbates existing inequalities and further marginalises already marginalised groups of people. Women and girls experience high rates of sexual violence, particularly during complex and protracted conflict situations.

Forced and protracted human displacement is also a key feature of humanitarian crises. During 2009, forced displacement due to conflict and persecution peaked at the highest level since the mid 1990s, reaching a total population of 43.3 million people worldwide.³⁷ Simultaneously, the number of refugees able to safely repatriate plummeted to the lowest level in over 20 years, at just 251,500 people.³⁸ The vast majority of the world's 15.2 million refugees – 80 per cent – are hosted by developing countries that are often facing their own immense social and developmental challenges.³⁹

³³ Geneva Declaration Secretariat, Global Burden of Armed Violence report, 2008, p3 accessed at <http://www.genevadeclaration.org/fileadmin/docs/Global-Burden-of-Armed-Violence-full-report.pdf> 28 January 2011

Op. cit p31 ³⁴ <http://www.peacewomen.org/brochureengels2010.pdf>

Leo B & Barthelemy J (2010) Who Are the MDG Trailblazers? A New MDG Progress Index, Center for Global Development Working Paper 222, August 2010 accessed at <http://www.cgdev.org/content/publications/detail/1424377>³⁵ .29 January 2011

³⁶ MDG Monitor findings cited in World Bank, *World Development Report 2011: Concept Note* Accessed at:

http://siteresources.worldbank.org/EXTWDR2011/Resources/6406082-1256239015781/WDR_2011_Concept_Note_0207.pdf, 29 January 2011

³⁷ The downturn in refugee repatriation and IDP return prospects has been attributed to the mounting intractability and complexity of contemporary conflicts and chronic disasters. UNHCR News Stories, 15 June 2010 "Number of forcibly displaced rises to 43.3 million last year, the highest level since mid-1990s" accessed at <http://www.unhcr.org/4c176c969.html>, 28 January 2011

³⁸ Ibid

³⁹ Pakistan, for instance, hosts 1.7 million refugees, easily the highest of any country in the world, and is also grappling with its own significant numbers of internally displaced citizens due to conflict as well as the aftermath of the 2010 floods. 2009 Global Trends: Refugees, Asylum-seekers, Returnees, Internally Displaced and Stateless Persons, UNHCR Division of Programme Support and Management, 15 June 2010, p1, accessed at <http://www.unhcr.org/4c11f0be9.pdf> 28 January 2011

3.4 Evolving global dynamics

As we enter a multi-polar world, changes in global dynamics provide new challenges and opportunities for development. As a middle-power, Australia has the potential to play an important – and, in some cases, pivotal – role in international efforts to address poverty, inequality and human rights violations. An effective development cooperation program will require strong engagement with global institutions and processes that extend well beyond a narrow focus on aid.

It is particularly important that Australia engages strongly with the Group of Twenty (G20). The emergence of the G20 as the primary global body for international economic affairs means that a greater range of countries – including those that continue to face major development challenges – now play a stronger role in shaping the global development agenda. It also means Australia is better placed to influence international development efforts. While the G20 played a crucial role in stabilising the global economy following the Global Financial Crisis it should now devote more attention to advancing the global development agenda, including through its Development Working Group.⁴⁰ Australia should play a key role in this area, helping to ensure a clear focus on the reduction of poverty and inequality.

Australia should also play a strong role in ensuring that the G20 is a more inclusive and effective forum. Although more representative than its predecessor, the G8, the G20's limited membership denies low-income countries the opportunity to participate in decisions that affect their development. As a first step towards addressing this, the G20 should grant membership to key regional bodies, such as the African Union and the Association of Southeast Asian Nations. However, key decisions relating to global development should continue to be reserved for the United Nations where all countries have the opportunity to participate.

A diverse range of new actors are increasingly involved in the provision of development finance. These include middle-income and developing countries, such as China, India, Brazil and the Arab states; specialised vertical funds, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria; and private philanthropic organisations, such as the Bill & Melinda Gates Foundation.

These actors provide significant amounts of development assistance - in some cases, more than wealthy members of the OECD Development Assistance Committee (DAC)⁴¹ or the international financial institutions. For example, China has now overtaken the World Bank in levels of lending.⁴² Australia will

⁴⁰ It is also likely to continue to have a strong role in ongoing reform of the BWIs, for instance in setting benchmarks for developing country representation in their voting structures.

⁴¹ Hamad and Morton (2009), "Non-DAC donors and reform of the international aid architecture", The North-South Institute, <http://www.nsi-ins.ca/english/pdf/Non-DAC%20donors%20&%20aid%20architecture.pdf>, 29 January 2011. Global vertical funds have so far raised a total of \$33 billion and private philanthropic groups provide over \$60 billion per year. UNDP estimates that there are now over 1,000 financing mechanisms available to developing countries.

⁴² Dyer, G, J. Anderlini and H. Sender (2011), 'China's lending hits new heights', Financial Times, 17 January 2011, <http://www.ft.com/cms/s/0/488c60f4-2281-11e0-b6a2-00144feab49a.html#ixzz1CSVCJgmq>.

need to find new ways to engage with these new actors given their increasingly strong influence in developing countries.

While increased aid from increased sources provides more choice and opportunity for aid recipient countries, this proliferation of actors is leading to increased fragmentation, duplication, complexity and dysfunction in the overall development system. For development assistance recipients, it has resulted in substantial increases in transaction costs and greater difficulty in coordinating, leading and managing national development programs. As one development actor among many, and consistent with international aid effectiveness agreements, Australia should seek to coordinate its development assistance with other donors wherever possible.

The influence of the private sector in global power dynamics, while not a new development, continues to increase. The private sector is an essential and integral driver of development in developing countries. Combined with an effective state and active citizenship, it is a key element in promoting the transition from aid dependency. However, the actions of the private sector have in a number of instances had the opposite effect, further entrenching poverty and inequality.

Many Australian companies work in developing or post-conflict countries. There are more than 300 Australian mining companies with operations in Africa, for example.⁴³ While they often provide an important source of employment, income and trade, Australian companies have not been exempt from allegations of human rights violations, significant environmental damage or negative impacts on the health and livelihoods of local communities.⁴⁴

The challenge of effectively regulating the practices of large companies that operate across national borders has long been recognised. Nevertheless, there are now a range of mechanisms to promote greater accountability, transparency and respect for human rights within the private sector.⁴⁵ The Australian Government should help to promote these mechanisms and work with Australian companies to, not only ensure they adhere to accepted standards and norms, but are able to play a more active role in Australia's development cooperation efforts around the world.

Global civil society is rapidly evolving, with broad membership and representation that emphasises inclusion, the acceptance of broad development agendas, and rights based approaches. New social movements are forming around the use of digital communications and greater access to real-time

⁴³ Speech by The Hon. Stephen Smith MP, Australian Minister for Foreign Affairs, Africa Down Under Conference, 3 September 2009, Perth

⁴⁴ For example: Australian mining company OceanaGold, which is trying to develop a mine in the Philippines, has recently been found by the Commission on Human Rights of the Philippines to have breached the right to adequate housing and the rights to property, violated the right to freedom of movement and security of person, and violated the right of Indigenous Peoples to their culture and identity. (Commission on Human Rights of the Philippines, Resolution CHR (IV) No. A2011-004). Australian mining company Anvil operates in the Democratic Republic of the Congo. Anvil is facing allegations in a Montreal court that it played a role in serious human rights abuses and the deaths of more than 70 people in the DRC in 2004 (http://raid-uk.org/docs/KilwaClassAction/Kilwa_class_action_press_release_EN_8Nov10.pdf).

⁴⁵ These include the OECD Guidelines for Multinational Enterprises and the "protect, respect and remedy framework" [developed by Professor John Ruggie, Special Representative of the UN Secretary General on human rights and transnational corporations and other business enterprises]

information. Active citizens are also exercising their power as ethical consumers, seeking to collectively influence the practices of the private sector. Overall, global civil society is becoming an increasingly powerful and important participant in global development efforts, and is demanding inclusion and influence in key decision making fora.⁴⁶

3.5 Implications for Australia's development cooperation efforts

The complex and inter-connected global trends outlined above give rise to some clear implications for Australia's development cooperation program:

It is not possible to effectively tackle poverty without also tackling inequality. Moreover, efforts to translate economic growth into poverty reduction are less efficient where there are deep inequalities. Australia's development efforts should therefore now give much stronger emphasis to addressing inequality: this should be a core objective of our program. This emphasis presents a particular challenge because inequality is a product of deep rooted institutions and power relations. Further, it can be politically challenging to address inequality within the jurisdictions of partner governments. If it is to be truly effective, however, the Australian development cooperation program must address this challenge; for example, through developing new partnerships with governments based on a shared responsibility and accountability to the poor; a greater focus on pro-poor policy engagement with governments; careful targeting of interventions on marginalised groups and greater direct and indirect investment in supporting civil society to hold governments to account.

Gender equality must be "mission critical" to an effective Australian development cooperation program. This means integrating gender equality measures throughout the program, backed up by strong policy, appropriate training and skills development, long term and predictable investment, and high-level leadership.

Adopting a rights-based approach to development will help to promote greater aid effectiveness by addressing issues of inequality; empowering poor and marginalised people to secure their rights to food, water and land in the face of growing scarcity and competing demands; and ensuring the protection of vulnerable people caught up in conflict and crises.

An effective Australian development cooperation program needs to build resilience and support partners to withstand shocks and adapt to changing circumstances that threaten both national development and community livelihoods. This should include investment in AusAID's capacity to monitor changes in the

⁴⁶ As an example, civil society actors are now key participants in the official processes surrounding the High Level Forums on Aid Effectiveness that produced the Paris Declaration and Accra Agenda for Action, and bring a clear agenda to negotiations on international aid effectiveness agreements.

external environment, and support for enhanced social protection, climate change adaptation and disaster risk reduction programs.

Australia's development cooperation program should increase its capacity to respond to humanitarian crises of all types, focusing on where the need is greatest. Given the particular vulnerability of people caught up in crises and widespread evidence of sexual violence against women and girls in this context, humanitarian responses must go beyond material assistance, and focus on the protection of all people from serious human rights violations.

Aid is just one part of the development equation. Trade, investment, taxation and remittances, foreign policy, private sector engagement, immigration, defence and security all impact on development and should be incorporated and aligned in a whole-of-government approach to development cooperation program.

