

TO:

THE INDEPENDENT REVIEW OF AID EFFECTIVENESS SECRETARIAT

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FROM:

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PREAMBLE

I have structured my submission according to the scope provided in the terms of reference, with particular emphasis on the structure of the program. I am writing as a private citizen and represent no organisation. I have recently begun to educate myself regarding the role of Australian aid in alleviating poverty and much of my thinking has been influenced by authors such as Paul Collier and Jeffrey Sachs. I do not know a great deal about the detail of our existing aid efforts and will therefore not comment on their current effectiveness but I do hope that my thoughts about the structure, extent and future direction of our program will add to the quality of the review.

A. THE STRUCTURE OF THE PROGRAM

1. GEOGRAPHIC FOCUS

In the "Annual Review of Development Effectiveness 2009" published by the AusAID Office of Development Effectiveness, it is stated that Indonesia and East Asia receive the largest proportion of our aid at 27% while our current contribution to the continent of Africa runs at only 5%. While I appreciate that our ODA is money raised from Australian taxpayers and therefore will necessarily reflect the interests of the Australian people as determined by the government of the day, I would suggest that the fundamental role of aid is to help those most at need rather than those closest geographically. I understand that ODA will probably always play a role in building regional friendships but this should be a

minor consideration at best. The grid by which we decide to allocate funds must include at least three components.

Firstly, what are our historical obligations? I would suggest that our previous role as overseer of the administration of PNG is an example of historical obligation and therefore it is entirely appropriate that we utilise a significant proportion of our ODA to assist in their development now and into the future. I would argue that because we have greatly benefited from our previous colonial style relationship with PNG that we must now accept the responsibility of assisting it to achieve its Millennium Development Goals as quickly as possible. A similar argument would apply to East Timor and other Pacific nations with whom we have had close links historically.

Secondly, where are the greatest needs? Clearly, Indonesia has pressing needs and contains a great many people in poverty. Comparatively, though, the needs of Africa as a whole (and specific nations within Africa) must be considered greater than those of Indonesia. I heartily support diplomatic, trade and other links that will promote good relations between Australia and Indonesia but believe that the amount of aid we give to reduce poverty in Indonesia should gradually be reduced as a proportion of our overall aid budget. This can be done without decreasing actual dollar amounts in the short to medium term by simply increasing our overall aid budget to the 0.7% of GNI that we have already committed to at numerous UN conventions related to the Millennium Development Goals.

Thirdly, will the aid be beneficial? Aid should be directed to nations with their capacity to benefit from that aid clearly in mind. That is, it is futile and meaningless (indeed counterproductive) to forward aid to situations in which governance, conflict or other issues will render the aid ineffective or worse, finance the maintenance of corrupt or violent regimes.

2. SECTORAL FOCUS

Given that aid begins to flow in greater amounts to needy African nations as suggested above, I suggest a gradual increase in the proportion of aid directed towards rural development and food security in Africa. We have a very impressive scientific and technical base, both public and private, that can be brought to bear on many of the agricultural, medical and technical issues face by Africa. Both our capacity to offer assistance (in terms of our expertise in arid environments, irrigation, no-till practices etc) and the appropriateness of that expertise to parts of sub-Saharan Africa would make increased aid in this

sector a very beneficial adjustment. Again, I am not suggesting a reduction in funding for other areas. Increasing our aid spend to 0.7% of GNI would enable significant increases in this area while maintaining other commitments.

3. FOCUS ON LOW AND MIDDLE INCOME COUNTRIES

I understand that the balance here is a difficult one and that the very poorest nations are often the ones for whom aid has the most negligible effects due to issues of conflict, governance etc. I would suggest that we should broaden our definition of aid and focus on the four main poverty traps identified by Paul Collier in "The Bottom Billion". In this case, providing a short term military intervention to prevent a coup or armed rebellion (under UN authorisation of course- no unilateralism please!) would be aid; loaning a country funds to build much needed infrastructure using funds we have accumulated as a nation would be aid and providing technical assistance in taxation issues related to resource wealth would be aid. As we increase our ODA to 0.7% of GNI we should be able to add programs or approaches that build on what we are currently doing and as we do so I would like to see a greater emphasis on the neediest, lowest income nations.

4. RELATIVE COSTS OF DIFFERENT FORMS OF AID

I have no particular comment to make in this area.

B, C, D and E

I will attempt to condense my thoughts on these points into one brief statement. I have noted that there is an Office of Development Effectiveness within AusAID and I have read their 2009 report. While there are always questions to be asked about the potential bias of AusAID staff reviewing their own department's performance, I am happy with the review process and structures including this independent review and believe our public service to possess a high level of professionalism and integrity such that internal and external reviews will paint an accurate and complete picture of the department's performance.

In respect of the management of fraud and risk, I would suggest that all aid efforts run the risk of being subject to elements of corruption and are by their very nature risky endeavours. I can see no evidence

that our programs are being used inappropriately and I am confident that the best efforts of staff here and overseas are producing a high standard of results. Indeed, as we push towards meeting our commitment of 0.7% of GNI as a nation, I would like to see some of the additional funds used to invest in projects that target poorer, higher risk nations as part of our commitment to assist those that are perhaps out of the reach of more conservative aid strategies. Risk is something to be managed, not necessarily something to be avoided. High risk strategies can be justified if the potential rewards of success are great enough.

CONCLUSION

To conclude, I would like to summarise the main changes I would like to see in our ODA program and commitment.

1. Australia's current government has pledged to increase ODA to 0.5% of GNI by 2015. This is admirable but falls short of international commitments we have made in the context of the UN Millennium Development Goals over the past several years. We must honour our commitments and increase ODA to 0.7% of GNI. This must be a bipartisan commitment and adhered to irrespective of current financial or other factors. While I sympathise with my fellow Australians who are "doing it tough" we must hold this in perspective and compare our difficulties, nationally or personally, to those of others around the globe. It is interesting to note that in the same week that around 20 Australians tragically lost their lives in the Queensland floods, over 500 people were killed by a similar event in the favelas and townships of urban Brazil. We must be realistic about the level of affluence and resources our nation has afforded us and act accordingly.
2. A larger proportion of our ODA should be directed towards Africa's neediest nations and over time our percentage allocation to Indonesia should be gradually reduced. Assuming the implementation of 0.7% of GNI, this will not require a decrease in dollar terms in any current programs, rather a higher priority given to the continent of Africa in future programming.
3. Our expertise in dry land agriculture and other areas of technical expertise should, if possible, be more fully utilised in future aid work in sub-Saharan Africa.

Finally, I wish you all the best in your review efforts and thank you for your work on our behalf in administering and overseeing this important process.