The Australian Government should use its role as a middle-power to proactively tackle the causes and effects of poverty, inequality and humanitarian crises in key international fora, including the United Nations, the OECD and the G20. Within these fora, it should also proactively support women's leadership and the participation of those most likely to be affected by decisions.

Recognising the pivotal role of the private sector in development and the enormous opportunity for Australian companies to contribute to Australia's development cooperation efforts, the Australian Government should play a stronger role in promoting accountability and transparency standards and find ways for Australian companies to play a more active role in Australia's development cooperation efforts.

Strategic engagement with civil society – in developing countries, in Australia and globally – is essential to ensure long-term, predictable investment in, and shared ownership of, development objectives, and to hold relevant actors accountable to those objectives. Moreover, a rights-based approach to addressing poverty and inequality demands civil society engagement in order to ensure rights-holders have the capacity to hold duty-bearers to account and duty-bearers have the capacity to fulfil their responsibilities.

Transparency and accountability – particularly to those that the development cooperation program seeks to benefit, as well as to the general public – will be critical to the integrity and effectiveness of Australia's development efforts. The Government should lead the way in promoting transparency and accountability for itself, Australian companies, private contractors and non-government organisations.

4 RESPONSE TO THE TERMS OF REFERENCE

4.1 Structure of the program

A clear objective is needed to guide Australia's development cooperation efforts across the whole of government. This objective should reflect both the current context for development and what has been learned through research and experience about effective development. Oxfam proposes that the objective of Australia's development cooperation should be: "to reduce poverty and inequality in line with Australia's role as a good international citizen".

Recommendation 1: The Australian Government should have a coordinated international development cooperation program across the whole of government.

Recommendation 2: The objective of Australia's development cooperation program should be: "to reduce poverty and inequality in line with Australia's role as a good international citizen".

A clear objective is an important first step. However, adhering to this objective and maintaining a consistent approach over the long term is what will really count. To help achieve this, there is a need to build cross party support for key elements of the program, establishing a firm foundation for the future of the program that is capable of withstanding changes of government. Specifically, there is a need for long-term agreement regarding:

- the objective of the program;
- a small number of key priorities;
- adherence to key international human rights standards, aid agreements and Good Humanitarian Donorship principles.⁴⁷

These elements should be included in an overarching strategic framework for Australia's development cooperation program across the whole of government and could also be set out in a legislated mandate for the program. In addition, we suggest that the program could be made more effective by the establishment of an independent Department for International Development Cooperation and the appointment of a cabinet level Minister for International Development Cooperation. These issues are addressed in more detail in Section D.

⁴⁷ See <http://www.goodhumanitarianandonorship.org/gns/home.aspx>

4.1.1 *Appropriate geographic focus, taking into account partner country absorptive capacity*

In response to the Simons Review of 1997, the government indicated that Australia's aid program would continue to concentrate on the Asia Pacific region with selective engagement elsewhere, and flexible responses "to humanitarian and emergency relief situations wherever they arise".⁴⁸ This focus has remained until recently.

Increased resources for the Australian development cooperation program now provide the opportunity to extend the program's geographic scope into regions that include sub-Saharan Africa, Latin America and other parts of the Pacific. This is already occurring. Such expansion will allow Australia to increase its poverty reduction efforts by working more substantially in Sub-Saharan where the percentage of people living under the poverty line is highest.⁴⁹ Australia has development expertise it can draw on relevant to these contexts, as well as significant trade, mining and commercial relationships. Expansion into these regions could help us to learn from a broader range of development contexts, which could strengthen our engagement and influence in multilateral fora.

However, there are also a number of risks associated with the geographic expansion of the program:

- *Fragmentation.* The dispersal of development assistance over new countries could result in resources being spread too thinly to effectively reduce poverty.
- *Inefficiency and increased management burden for Australia.* Geographic expansion of the development cooperation program presents management challenges for Australian government officials, which will be exacerbated in the absence of commensurate investments in AusAID's capacity to manage that growth.
- *Inefficiency and increased management burden for aid recipients.* Some recipient governments are already struggling with high transaction costs and management challenges associated with a large number of donors – many of whom provide small amounts of aid. Australia contributes to this problem: in 2007-8, 96% of country program aid was provided to its top 20 recipients; but 39 countries received a total of just 4% of country program aid.⁵⁰ As the Australian National Audit Office (ANAO) has recognised "while AusAID has been responsive in management of country programs, their continued scaling up necessitates more

⁴⁸The Hon. Alexander Downer, Minister for Foreign Affairs, "Better Aid for a Better Future", 18 November 1997, accessed at http://www.ausaid.gov.au/media/release.cfm?BC=Speech&ID=9468_5774_2981_3198_6381 on 29 January 2011

⁴⁹The World Bank 's estimate of the poverty head count ratio in Africa in 2005 at \$1.25 per day is 50.9%, compared to 40.8% in South Asia and 16.8% in East Asia and the Pacific – see "Poverty" accessed at <http://data.worldbank.org/topic/poverty> on 29 January 2011

⁵⁰ Australian National Audit Office ANAO Audit Report No.15 2009–10 "AusAID's Management of the Expanding Australian Aid Program" pp 70-71

strategic approaches...that contribute to global efforts to reduce aid fragmentation and proliferation".⁵¹

- *Loss of clear focus.* A loss of focus on Asia and the Pacific could reduce the benefits of the experience, relationships and influence that Australia has built over a long period.
- *Pursuing national interests in ways that do not help to reduce poverty and inequality.* If a narrow interpretation of Australia's national interests drives the expansion of the development cooperation program too strongly, there will be a developmental cost in terms of the effectiveness and impact of the program. This could damage other equally, if not more, important national interests that depend on poverty reduction and sustainable development in particular countries and regions.

Given the need to balance the potential benefits of geographic expansion with the need to address these risks, any expansion should be guided by the overall objective of the development cooperation program – to reduce poverty and inequality in line with Australia's role as a good international citizen. Moreover, since reducing poverty and inequality depends on much more than aid, Australia's policies on trade, climate change, defence and foreign policy will be central to our engagement with new regions. In other words, geographic expansion should not necessarily mean the provision of development assistance to more countries. Furthermore, Australia has the opportunity to help reduce poverty and inequality in an expanding range of countries by actively participating in the development-focused processes of the G20, the United Nations and other multilateral bodies.

Any continued expansion into Africa and Latin America will require a strong, clear rationale that demonstrates how such expansion will contribute to the reduction of poverty and inequality, the extent to which policies and approaches across the whole of government are consistent with this objective, and how the expansion of the program will contribute to greater international and multilateral cooperation more broadly (see section D).

Expansion of the development cooperation program should be guided by the following criteria:

- *Will it effectively reduce poverty and inequality?*
- *Is it consistent with internationally agreed aid effectiveness principles?*

Expansion should not lead to additional administrative burdens on recipient governments or contribute to aid fragmentation. Wherever possible use of multilateral agencies, partnerships with other bi-lateral donors, or working with existing local or international civil society actors

⁵¹ Australian National Audit Office ANAO Audit Report No.15 2009–10 "AusAID's Management of the Expanding Australian Aid Program" p18

should be explored before considering the establishment of new stand-alone bi-lateral programs.

- *Is it being implemented transparently and accountably?*

The Government will need to make public:

- a) the rationale for expanding the program, the whole-of-government approach it will take, who it will partner with and what strategies it will adopt;
- b) how the program will be monitored, particularly if more aid will be allocated to multilateral, other bilateral agencies or civil society organisations; and
- c) regular assessments of the degree to which the program is contributing to poverty reduction and greater equality, and is consistent with commitments to the Paris Declaration and Accra Agenda of Action.

Humanitarian assistance should be considered separately and distinctly from broader discussions regarding the geographic expansion of development assistance. The principles and risks associated with general expansion of the program do not apply in the same manner to humanitarian assistance. Rather, Australia should maintain its commitment to respond to humanitarian crises on the basis of need, wherever that need arises, consistent with principles of humanity, impartiality, neutrality and independence. Humanitarian action should also be proportionate and consistent with Australia's Good Humanitarian Donorship commitments in order to help prevent inadequate responses to 'forgotten emergencies' on one hand, or relatively overfunded crises on the other.

Recommendation 3: **Any geographic expansion of Australia's development cooperation program should:**

- **advance the overall objective of the program to reduce poverty and inequality in line with Australia's role as a good international citizen**
- **be consistent with internationally agreed aid effectiveness principles, and**
- **be implemented in a transparent and accountable way.**

Recommendation 4: **Humanitarian assistance should be proportionate and provided on the basis of need, rather than a pre-determined geographic focus.**

4.1.2 *Appropriate sectoral focus of the program, taking into account Australia's area of comparative advantage and measured development effectiveness results*

First and foremost, it is critical to recognise – in line with the Paris Declaration and the Accra Agenda for Action – that developing countries should be in charge of setting their own development priorities and donors should be prepared to respond to and support those priorities. It is also important to recognise that effective development cooperation is built on partnership and dialogue. If the Australian development cooperation program is built too rigidly on predetermined sector priorities, it risks undermining partnership, dialogue and, ultimately, effective development.

The issue of sector focus represents a dilemma for international development agencies such as AusAID. This is because there is an inherent tension between on the one hand ensuring a sufficient sector focus to generate a critical mass of institutional expertise and capacity, and on the other hand retaining the flexibility necessary to be responsive to the development priorities of partner governments.

The 2010-11 AusAID budget nominates education, health, governance and infrastructure as the key areas of investment, with education identified as the “centrepiece” of the current aid program. Oxfam notes that the ANAO has warned that “a focus on depth and quality of engagement is needed”⁵² and that AusAID staff have indicated the current breadth of focus in country programs makes it hard for them to develop and draw on knowledge in specific areas, and that this makes it difficult to engage productively in policy dialogue with partner governments.⁵³

For these reasons, Australia’s development cooperation program should approach the establishment of sectoral focus with caution. Recognising and respecting the inherent tension outlined above, Oxfam Australia believes that it is appropriate for AusAID to develop sectoral foci at both institutional and country levels. We suggest the following approach.

4.1.2.1 Sectoral focus of individual country programs

Two key principles should guide the establishment of sector focus for individual country programs. First, developing countries should set their own development agenda and priorities, where applicable through locally devised, national development plans that involve their citizens in meaningful ways. Second, the process of determining sector focus should be consistent with the aid effectiveness principles set out in the Paris Declaration and Accra Agenda for Action, in particular those that emphasize country ownership and leadership.

Within these guiding principles, choice of sector focus should:

- not be pre-determined, but be identified on a country-by-country basis;

⁵² Australian National Audit Office ANAO Audit Report No.15 2009–10 “AusAID’s Management of the Expanding Australian Aid Program” p77

⁵³ Op. cit. p 74

- be guided by Australia's overall sectoral focus, but based on development partner needs and priorities, and agreed as part of the development partnership, through dialogue and negotiation. If Australia cannot reach agreement with a development partner on appropriate sector focus, Australia should look at other options for supporting the partner's needs, including providing support through other donors that work in the required sector, or through multilateral institutions; and,
- Involve dialogue with other donors with a focus on achieving better harmonisation, alignment and division of labour.

4.1.2.2 Sectoral focus for the overall development cooperation program:

The Australian Government should identify a small number of sectors in which it will focus its development cooperation efforts and develop specific expertise. These should be based on: current and emerging needs based on key trends in the global development context; sectors most relevant to meeting the MDGs; dialogue with and analysis of partner country needs, and thorough analysis of the political and development context within Australia's region of engagement.

Overall sector focus should also reflect and draw on core competencies within Australia's development cooperation program. This should be backed up by appropriate staff expertise, skills and experience within key agencies, in particular AusAID. This will require development of a cadre of expert staff with sector relevant skills, backed up by appropriate (and ongoing) professional development programs, and incentives to encourage long-term commitment and reduce staff turnover.

While remaining flexible to new trends and needs, Australia should attempt to build a measure of longevity into its overall sectoral focus, and to mitigate frequent changes of sector focus resulting from changes of government and political preference. This means articulating the benefits of longer term sectoral focus within the development community; and ideally, building bipartisan support for key sectors.

Based on our current global analysis, Oxfam Australia suggests the following institutional sector focus as a starting point for consideration by AusAID:

1. **Gender inequality** with a particular focus on women's economic empowerment, violence against women, and political leadership.
2. **Building sustainable livelihoods in rural and urban areas**, which build resilience to future shocks, including climate change; develop social protection; and contribute to broader objectives of food security.

3. **Essential services**, including water, sanitation and hygiene, health and education, in particular the ability to support the development of effective and sustainable health and education systems.
4. **Humanitarian action** – including the development of capacities to prevent, prepare for and respond to chronic and protracted crises; and
5. **Governance and civil society engagement** including the promotion of human rights, transparency, accountability and citizenship.

These potential areas of focus respond to the emerging global context for development discussed in part 3 of this submission. In particular, they address issues of inequality, scarcity (of, for example, water and food) and the likelihood of increased humanitarian disasters. They also maintain a strong focus on the MDGs, including key MDGs relating to poverty reduction, hunger, gender equality, health and education.

Given projected increases in the number of humanitarian crises around the world, it will be important for the Government to continue to allocate around the same proportion of the aid budget as it currently does to humanitarian response, and be prepared to increase this percentage as crises escalate.

Recommendation 5: **Sector focus at the country level should not be pre-determined, but identified on a country-by-country basis, consistent with agreed aid effectiveness principles.**

Recommendation 6: **The development cooperation program as a whole should adopt a long-term focus on a small number of sectors that respond to current and emerging development needs and are most relevant to meeting the MDGs in Australia’s region of engagement.**

Recommendation 7: **The Australian Government should continue to allocate around the same proportion of the development assistance budget as it currently does to humanitarian response, and be prepared to increase this as humanitarian crises escalate.**

4.1.3 Relative focus on low and middle-income countries

Australia’s development cooperation program should focus on improving the lives of the poorest people, wherever they live. Those who live in least-developed and low-income countries will face distinct challenges and should continue to be a focus. The continuing impact of the financial crisis on government revenues and spending means that these countries need support and resources more than ever.

However, three-quarters of the world's estimated 1.3 billion people in extreme poverty now live in middle-income countries.⁵⁴ This is a significant change from 20 years ago, when 93 per cent of extremely poor people lived in low-income countries and suggests that achieving the MDGs will require engagement with middle-income countries in relation to poverty and inequality. Engagement with middle-income countries will be particularly strategic for Australia given the enormous number of people living in poverty in middle-income countries in the Asia Pacific region. Moreover, a number of low-income countries in the region have strong potential to move to middle-income status in the next decade – for example, Timor-Leste and Papua New Guinea, where oil and natural gas projects are expected to come on-line during this period.

Middle-income countries are not a single, homogenous group – they have Gross National Incomes ranging from \$976 to \$11,455 per capita⁵⁵ and their political context varies enormously. While some appear to have sufficient resources to meet their own development needs, others – for example, Pakistan – only just classify as middle-income countries, so withdrawing development assistance might cause them to suddenly slip back.⁵⁶

Generally, however, aid constitutes a much smaller share of national income for middle-income countries than for low-income countries, so the challenge for 'donors' is to adopt a broader range of development cooperation approaches beyond the simple transfer of resources. These may include promoting accountability to international human rights standards, the empowerment of women and other marginalised groups, securing the pro-poor benefits of bilateral and international trade agreements, the establishment of progressive tax regimes and addressing and adapting to climate change. Particular focus should be given to supporting civil society to hold governments to account.

Sumner has argued for an approach that:

*...looks to poor people, wherever they live, and focuses on new partnerships between governments based on shared responsibility and accountability to the poor (such as the Responsibility to Protect, known as R2P in humanitarian situations) rather than a straightforward donor and recipient view of the world. This could work as a commitment to provide a minimum level of income, healthcare, and education for citizens, with the financial responsibility shared between rich and poor countries on a sliding scale depending on the wealth of the country where groups of poor people are living.*⁵⁷

Approaches to reducing poverty and inequality in middle-income countries will need to be context specific. Australia's ability to reduce poverty and inequality in middle-income countries is likely to be lower in regions where Australia has fewer economic, trade, political and social connections. It is

⁵⁴ Sumner, A. (2010). 'Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?', *IDS Working Paper*. It should be noted that the change is almost entirely (90 percent) due to four countries – Indonesia, Nigeria, Pakistan and India – becoming newly classified as MICs (noting also that Pakistan is very close to the low income country threshold).

⁵⁵ See OECD "DAC List of ODA Recipients, Effective for reporting on 2009 and 2010 flows" Accessed at <http://www.oecd.org/dataoecd/32/40/43540882.pdf> on 29 January 2011

⁵⁶ Sumner, A. (2010). 'Global Poverty and the New Bottom Billion: What if Three-Quarters of the World's Poor Live in Middle-Income Countries?', *IDS Working Paper*.

⁵⁷ Sumner, A. (2010). 'The New Bottom Billion and the MDGs – A Plan of Action', *IDS In Focus Policy Briefing*, IDS, 2.

therefore probably the case that Australia should focus its development cooperation efforts on those middle-income countries in the Asia Pacific region, where Australia plays a key role through bilateral and regional trade agreements and in other areas, such as labour mobility and migration.

Recommendation 8: **Australia’s development cooperation program should focus on the world’s poorest people, regardless of where they live. Different strategies will be required to address poverty and inequality in low and middle-income countries.**

Recommendation 9: **Given Australia’s ability to reduce poverty and inequality in middle-income countries will be greatest where Australia has more trade, economic, political and social connections, the development cooperation program should focus mostly on middle-income countries in the Asia Pacific region.**

Recommendation 10: **The Australian Government should actively promote equitable development at the international level in trade, climate change and immigration negotiations and by promoting and implementing initiatives such as Publish What You Pay and the Extractive Industry Transparency Initiative (also see section 4.4)**

4.1.4 Relative costs and benefits of different forms of aid, including the role of NGO’s and the appropriate balance between multilateral and bilateral funding arrangements

4.1.4.1 The role of civil society and non-government organisations

The role of NGOs in the Australian aid program is well established. While Australian NGOs have their own set of principles and objectives, particularly in relation to the realisation of rights, they share and support the Australian aid program’s broad objectives of poverty reduction and achieving sustainable development.

AusAID recognises that NGOs are important partners in the delivery of the Australian development assistance program and recently reiterated its commitment to working with and through NGOs. Indeed, as the development cooperation budget is scaled up, AusAID expects to increase its “reliance on partner governments (where practicable) and trusted multilateral organisations and NGOs”.⁵⁸ However, a recent evaluation of AusAID’s engagement with civil society suggests that it should develop a more strategic agenda for its work in this area, specifically that:

⁵⁸ AusAID email communication to ACFID, 6 December 2010

“AusAID move from scatter-gun engagement with civil society to more strategic engagement. Specifically, it is suggested that AusAID develop a strategy for working with civil society within the overall framework of development and aid, both at headquarters level and country-office level. This strategy would recognise civil society as integral to the development process and would need to be supported by centres of expertise in Canberra and some country offices.”⁵⁹

Oxfam supports this recommendation.

NGOs and civil society organisations (CSOs) bring particular competencies, relationships and interests to the development process, many of which are inherently different from – but complementary to – those brought by multilateral and bilateral agencies. Accordingly, NGOs and CSOs have a number of comparative advantages in delivering effective development assistance in particular areas.⁶⁰ These include:

- experience and capacity to work in difficult contexts;
- experience and capacity to work with remote or marginalised groups in both emergency and longer term contexts;
- an emphasis on local partnerships and capacity development, often with community groups directly;
- being well-positioned to contribute to policy dialogue and build active citizenship and civil society in both developed and developing countries;
- the ability to mobilise and build civil society internationally, including through international NGO confederations and coalitions;
- being well-positioned and equipped to address issues of inequality, which in some instances are not easily addressed through government-to-government programs; and
- a capacity to innovate and test new ideas, particularly in the area of quality standards and accountability.⁶¹

While recognising these distinctive advantages, it is equally important not to view governments, civil society, and traditional institutions as completely separate from each other as this neglects the important overlaps and interactions between them, which can lead to greater impact.⁶²

Australian NGOs are keenly aware that to maintain legitimacy as development actors, they must be able to demonstrate their own effectiveness and accountability. Many NGOs are signatories to codes of

⁵⁹ AusAID (2010) Working with the State alone is not enough' Evaluation of AusAID's Engagement with civil society: First Draft Report, August 2010

⁶⁰ AusAID (2010) Working with the State alone is not enough' Evaluation of AusAID's Engagement with civil society: First Draft Report, August 2010

⁶¹ See for example [SPHERE](#), the [Humanitarian Accountability Partnership](#), the [Active Learning Network for Accountability and Performance in Humanitarian Action](#), ([ALNAP](#)), ACFID (2010) 'Voice and Choice' report on innovations in NGO Accountability

⁶² Dinnen, S, Porter, D. Sage, C. 'Conflict in Melanesia: themes and lessons', World Development Report 2011 Background Paper, November 2, 2010

conduct in relation to specific areas of activity – for example, the provision of humanitarian assistance⁶³ – and in relation to their general operations.⁶⁴ Moreover, the establishment of a new national regulator for the not-for-profit sector offers an important opportunity to design a regulatory regime which recognises the diversity, vitality and culture of the sector⁶⁵ and “makes it easier for not-for-profits to do what they do best – help people.”⁶⁶

NGOs and CSOs should continue to play an important role in the Australian development cooperation program. Indeed, the growth of the program creates the potential for a significant increase in government support to NGOs and CSOs. However, this also raises questions regarding absorptive capacity and Oxfam is not simply arguing for an increase in government funding for NGOs. As with other delivery mechanisms for the development cooperation program, issues of aid effectiveness and comparative advantage should be the key consideration in determining the appropriate level of support for NGO's. Specifically, the government should consider the extent to which such support will effectively contribute to the objective of reducing poverty and inequality.

If the government does plan to significantly increase its support for NGOs, it will need to increase its own capacity to engage effectively with them and participate in mutual accountability processes. The government should also consider how best to support the health of the sector overall, including providing incentives for more effective collaboration between agencies, as well as promoting good leadership and management.

The role of civil society in Australia – which the AusAID civil society engagement evaluation did not address – also needs to be recognised and supported. This role includes: building community understanding of, support for and accountability around Australia's development cooperation program; promoting policy dialogue and debate on the role of government, the private sector and other actors in the development context; contributing to more robust knowledge and evidence of ‘what works’ through academic research (see case study below); and influencing curriculum development for future generations of development and humanitarian workers. The Australian Government should proactively engage with civil society in the pursuit of more effective development. It should develop a clear rationale and approach to guide such engagement.

⁶³ Many global and Australian NGOs and CSOs are involved in multiple processes to improve the effectiveness of their humanitarian and development work, including the CSO Open Forum and the recently agreed Istanbul Principles for Development Effectiveness.

⁶⁴ For example, most Australian development NGOs are signatories to the recently updated Australian Council for International Development Code of Conduct.

⁶⁵ See Oxfam's (2008) [submission to the Senate Enquiry into the disclosure regimes for charities and not-for-profit organisations](#)

⁶⁶ The Hon Tanya Plibersek, Minister for Human Services and Social Inclusion, “Next step to a national not-for-profit regulator”, Joint Press Release, 21 Jan 2011

New forms of partnership - The Oxfam-Monash Partnership

Monash University and Oxfam Australia started working together in 2008. The partnership started with internships to South Africa and collaborations around workplace giving. Research relationships were developed over time that culminated in a successful Australian Research Council Linkage grant in November 2010. In early 2010, the partnership received \$2.9 million from a trust fund to support collaborative efforts towards research on social justice, including collaborative action research, policy, advocacy and curriculum development around the themes of accountability, gender equality and climate change adaptation.

In September 2010, Oxfam and Monash convened 60 academics, Oxfam program and advocacy staff from over 10 countries and other key stakeholders, including an AusAID gender advisor, to start to develop common research agendas. In a first round, the partnership is supporting a project in Bangladesh to work with partner organisations to improve the gender sensitivity of responses to climate induced disasters.

Recommendation 11: **Non-government and civil society organisations should continue to play an important role in the Australian development cooperation program. To facilitate this, AusAID should:**

- **develop a clear strategy for its engagement organisations, and with civil society more broadly; and**
- **increase its own capacity to engage effectively with non-government and civil society organisations.**

Recommendation 12: **Aid effectiveness should be the key consideration when determining the appropriate level of support for non-government organisations.**

Recommendation 13: **The Australian Government should invest in developing the sector-wide leadership necessary to deliver an effective international cooperation program over the next twenty years through, for example, matching funding of emerging partnerships with universities and research institutes.**

4.1.4.2 Australia's multilateral development cooperation

A stronger focus on multilateral engagement is a key part of the Australian Government foreign policy: Foreign Minister Kevin Rudd has nominated support for a strengthened multilateral system as one of the

five basic principles guiding his approach to the delivery of the Australian aid program.⁶⁷ Australia allocated just over \$1 billion or approximately 30 per cent of its official development assistance to multilateral organisations in 2008-9, and has previously foreshadowed continued multilateral funding of between 25 and 35 per cent of Australia's development assistance as the program increases to 0.5 percent of GNI by 2015-16.⁶⁸ Given such substantial funding to multilateral organisations, it will be critical to ensure these funds are used effectively and in ways that support the overall effectiveness of the Australian development cooperation program.

AusAID has developed a draft Multilateral Engagement Strategy that provides a good basis for improving the effectiveness of Australia's multilateral development cooperation. Its particular strength is that it focuses both on making Australia's own work with multilateral institutions more effective, and the effectiveness of the multilateral development cooperation system as a whole.

There is, however, a key weakness in the strategy: it does not address the relative investment in core multilateral funding compared to funding that is 'earmarked' for specific multilateral programs or projects, other than committing to increase core funding to "high priority multilateral organisations". Australia currently provides a high proportion of its multilateral funding as earmarked contributions. Such funding can compromise the ability of multilateral institutions to fulfil their objectives and encourage 'flag-planting' by donor countries, which weakens the notion of collective goals and outcomes. Australia needs to give more attention to the balance of core funding and earmarked contributions to multilateral institutions, and continue to improve effectiveness through a greater emphasis on core funding.

Oxfam Australia has engaged in a productive dialogue with the government regarding other ways to improve Australia's multilateral development cooperation efforts, including:

- supporting initiatives such as the Multilateral Organization Performance Assessment Network (MOPAN), which provides a means to maximise resources and improve coordination;
- measuring multilateral effectiveness against Australia's own development objectives, by improving Australian-specific tools, such as the Performance Assessment Framework, so that they specify why multilateral funding is allocated, to which institutions, and for what outcomes; and instituting independent monitoring of and reporting on Australian earmarked contributions.
- measuring and reporting on multilateral institutions' performance in implementing the safeguard policies and accountability requirements that apply to international financial institutions;
 - providing more regular and comprehensive information to the Australian public on how Australia is assessing multilateral effectiveness, for example through better use of AusAID's website and Annual Report.

⁶⁷ From "The Importance of Aid Effectiveness", speech to Australian Council for International Development, 20 October 2010, http://www.foreignminister.gov.au/speeches/2010/kr_sp_101020.html

⁶⁸ AusAID, 2009, Draft Multilateral Engagement Strategy for the Australian Aid Program 2010-2015

Recommendation 14: AusAID should seek to strengthen the effectiveness of multilateral development cooperation efforts through:

- Reviewing the current balance of core and earmarked funding allocations to multilateral institutions, with a view to increasing the proportion of core funding;
- Measuring multilateral performance against established safeguard policies and Australia's own development objectives;
- Developing AusAID's own safeguard policies and accountability mechanisms; and
- Ensuring independent review and monitoring, and improved reporting to the Australian public on the effectiveness of multilateral agencies.

4.2 The performance of the aid program and lessons learned from Australia's approach to aid effectiveness

4.2.1 Overview

In seeking to strengthen the effectiveness of the development cooperation program, the Australian government can draw guidance from a range of international and domestic processes and mechanisms. At the international level, Australia has agreed to adopt the aid effectiveness principles and actions set out in the 2005 Paris Declaration and the 2008 Accra Agenda for Action. It has also undertaken to contribute to the Paris Declaration targets, which were due for achievement in 2010 and will be reviewed later this year at the High Level Forum on Aid Effectiveness in Seoul. Australia's approach to aid effectiveness can also draw on clear recommendations made by the OECD's Development Assistance Committee Peer Review process.

At the national level, the government has the benefit of the 2006 White Paper, the recent ANAO report, budget paper policy statements, and the Annual Reviews of Development Effectiveness produced by the Office of Development Effectiveness. In addition, international and Australian academic research and civil society analysis provides a significant body of work to guide the development of policies and practices aimed at improving aid effectiveness.

The following section on aid effectiveness draws on this body of material, but also draws heavily on Oxfam's own experience and analysis on how to improve development effectiveness

Empowering waste-pickers in Pune, India

Informal workers such as women waste pickers make a significant but invisible contribution to the functioning of expanding cities. In Pune, India, the livelihoods of over 6,000 waste picking families rely on the collection, sorting and sale of waste to scrap traders. They are exclusively Dalits, 92 per cent women, and rank the 'lowest' in the urban occupational hierarchy within the informal sector. Their vulnerability is characterised by poverty and exploitation. Oxfam Australia has supported the rights of Pune's waste pickers since 1991 through the Shreemati Nathibai Damodar Thackersey Women's University (SNDT) in Pune. The empowerment approach adopted by SNDT, with Oxfam's long-term support, has been successful in achieving social change "within waste-pickers themselves, in their social relationships, in the material conditions of their lives, and in state policy".

Over the time of the partnership, SNDT has significantly reduced the vulnerability and risk faced by women urban waste pickers and their families. They have organised into a registered trade union, Kagad Kach Patra Kashtakari Panchayat (KKPKP), which now has 6,400 members recognised as legitimate service providers. The union members' actions moved the Pune Municipal Council to become the first in India to register and issue identity cards and fund a health insurance scheme for waste-pickers.

A self-sustaining waste pickers' credit cooperative was established by KKPKP with interest contributing to a members' welfare fund. The union has also successfully mobilised members on social and economic issues experienced by urban waste pickers including child labour, child marriage and domestic violence. More recently, SNDT has brokered the establishment of solid waste management cooperatives in collaboration with (and funding from) the Pune Municipal Council. It is a model of public-private partnership in which marginalised women become a partner in the waste management enterprise, and not just recipients of benefits.

To expand impact beyond Pune and Maharashtra, KKPKP was involved in the formation of the National Alliance of Waste-pickers in 2005. The Alliance supports similar waste-picker programs in eight different cities and campaigns for a national policy for decent livelihoods in the recycling industry. International links with similar organisations through the network Waste-pickers Without Frontiers contribute to a global movement for the rights of women and men waste-pickers.

Organising the Unorganised: A Case Study (SNDT University, Pune)

The waste-pickers example above illustrates many of the key elements which Oxfam believes are critical to making a positive difference in people's lives. These include:

- A rights-based approach to development;
- Adherence to aid effectiveness principles, and Good Humanitarian Donorship principles;
- Investing in long-term partnerships;
- Prioritising gender equality;
- Commitment to transparency and accountability; and
- Capacity development and appropriate technical assistance.

4.2.1.1 A rights-based approach

A rights-based approach to development conceives poverty as an inability of poor and marginalised people to secure their basic rights as a consequence of having little or no access to power, resources or essential services. This leads to hunger, exclusion, exploitation and inequality.

Such an approach focuses on empowerment and active participation, and assumes that people have the ability to drive change. It promotes greater accountability by identifying those whose duty it is to protect human rights, including governments, corporations, non-government organisations and individuals. It

minimises the imposition of foreign models of development because its foundation is a set of universal rights that have been internationally agreed. It focuses on the drivers of poverty and injustice, not just their effects – particularly, the deep-rooted inequalities, discriminatory practices and unjust power relations that contribute to poverty and obstruct human development. Moreover, because of the depth of change being pursued, a rights-based approach requires development actors to work in partnership – with rights-holders, duty-bearers and each other.

Recommendation 15: The Australian Government should adopt a rights-based framework for the development cooperation program.

4.2.1.2 Accountability to international aid effectiveness agreements

The Paris Declaration and the Accra Agenda for Action represent important benchmarks for Australia's efforts to strengthen the effectiveness of its development and humanitarian assistance.

The 2008 Monitoring Survey of the Paris Declaration identified that efforts to strengthen country ownership have lagged and the concept of mutual accountability remains poorly understood. Australia should specifically address these areas of weakness in its broader efforts to achieve greater aid effectiveness. Specifically, the government should ensure that individual country program strategies clearly articulate how they will address the Paris Declaration and Accra Agenda for Action principles and targets, and it should engage in more robust dialogue with partners and local civil society about the degree to which it is succeeding.

In addition, Australia should play a stronger, more active role in shaping the global development effectiveness agenda through relevant international fora. This will help to ensure that Australian and regional concerns are integrated in the international policy agenda – particularly those issues that might be otherwise overlooked, such as the distinctive development challenges in Pacific island nations and fragile states.

Australia has agreed to uphold the Good Humanitarian Donorship (GHD) Principles, which provide a framework for responsible and accountable donor engagement in humanitarian action. Australia has been a strong supporter of the GHD initiative, however a 2010 independent assessment of donor's performance against the principles shows that Australia is lagging behind other OECD donors.⁶⁹ Unlike other donors Australia has not developed a GHD implementation plan and is yet to institutionalise a process of monitoring or reporting on its own performance against the principles. These efforts would help to strengthen Australia's practical adherence to the principles,

⁶⁹ Humanitarian Response Index, DARA, 2010, see donor profile for Australia: <http://daraint.org/humanitarian-response-index/humanitarian-response-index-2010/donor-assessments/Australia/#>

Recommendation 16: All individual country program strategies should clearly articulate how they will address the Paris Declaration and Accra Agenda for Action principles and targets.

Recommendation 17: The Australian Government should develop a rigorous process for monitoring and evaluating its performance against the Good Humanitarian Donorship principles and incorporating lessons learned into humanitarian policy and practice.

4.2.1.3 Improving the effectiveness of humanitarian action

Humanitarian action accounts for around 10 per cent of the Australian development cooperation program. While relatively small in scale by international standards, Australia's humanitarian program has a number of key strengths: it is generally regarded as being timely and responsive; it demonstrates a serious commitment to disaster risk reduction and early recovery; and, more recently, it has taken steps towards genuine partnership approaches with implementing agencies.

At the same time, there are four key areas in which the effectiveness and accountability of Australia's humanitarian action could be improved:

- *Translating protection of civilians from policy to practice.* Australia has been an influential voice in international debates regarding the 'protection of civilians' and the 'Responsibility to Protect'. However, it is yet to adopt a protection framework to underpin the Australian development cooperation program and operational approaches to humanitarian protection have been identified as an area of relative weakness for AusAID.⁷⁰
- *Focussing humanitarian assistance on meeting needs.* Like many donors, Australia's commitment to impartial, needs-based humanitarian funding is sometimes compromised by other foreign policy interests. If Australia is to be a truly effective humanitarian donor there will at times be difficult choices to make. Developing processes to determine proportionate funding levels between crises and mechanisms for prioritising 'forgotten emergencies' will be critical to Australia being able to make these hard choices.
- *Ensuring military engagement in relief activity is effective and does not harm.* Allocating or restricting humanitarian assistance for military or counter-terrorism objectives is inconsistent with humanitarian principles and can damage long-term peace and development prospects. Military-

⁷⁰ Protection of civilians (OECD DAC peer-review, p94). Such operational approaches include programs designed to mainstream protection or 'do no harm' through sectoral programs as well as stand-alone programs aimed at addressing particular protection concerns in humanitarian and fragile contexts – such as high rates of violence against women or child rights violations

dominated institutions are not well positioned to build local trust and community engagement, which are necessary to achieve sustainable development results. Moreover, military aid can perversely put beneficiaries at greater risk of attack by insurgent groups.⁷¹ All Australian Government departments involved in delivering relief and assistance should be held to consistent accountability standards to ensure that their activities are effective and are not causing harm.

- *Championing global humanitarian reforms. Australia should play a leading role in improving humanitarian leadership, coordination, accountability and funding, and building more effective partnerships between UN agencies and other humanitarian actors on the ground. Australia's strengthened engagement with the UN, particularly the UN Office for the Coordination of Humanitarian Affairs positions it well to provide such leadership.*⁷²

Recommendation 18: **The forthcoming Humanitarian Action Policy should demonstrate a strong commitment to strengthen humanitarian protection and be underpinned by a rigorous humanitarian protection framework and adequate resources to implement it.**

Recommendation 19: **All Australian Government departments involved in delivering relief and assistance should be held to consistent accountability standards to ensure that their activities are effective and are not causing harm.**

Recommendation 20: **The Australian Government should strengthen its capacity to engage in global humanitarian reform debates.**

Oxfam's work on Humanitarian Action

Oxfam is adapting to rising humanitarian needs and the complexity of crisis by focusing on supporting the communities we work with to build their resilience to shocks and chronic stresses, address the root causes of conflict and be protected when violence breaks out. When Typhoon Ketsana struck southern Laos in September 2009 communities that had benefited from Oxfam's AusAID -funded disaster risk reduction program reported that they were better able to weather the emergency than other villages – by having extra rice stored in rice banks, which they were able to use, and readily available seeds to sow the next harvest of cabbages and corn.⁷³

In complex and fragile contexts from Kenya to Papua New Guinea to Afghanistan, Oxfam is increasingly supporting local peace building efforts built on dialogue, mediation and poverty reduction. These

⁷¹ A recent report released by CARE, the Ministry of Education and the World Bank found that schools supported or constructed by PRTs were perceived by Afghans to be at higher risk of being attacked. See Marit Glad, "Knowledge on Fire: Attacks on Education in Afghanistan, Risks and Measures for Successful Mitigation," CARE/Ministry of Education/World Bank, November 2009, available at: http://www.care.ca/ckfinder/userfiles/files/Knowledge_on_fire-attacks_%20schools.pdf.

⁷² In 2009-10 Australia was Chair of the Office for the Coordination of Humanitarian Affairs (OCHA) Donors Support Group and was successful in raising key humanitarian issues, such as funding effectiveness, coordination and early recovery funding

⁷³ Victoria McDonough, Elaine Montegriffo and Soukphaphone Phanit, [Gender review of Typhoon Ketsana Emergency Response, Lao PDR](#), Oxfam Australia, February 2010. Available from

programs are demonstrating their worth; lowering levels of violence, increasing the resolution of disputes and addressing the root causes of conflict by improving social relations.⁷⁴

From Timor-Leste to Darfur to Central Mindanao, Oxfam has also employed 'protection activities' designed to reduce both threats and vulnerabilities to violence - through advocacy with national governments and the international community, ensuring humanitarian assistance is designed in a way that makes people safer and providing early warning for communities where they are facing danger. These approaches are achieving measurable results in enhancing the protection of vulnerable women, men, boys and girls.⁷⁵

4.2.1.4 Partnership and Aid Predictability

Adherence to principles of ownership, mutual accountability and other elements of the Paris Declaration are all important elements in building more effective partnerships for development. Oxfam's experience also points to the need for long-term commitment and flexibility. One key element of partnership that should be relatively straight forward to address is aid predictability (for other elements see Section C).

Historically, donors have a poor record on aid predictability. This has not improved in recent years: the 2008 Paris Declaration monitoring survey showed that only about 45 per cent of global aid was delivered on time and the World Bank reported that "on average, disbursements of budget aid differed from projected aid by about 30%".⁷⁶ According to a 2008 OECD report, only about 30 per cent of the Australian aid program was recorded in partner budgets, compared to the OECD donor average of 48 per cent.⁷⁷

The failure to deliver aid on time has significant implications for partner countries: It undermines planning and budgetary cycles because there is no guarantee when promised aid for timetabled programs and activities will actually arrive. This volatility can create 'aid shocks' that have been estimated to be as large as the income shocks faced by developing countries during the two World Wars, the Great Depression and the Spanish Civil War.⁷⁸ The World Bank suggests that donors can assist partner countries by improving medium-term predictability – specifically by providing three to five year spending plans and abiding by them.⁷⁹

There are signs, however, that Australia is making progress in improving the predictability of its aid through new partnership agreements such as the Pacific Partnerships for Development, ANCP

⁷⁴ See Matt Waldman, *Community Peacebuilding in Afghanistan: The Case for National Strategy*, Oxfam International, February 2008, , [Oxfam Peace and Refuge: Bringing peace to the Highlands of Papua New Guinea](#); Michele Kopi, *Violence and insecurity in the Southern Highlands of Papua New Guinea*, Oxfam New Zealand, November 2010.

⁷⁵ Louise Searle (World Vision) and Kate Sutton (Oxfam Timor-Leste) *Standards to incorporate protection into humanitarian response: do they work?*, Humanitarian Practice Network, Overseas Development Institute, London, Issue 46, March 2010; Sorcha O'Callaghan and Kelly Gilbride, *From the Grass-Roots to the UN Security Council: Oxfam's Humanitarian Advocacy in Darfur, the Democratic Republic of the Congo and Uganda*, Humanitarian Policy Group, Overseas Development Institute, London, commissioned by Oxfam GB, June 2008.

⁷⁶ See The North-South Institute, 2010, *A Global Crisis of Development: Responses and Responsibilities*, p 31

⁷⁷ See Australian National Audit Office ANAO Audit Report No.15 2009–10 "AusAID's Management of the Expanding Australian Aid Program", p 69, citing OECD 2008, *Better aid—2008 survey on monitoring the Paris Declaration*.

⁷⁸ Homi Kharas (2009) *Measuring the Cost of Aid Volatility*, Wolfensohn Centre for Development Working Paper No. 3

⁷⁹ See The North-South Institute, 2010, *A Global Crisis of Development: Responses and Responsibilities*, p 31

partnerships with NGOs and multi-year commitments to multilaterals, for example the recent funding commitment to the United Nations Relief and Works Agency.

Where there is political commitment to a certain level of funding, improving aid predictability essentially becomes a technical exercise; donors simply need to improve budgeting and planning mechanisms to facilitate multi-year budgetary allocations. Accordingly, improving aid predictability is arguably one of the easier strategies to strengthen aid effectiveness. Unlike a number of other strategies, it is not subject to many of the complex dynamics involved in the donor-recipient aid relationship.

Oxfam strongly supports the ANAO recommendation that AusAID can improve aid predictability by “including indicative multiyear resource allocations in all country and regional strategies”.⁸⁰ AusAID should also explore how it can improve the predictability of funding to all its development partners, including multilateral organisations and civil society organisations, particularly through multi-year programming and funding commitments.

Recommendation 21: The Australian Government should provide multi-year budgetary allocations and disbursements for all components of the international development cooperation program, with the exception of humanitarian response where flexibility is required to respond to urgent needs.

4.2.1.5 Prioritising Gender Equality

As noted in 3.1.1, gender inequality remains the most pervasive and fundamental obstacle to the eradication of poverty. Efforts to improve the effectiveness of Australia’s development cooperation program will not succeed unless they address gender equality.

⁸⁰ Australian National Audit Office ANAO Audit Report No.15 2009–10 “AusAID’s Management of the Expanding Australian Aid Program” p23

Advancing Gender Justice in Sri Lanka

Over the past two decades, Oxfam Australia and its partners have worked to reduce inequality by targeting the poorest and most marginalised women and men in Sri Lanka; those suffering disadvantage due to material poverty, caste, class, and ethnicity. The program has meticulously used a 'Population Checklist' that has helped to identify the poorest communities, who are generally invisible and are increasing in numbers.

In addressing this inequality, Oxfam Australia has placed gender justice at the heart of its work. In addition, gender is mainstreamed in other programs and internally within the organisation.

Gender is "mission critical" because women's rights are human rights - this is understood and acknowledged by Oxfam staff and the communities they work with in Sri Lanka - and this knowledge and the commitment to achieve women's basic rights are central to our work. Oxfam works with local community-based organisations (CBOs) that provide women the space and opportunities to claim their rights

An Impact Study, done in 2009, based on ten years of work found the program has increased women's leadership, decision-making in the household, and ownership of land and savings¹. Many women have taken joint action with others to address violence, demand accountability from duty bearers and build links across ethnic divides.

Oxfam's women's empowerment model instigates change in four interrelated domains: *internal empowerment, access to and control over resources and assets (economic empowerment), strategic changes in gender relations in the family or household and collective empowerment at the community level.*

Oxfam has learned that, of these, *internal empowerment* is the fundamental building block to achieve sustainable changes in gender relations, and to advance empowerment and equality. When women have increased knowledge of their rights, self-confidence, self-worth and leadership skills and opportunities, they have the foundation for empowerment in other areas.

In its work to achieve gender equality, Oxfam has identified several essential strategies to empower poor and marginalised women in Sri Lanka: training for women and men on gender equality and women's rights, group discussions at the community level, support and solidarity, and one-to-one support by CBO staff to individual women. In recognition that the burden of change should not fall on women alone, strategies to build male advocates for gender equality and address legislative and policy issues are crucial to realising gender justice and eliminating inequality.

AusAID recognises the importance of addressing gender inequality. It has developed a sound gender policy, with a strong underlying rationale, and a dedicated unit for gender.⁸¹ Key staff have developed strong gender analysis, recognising that improving gender equality is a complex and contested process that means addressing power structures and enabling the realisation of rights, and is about supporting women to have more control over decision making, and over resources such as land, assets, property and income.

AusAID has also taken important steps to invest in women's leadership; for instance, it has made a significant contribution to raising awareness of the extent and impact of violence against women in Melanesia and Timor-Leste. This led to a recent commitment by leaders at the Pacific Islands Forum to "eradicate SGBV [sexual gender-based violence] and to ensure all individuals have equal protection of the law and equal access to justice."⁸²

⁸¹ AusAID, 2007, Gender Equality in Australia's Aid Program: why and how http://www.ausaid.gov.au/publications/pdf/gender_policy.pdf

⁸² Fortieth Pacific Islands Forum, Cairns, Australia, 5 - 6 August 2009, Forum Communiqué

Further efforts are required, however, to improve the effectiveness of Australia's efforts on gender equality. Despite AusAID's policy and program commitment to gender equality, and that of key staff, the Australian Government is yet to make gender equality "mission critical" to its development cooperation program. Until this occurs, and gender analysis and gender equality approaches are integrated throughout the development cooperation program across the whole-of-government, the implementation of the current policy and of individual programs will be compromised. In addition, the government needs to be accountable for delivering on its commitments to gender equality in a consistent way across all programs.

Australia can also play an important role by supporting global policies and processes that advance gender equality. In July 2010, the General Assembly of the United Nations approved the amalgamation of UNIFEM with other UN departments to create UN Women. This new institution has the potential to provide a stronger voice for women and girls at global, regional and local levels. Australia can assist by providing funding support, and through helping to address concerns that remain about the funding, structure and leadership of the new entity.⁸³

Recommendation 22: Gender equality must be "mission critical" to an effective Australian development cooperation program. As part of this, gender mainstreaming should be strengthened across the program through:

- **compulsory and ongoing training for all staff;**
- **nurturing and supporting high-level leadership on gender equality;**
- **performance management that makes all staff are accountable for implementing gender equality policies;**
- **building accountability to women into all development activities, including humanitarian response;**
- **systematically working with women's organisations and movements wherever possible, but particularly in recipient countries.**

Recommendation 23: The Australian Government should ensure a strong commitment to UN Women through core contributions and supporting the entity in its critical establishment stage.

⁸³ Alpizar, L., Clark, C., Rosenhek, S. and Vidal, V. (2010) Context and Trends Influencing the Funding Landscape for Gender Equality and Women's Organizations & Movements, Association for Women's Rights in Development.

4.2.1.6 Transparency and Accountability

Enhanced transparency and accountability – to those that development agencies seek to benefit and to the general public – has a number of important benefits.⁸⁴ It can:

- help power-holders to be more responsive to needs and demands of people, which in turn enables more effective public service delivery and policy design,
- empower rights-holders by expanding freedom, agency and choice, which are key elements of effective development and contributors to greater democratisation,
- enhance the voice of those who governments and aid agencies seek to benefit, including when determining the criteria for what constitutes effective development,
- reduce leakage, corruption and misallocation of resources
- help donors to be more accountable to tax payers and parliament.

As a key player in the *International Aid Transparency Initiative*, AusAID should be at the forefront of efforts to promote transparency and accountability among development actors globally.⁸⁵

Recommendation 24: The Australian Government should play a leadership role in promoting transparency and accountability for itself, for Australian companies, private contractors, NGOs and development actors globally, by building on emerging international standards and initiatives.

4.2.1.7 Building capacity and providing effective technical assistance

Technical assistance has long been a major component of the Australian aid program, growing to 46 per cent of Australia's development assistance in 2003 and remaining at the same level in 2009.⁸⁶ Technical assistance in the Australian aid program is often used to build government capacity, in particular in the Pacific and Timor Leste, where aid is the main source of development finance.

Improving the gains from technical assistance will be is a key consideration for Australia's growing development cooperation. However, this may not be straightforward. Technical assistance is an area of form of aid that attracts considerable criticism, including the claims that it:

- is not driven by demand from recipients;
- often fails to transfer skills and build local capacity;
- makes excessive use of foreign rather than local advisers;
- is inefficient and unsustainable; and

⁸⁴ See for example Owen Barder "Beyond Planning: Markets and Networks for Better Aid", CGD Working Paper 185

⁸⁵ See section 4.4 for more on this.

⁸⁶ ANAO, p85

- seldom gives rise to a sense of ownership on the part of recipient countries.

The strongest critiques of technical assistance often come from its recipients.⁸⁷

International aid effectiveness protocols acknowledge the shortcomings of technical assistance and the need for reform. The Accra Agenda for Action clearly identifies that capacity development is the responsibility of developing countries, with donor countries playing a supporting role. The implications of this are:

- support for capacity development should be demand driven and designed to support country ownership
- technical assistance and capacity development should be a joint, rather than donor-driven process, with both developing countries and donors selecting and managing technical cooperation; and
- there should be a greater use of local and regional resources for capacity development, including through South-South cooperation.⁸⁸

AusAID recognises that it needs to use technical assistance more strategically and effectively⁸⁹ and has engaged in and commissioned substantial research to develop more sophisticated thinking and practice in relation to technical assistance. An important part of this research examines the relationship between technical assistance and capacity development.⁹⁰

Concurrently with this Review, the Government is undertaking a Joint Review of Technical Advisors. This presents an important opportunity to identify ways of ensuring that technical advice is appropriate to partner countries and is supported by them. It is particularly welcome because of its “joint” nature – that is, involving the participation of partner governments – which will help to enhance ownership of the Review’s findings.

There is increasing recognition of the importance of local context and how local ‘politics’ can impact development outcomes.⁹¹ Furthermore, the rapid turnover of aid agency (expatriate) staff and technical assistance is well understood. At the same time, the emphasis on primary education in many developing countries has led to a neglect of local tertiary research and knowledge generation capacity. Oxfam’s experience leads us to conclude that a critical area of investment, which would diminish the aid program’s dependence on technical assistance and at the same time build up a sustainable local knowledge base, is the development of tertiary research institutions.⁹² AusAID’s support to the SMERU

⁸⁷ See Culpeper & Morton 2008, Southern Perspectives

⁸⁸ [Accra Agenda for Action p.2](#)

⁸⁹ ANAO, p93

⁹⁰ Australian National Audit Office ANAO Audit Report No.15 2009–10 “AusAID’s Management of the Expanding Australian Aid Program” p91.

⁹¹ Leftwich, A (2009) [“Politics and Human Agency in Building Institutions and States”, Research paper No.6, DLP](#)

⁹² See the case study regarding SNTD above.

Research Institute in Indonesia and the Institute of Medical Research in PNG provide useful examples and experience on which to draw from.

Recommendation 25: AusAID should consider a major investment in local research bodies and tertiary institutes. This could include supporting the development of networks of knowledge and policy development across research institutes, civil society and governments, which would assist in understanding emerging issues and translating knowledge into timely analysis, advice, policy and practice.⁹³

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

In Oxfam's experience, there have been a number of positive developments in AusAID's arrangements for program management, funding and reporting in the past few years. The new ANCP strategic partnerships, the cooperation agreements and the Periodic Funding Agreement for Disaster Risk Management all demonstrate a move to longer term funding, based on a more genuine notion of partnership, and provide greater flexibility. These arrangements have been backed by the development of sound policy guidelines, such as the Guidelines for the Monitoring and Evaluation of Civil Society Engagement, which were developed in partnership with the sector.

These advances are very welcome. However, as the OECD DAC Peer Review, noted there is still 'a strong project mentality in the way in which AusAID works—procedurally and in the branding of its activities.'⁹⁴ Furthermore, there is a high level of inconsistency across AusAID in how partnerships are perceived and managed, as well as in levels of knowledge and understanding of existing guidelines.

The AusAID Oxfam Australia ANCP Partnership Agreement, for instance, articulates a strong basis for a new approach to the Oxfam-AusAID funding arrangement. It recognises the value of partnership and allows a degree of flexibility regarding the use of funds to achieve shared objectives. The agreement identifies important principles for the partnership, including mutual respect and cooperation, the sharing of ideas and open communication. It also establishes a joint AusAID-Oxfam management arrangement.

Implementation of the agreement, however, has at times proven challenging. While the partnership has had a strong basis in flexibility and dialogue, the approach adopted has at times been more prescriptive. Moreover, understanding and interpretation of the partnership agreement varies among different staff.

⁹³ RAPID Briefing Paper (2004). *Bridging Research and Policy in International Development An Analytical and Practical Framework*, Overseas Development Institute: 1.

⁹⁴ OECD, *Australia: Development Assistance Committee (DAC) peer review*, quoted in *Annual Review of Development Effectiveness*, 2009, p. 39.

Clearer systems and processes are required within AusAID to provide guidance to staff on what the Partnership Agreement – and the notion of partnership itself – means in practice. The forthcoming development of a policy on partnerships will be an important step towards this. In addition, AusAID needs to build internal staff capacity and expertise regarding partnership approaches and provide incentives to reduce staff turnover.

The Importance of Longer-Term Funding and a Focus on Quality and Impact

“We would like to note positively AusAIDs shift to longer term funding cycles under ANCP (now 3 years rather than yearly) as well as shifting their reporting requirements to focus more on program quality, impact and learning; rather than activity-based reporting. There has also been funding available for program design activities and learning, which has been a positive addition to the ANCP grant also. We note that not all funding sources have moved in this direction though - the [Water and Sanitation Initiative grant](#) we are currently implementing for WASH has onerous reporting requirements and a very short implementation period, so we would certainly encourage more of the former.

Donor requirements obviously are key to shaping how NGOs spend their time during project implementation periods and with ANCP, these requirements have been really flexible and conducive to staff undertaking design and learning activities, rather than focusing on micro level activity reporting; unfortunately, ACWSI [Access to Clean Water and Sanitation Initiative] has been the opposite”

Oxfam Bangladesh, Inputs to the AusAID Aid Effectiveness Review, Dhaka, January 2011

The recent review of AusAID’s engagement with civil society gave rise to some important recommendations that should be adopted, notably that:

- AusAID focus on developing sustainable rather than parallel systems. Specifically, this might involve working more extensively through a partnership framework with Australian NGOs or clarifying the roles of managing contractors so that developmental outcomes rather than milestone targets take priority. In addition, a focus on harnessing both state and non state providers in service delivery, including civil society in program approaches and building financial sustainability for local civil society organizations through, for example, a reserve fund;
- AusAID move from constraining to enabling processes and procedures when working with civil society actors and organisations. Specifically, it suggests that AusAID consider providing core funding to civil society organisations in particular circumstances; that it moves from short-term to long-term funding to foster organisational stability and predictability; that it takes a more committed approach to donor harmonisation on civil society; that it adopts selection processes that are fit to purpose; and that it promotes mutual and multiple accountabilities.”⁹⁵

⁹⁵ ODE 2010 draft evaluation findings of AusAID’s engagement with Civil Society

The Solomon Islands NGO Partnership Agreement

The Solomon Islands NGO Partnership Agreement (SINPA) is a program supported by AusAID and implemented by six Australian NGOs (including Oxfam) and their Solomon Island partners. One of the main intentions of SINPA is to flexibly explore which development approaches are effective in the Solomon Islands context using a 'strengths based model' and in ways that are cognisant of power and gender inequities, with interventions to be increasingly driven by Solomon Islands perspectives.

Oxfam's early experience with SINPA has been largely positive. There has been a higher than usual degree of flexibility from AusAID in the design process and good responsiveness to subsequent program amendment requirements in the light of lessons emerging from implementation. AusAID has looked to make SINPA a model of a 'partnership' with NGOs and has resourced both a project Steering Committee, of which Oxfam is a member, and also a full-time SINPA Coordinator responsible for facilitating cross-agency learning and knowledge sharing. This has been part of a welcome emphasis on ongoing and inclusive reflection and learning, with AusAID also participating in end-of-project reflections along with the Australian and Solomon Islands NGOs.

Notwithstanding these positive early experiences SINPA has faced some challenges in overcoming NGO and AusAID familiarity with more bureaucratic approaches to program design, monitoring and reporting. Consequently, movement towards more organic processes, collaborative ways of working and a genuine 'partnership' approach has been slow and difficult. This may partly be because some of the NGOs lack the skills, experience or organisational support to adapt to new ways of working. However, it has also been the result of changes in AusAID's in-country understanding of, and engagement with, SINPA. As staff initially responsible for the program have transitioned out, the nuances of such an innovative program are lost in handover and aspects of the more standard contractual relationship with NGOs have re-emerged.

Recommendation 26: AusAID should invest in building staff capacity and expertise regarding partnership approaches, provide clearer guidance to staff on what partnership means in practice and provide incentives to reduce staff turnover.

Recommendation 27: AusAID should take action to address the recommendations set out in the draft evaluation of its engagement with civil society regarding the need to develop sustainable rather than parallel systems and move from constraining to enabling processes.

4.4 Appropriate future organisational structure for the program, including AusAID's organisational structure for aid delivery, arrangements for coordination of ODA across the public service, and coordination of Australia's ODA with other donors and institutions

4.4.1 Introduction

Scaling up Australia's development cooperation program will require an appropriate organisational structure and effective mechanisms for coordinating development assistance across the public service.

Bipartisan support to increase Australia's development assistance to 0.5 per cent of GNI by 2015 provides certainty, stability and a solid foundation for long-term planning, strategy and operations.

A further measure, which will even more strongly enhance effectiveness, will therefore be the development of bipartisan support for aspects of policy that are critical for the *quality* of International Cooperation programs.

Recommendation 28: **The Australian Government should strive to build long-term bipartisan support for key aspects of the development cooperation program, including:**

- **The overall objective of the program,**
- **A small number of sectors to be supported over the long term;**
- **Key development effectiveness standards and principles, such as consistency with international human rights standards. development effectiveness agreements and the Good Humanitarian Donorship principles.**

4.4.2 A legislative foundation for Australia's development cooperation program

A legislated mandate for Australia's development cooperation activities could increase certainty, improve accountability, raise community awareness and help to provide a strong foundation for the program over the long-term.

Such legislation would clearly and simply set out the objective of the international development cooperation program and could perhaps include some over-arching principles indicating how Australia will pursue that objective. It would provide a focus for accountability processes, including the annual report. Moreover, developing and securing the passage of such legislation would require engagement with a range of stakeholders and could provide a unique opportunity to build community understanding of Australia's development efforts.

A number of other major donors have already passed similar legislation. For example, the United Kingdom's International Development Act came into effect in 2002 and establishes poverty reduction as the overarching purpose of British development assistance. Similarly, in 2008, Canada passed the Official Development Assistance Accountability Act, which provides that development assistance can only be provided if it:

- a) Contributes to poverty reduction;
- b) Takes into account the perspectives of people living in poverty; and

c) Is consistent with international human rights standards;

Recommendation 29: **The Australian Government should consider establishing a legislative foundation for Australia’s international development cooperation program.**

4.4.3 Organisational arrangements for the development cooperation program

Given the growing size and profile of Australia’s development cooperation program, there is a strong case for the establishment of an independent Department for International Development Cooperation, headed by its own Cabinet-level Minister.

These administrative changes would reflect the level of political and fiscal management that will be required to oversee a substantially larger development cooperation program by 2015. They would also elevate the status of the development cooperation program within government and with the Australian public. A Department for International Development Cooperation with its own Minister could facilitate a stronger and more efficient approach to the coordination the development cooperation program across the public service, ensuring that development assistance provided through other departments is consistent with the program’s overall objective of reducing poverty and inequality.

Recommendation 30: **The Australian Government should establish an independent Department for International Development Cooperation, headed by its own Cabinet-level Minister.**

4.4.4 Appropriate policy for Australia’s development cooperation

Australia’s development cooperation efforts would benefit from a comprehensive guiding policy framework.

The process of developing an overarching whole-of-government policy framework for Australia’s development cooperation program would require consultation with relevant stakeholders, and policy agreement among relevant government departments. Over the longer term this would result in a number of important benefits: it would provide policy certainty for the program; it would provide AusAID and other government officials involved in the development cooperation program with a unifying purpose and a clearer understanding of their roles in its delivery; and it would provide a sound basis on which to build public understanding of Australia’s development cooperation program. Perhaps most importantly, it would provide clarity to Australia’s development partners regarding the purpose, objectives and rationale of Australia’s development cooperation.

Recommendation 31: AusAID should monitor inequality - including gender inequality – and the degree to which the development cooperation program is enabling the least powerful and most marginalised groups to be heard, exercise choice, be engaged in the development process, and be empowered to hold to account those who exercise power. It should also encourage consideration of equality measures in MDG monitoring processes.

4.4.5 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

An approach that integrates research, review, and evaluation is required to ensure that the international development cooperation program continues to adapt to the changing policy environment. Review and evaluation programs need to identify and address current data and analysis gaps, find ways of providing faster feedback and improve overall levels of transparency and accountability. They also need to support development partners to build up their own systems. Moreover, the Office of Development Effectiveness should be empowered to play a major role in promoting a coherent approach to policy that affects development outcomes across the whole of government.

The 2009 Annual Review of Development Effectiveness notes that “efforts to manage aid so that the focus is on results or outcomes (rather than solely outputs) are often constrained by the lack of good data on social outcomes”. Oxfam agrees with this finding and recommends that the following particular gaps in data and analysis should urgently be filled:

- Inequality, in general, and gender inequality, in particular. Tracking inequality measures within the MDGs would provide some important clues as to how the MDGs might best be met, and indicate who amongst the poorest of the poor is likely to miss out on current trends.⁹⁶ AusAID should also support and invest in the development of indicators and methods that measure gendered differences in poverty.⁹⁷
- The degree to which development assistance and international cooperation is building resilience and sustainable capacity to address emerging challenges and future shocks, as well as enhancing social cohesion.⁹⁸
- The degree to which development assistance and international cooperation is enabling the least powerful and most marginalised groups to be heard, to exercise choice, to be engaged in the

⁹⁶ Vandemoortele, Jan, The MDG Conundrum: Meeting the Targets Without Missing the Point. Development Policy Review, Vol. 27, No. 4, pp. 355-371, July 2009.

⁹⁷ Ehrenreich B & Fox Piven F, “The Feminization of Poverty”, Dissent, Spring 1984

⁹⁸ Green, D., King, R. and Miller-Dawkins, M. (2010) 'The Global Economic Crisis and Developing Countries', Oxford: Oxfam

development process, and to be empowered to hold to account those who exercise power.⁹⁹

Many of these critical questions require long-term investment of resources, timely information and innovative research. AusAID should work with and support networks of researchers, think tanks and civil society within and across countries to understand and respond to emerging issues, shifting vulnerabilities and the impact of development cooperation to create an effective 'barometer of change'. It should consider open funding calls for the research community (understood broadly) to propose areas for monitoring and research, especially emergent areas that may not yet have been considered.¹⁰⁰

AusAID's future evaluation and research efforts should be underpinned by commitments to high levels of transparency, in line with the Australian Government's commitment to the International Aid Transparency Initiative, and would require publishing and seeking feedback on project, program and country plans, reports and reviews. Beyond this, wherever possible, data produced by AusAID-supported research or evaluations is made available for verification and use by others. This will help to reduce duplication and prevent unethical over-research of certain communities and countries.

Evaluation and research should also meet accountability standards – participation, transparency, feedback mechanisms and evaluation.¹⁰¹ At a minimum, this would mean ensuring that research supported by AusAID is ethical in its benefit to communities involved, is undertaken with their active participation and informed consent, with protocols to protect them.¹⁰² AusAID could lead the way in supporting and ensuring research agendas are set by local actors and that active sharing and translation of evaluation and research findings occurs locally with research participants, civil society, research institutions, government and donors. Moreover, in supporting action research, the aid program could provide avenues for the development of knowledge and practice within the communities, for example in response to climate change.

Taking accountability seriously requires ongoing investment in building evaluation and research capacity in developing countries. As the 2009 Annual Review of Development Effectiveness recognises, the Australian development cooperation program should help partner governments establish their own simple and robust monitoring and evaluation systems. This should include the engagement of civil society in processes of tracking and monitoring as suggested below. In addition, the Australian Development Research Awards or other schemes could encourage demand-led capacity building 'through financing southern researchers and research institutes to access Northern or third country expertise and services'.¹⁰³ This could have the advantage of further developing ties and facilitating capacity building within or across regions.

⁹⁹ See for example Menocal, A. et al (2008) Joint Evaluation Of Citizens' Voice and Accountability, ODI

¹⁰⁰ Jones, N. and J. Young (2007). *Setting the Scene: Situating DFID's Research Funding Policy and Practice in an International Comparative Perspective*, A scoping study commissioned by the DFID Central Research Department, Overseas Development Institute pii.

¹⁰¹ Whitty, B. (2008). 'Accountability Principles for Research Organisations', Briefing Paper No. 113, One World Trust: 2.

¹⁰² Oxfam Australia (2009). *Ethical Guidelines for Research*, Oxfam Australia.

¹⁰³ Jones, N. and J. Young (2007). *Setting the Scene: Situating DFID's Research Funding Policy and Practice in an International Comparative Perspective*, A scoping study commissioned by the DFID Central Research Department, Overseas Development Institute: 17.

Finally, Oxfam welcomes the role of the **Office of Development Effectiveness** (ODE) in developing a clearer performance framework for the international development cooperation program, and in undertaking high quality strategic evaluations and making these public. However, if the role of this office is to assess the development effectiveness of all Australian government aid interventions, it needs to:

- Ensure that AusAID in general and the Office of Development Effectiveness in particular are monitoring inequality indicators in all development effectiveness evaluations, and in ongoing tracking of progress
- Undertake strategic evaluations of the work of other departments that spend ODA, particularly the Australian Defence Force. For example, over half of Australia's official development assistance to Afghanistan between 2007 and 2009 was expended by the Department of Defence, which is not required to report on or evaluate the impact of its aid activities.¹⁰⁴
- Monitor and report on any significant development impacts of non-development assistance activities performed by other government departments. This is particularly important if whole-of-government policy coherence is to be achieved, and if ODE is to fulfil its mandate of contributing to 'international efforts to generate knowledge to improve the development efficiency, effectiveness and impact of all development funds'.
- Monitor the development impact of overseas activities undertaken by Australian companies in countries – particularly those that lack adequate social, labour and environmental protections.

Recommendation 32: **The Australian Government should develop a whole-of-government policy framework for Australia's development cooperation program.**

Recommendation 33: **AusAID should undertake strategic evaluations of the work of other government departments that spend development assistance and monitor and report on any significant developmental impacts of the non-development assistance activities of those departments.**

Recommendation 34: **The Australian Government should monitor the impact of overseas activities undertaken by Australian companies, particularly in countries that lack adequate social, labour and environmental protections.**

4.4.6 The management of fraud and risk in the aid program

¹⁰⁴ The ADF delivered 52.65% of Australia's official development assistance to Afghanistan between 2007 and 2009 –as reported in AusAID's responses to questions on notice put by Senator Bob Brown, provided to Oxfam Australia in December 2010. Available on request.

“The aid program needs to focus on strengthening its approach to policy dialogue and delivering more aid using partner country systems, which requires new approaches to managing risk.”¹⁰⁵

The 2009 Annual Review of Development Effectiveness goes on to note that the aid program “needs to strike the right balance between protecting public funds and supporting the delivery of services” and currently “tends to stress managing short-term fiduciary risk, without appropriately balancing impact on development outcomes”.¹⁰⁶

Oxfam shares this concern and agrees that providing greater opportunities for communities and civil society groups to hold service providers, government agencies and aid organisations to account is “a quicker and more informative supplement to formal accounting and audit”.¹⁰⁷

This requires greater transparency on the part of service providers, recipient governments and AusAID, in line with its commitments to the [International Aid Transparency Initiative](#). It also underlines the importance of the [Extractives Industry Transparency Initiative](#),¹⁰⁸ and the [Publish What You Pay](#)¹⁰⁹ and [Publish What You Fund](#)¹¹⁰ processes.

Combining these international processes with national and sub-national freedom of information campaigns and civil society monitoring initiatives in developing countries, creates important new opportunities to complement internal audit and reporting processes and provide greater citizen engagement and voice. Recent research in East Africa indicates that such measures can have positive effects on development outcomes. The recent OECD review of regulatory reform in Australia emphasized the importance of: transparency as dialogue with affected groups¹¹¹. Civil society actors should be supported to develop innovative ways of undertaking these forms of citizen monitoring, including using new social media and technologies.¹¹²

The Advisory Group on Reform of Australian Government Administration noted that the Australian Public Service (APS) in general needs to:

¹⁰⁵ Office of Development Effectiveness (2009) *Annual Review of Development Effectiveness* AusAID, Canberra p 2

¹⁰⁶ Ibid

¹⁰⁷ Op.cit.p44

¹⁰⁸ The EITI is a coalition of governments, companies, civil society groups, investors and international organisations which supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining.

¹⁰⁹ Publish What You Pay is a global network of civil society organisations that are united in their call for oil, gas and mining revenues to form the basis for development and improve the lives of ordinary citizens in resource-rich countries. PWYP undertakes public campaigns and policy advocacy to achieve disclosure of information about extractive industry revenues and contracts

¹¹⁰ Publish What You Fund was launched at the 2008 Accra High Level Forum on Aid Effectiveness by a coalition of governance, aid effectiveness and access to information organizations. It campaigns for aid transparency and urges donors to disclose their aid information regularly and promptly, and in a standardised format that will be comparable with other countries and accessible to all, in line with the International Aid Transparency Initiative (IATI) Standard.

¹¹¹ *Australia: Towards a Seamless Economy*, OECD Reviews of Regulatory Reform, 2010, p.35

¹¹² See for example [Shady](#), [frontlineSMS](#), [Twaweza](#), or

“nurture a culture where new, innovative and creative policies are explored and experimented with. To make this happen, the APS needs to have greater tolerance for failure when it occurs as a result of carefully considered risk taking.”¹¹³

If AusAID is to avoid situations where a “cautious approach to funds provision” prevents “resources from getting where they are most needed”¹¹⁴ then it will need to engage more readily in improving the quality of the public debate on international cooperation in Australia and it will need to develop strategies to encourage responsible risk-taking by its staff.

¹¹³ *Reform of Australian Government Administration: Building the World's Best Public Service*, Advisory Group on Reform of Australian Government Administration, October 2009, Department of Prime Minister & Cabinet, Canberra, pp23,24
Australian National Audit Office¹¹⁴ ANAO Audit Report No.15 2009–10 “AusAID's Management of the Expanding Australian Aid Program” p102

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