

# The strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific and its role in supporting our regional interests

Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade by The University of Queensland

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## Introduction

For more than a century, The University of Queensland (UQ) has maintained a global reputation for delivering knowledge leadership for a better world. UQ has won more Australian Awards for University Teaching than any other university. This commitment to quality teaching empowers our 52,000 current students, studying across UQ's three campuses, to create positive change for society.

Our research has global impact, delivered by an interdisciplinary research community of more than 1500 researchers at our six faculties, eight research institutes and more than 100 research centres. The most prestigious and widely recognised rankings of world universities also consistently place UQ among the world's top universities.

Since 2011 UQ has been a leading provider of services for Department of Foreign Affairs and Trade (DFAT) funded Short Course Award activities and other capacity development initiatives across East Africa, South West and South East Asia, Indonesia, PNG and the Pacific, bringing together leaders from around the globe to strengthen capacities across multiple sectors.

UQ has a long history partnering in the Indo-Pacific spanning more than 20 years. We routinely manage regional aid projects in agriculture, justice, public policy, economic governance, health and sustainable development which draw on UQ networks across the region to facilitate dialogues, coordinate the delivery of knowledge impact, and strengthen partner institutions. Faculties, Schools and Institutes across UQ are actively engaged in international development. Key UQ research centres and institutes contributing to IndoPacific development programs are listed here:

The **Asia Pacific Centre for the Responsibility to Protect** is a partnership between the Department of Foreign Affairs and Trade and The University of Queensland that launched in February 2008. It is dedicated to advancing the responsibility to protect (R2P) principle through research and policy dialogue. The Centre has helped achieve significant progress in developing the region's normative consensus on R2P and in building partnerships and communities of practice across the region.

The **Centre for Policy Futures** positions the University as a key source of ideas and insights on the policy priorities that matter to Australia and the Asia-Pacific region through robust, rigorous and timely research, and sustained policy engagement.

The **Centre for Social Responsibility in Mining**, in the Sustainable Minerals Institute, is a leading research centre committed to improving sustainable development and the social performance of the mining industry globally through social science research projects, advisory and consulting work, teaching, training and the convening of multi-stakeholder dialogue process. As recognised leaders in this field of applied research, the Centre has contributed to the development of leading practice guidelines through agencies including DFAT.

The **Global Change Institute** works to address the impacts of climate change and population growth through collaborative research across themes such as clean energy, food systems and healthy oceans.

The **Institute for Social Science Research** is underpinned by more than 100 research and support staff with a commitment to building the best possible knowledge to improve economic and social wellbeing for individuals, households and communities in Australia and internationally.

The **School of Business** brings together over 130 subject experts to offer degree programs and executive education. It is ranked as one of the top business schools globally.

The **School of Political Science and International Studies** is ranked equal first in Australia for undertaking research “well above world standard” and is recognised as the best university in Australia for International Relations studies.

The **School of Public Health** conducts applied public health research and policy analysis internationally, including in the Asia Pacific region. This includes a focus on chronic diseases, infectious diseases, the contribution of environmental health (such as clean water and wastewater), and equitable provision and governance of health services and systems.

**UQ International Development** is one of Indo-Pacific’s leading university development groups. It is recognised for its excellence in providing development expertise and program management leadership, through activities that connect and apply the knowledge and expertise of UQ. The group has undertaken long-term development activities, customised short training programs and aid advisory services across 80 countries since 1994.

This submission represents the opinions of the contributing authors listed in this document. It does not necessarily represent an official position of The University of Queensland.

## Summary and recommendations

Australia is in a privileged position. Not only is it wealthy enough to support the humanitarian objectives of Australia's aid program in the Indo-Pacific, it is geographically positioned to reap the benefits of stability and cooperation that come from partnering with developing countries and emerging economies in the region.

For Australia to fully exploit this position, it must firstly consider the ethical and budgetary responsibilities of its official development assistance (ODA). Australia's obligations through the United Nations' (UN) Sustainable Development Goals (SDGs) and the Agenda for Humanity program require an ethical framework for the provision of aid. In determining where and why it provides aid, Australia must consider the objectives in the 2017 Foreign Policy White Paper that include promoting a prosperous, and inclusive region; promoting and protecting stability and prosperity; and delivering more opportunities for Australian businesses globally.

Australia's ODA spending is currently 0.23 per cent of Gross National Income (reducing to 0.19 per cent by FY2021-22)<sup>i</sup>. While the authors believe Australia should move quickly to arrest the consistent reduction in aid spending that has resulted in this record low –well short of UN recommendations of 0.7 per cent – we have also identified areas for innovative practice and efficiencies to ensure the multifold benefits from Australia's aid program into the future.

We are pleased to present this submission, which considers Australia's aid program in the Indo-Pacific, balanced against the realities of ethical considerations with current policy and budgetary settings. We have responded to Terms of Reference (i)-(v), (viii), (x)-(xii); recommendations outlined in this submission are:

1. The Federal Government should recognise and utilise its existing aid expertise and innovative practice in public sector agencies and implementing agents.
2. The business model of aid delivery should be revisited, with the introduction of private sector finance investment through blended finance models in line with other OECD countries.
3. For the empowerment of women to be genuine and impactful, regional capacity building program design and content should anchor GESI within relevant technical and disciplinary content rather than treat gender considerations in isolation from key content objectives.
4. To ensure the innovation inherent within the private sector is maximised for the benefit of Australia's regional aid programs, the multiplicity of actors engaged in international development needs to be acknowledged and understood in policy terms.
5. There is a need for enhanced reporting and frameworks to capture and exploit innovation across the aid program to benefit Australia's aid program delivery in the Indo-Pacific region and beyond.
6. The Federal Government should consider and secure long-term, bipartisan approaches to aid that offer consistent, uninterrupted funding and human resources to enable longer term, enduring activities and partnerships with key stakeholders.
7. In designing climate adaptation programs throughout the region, Australian aid needs to:

- a. Account for future projections of climate change impacts based on IPCC modelling and expertise;
  - b. Better understand and integrate local contexts in design and implementation;
  - c. Use more participatory processes and integrate local knowledge into design stages;
  - d. Focus on and effectively implement awareness activities; and,
  - e. Support longer-term projects.
8. Australia is also a recognised leader in terms of its research and programming in gender mainstreaming, disaster risk reduction and labour mobility into the Pacific. More work is needed to collect practice case studies and research, and to promote Australia's efforts into global development effectiveness discourse.
  9. More funding should be directed at postgraduate education programs, in particular those that support greater mobility between the region and Australian institutions, or conversely, the delivery of Australian coursework to partner universities in the region.
  10. All development opportunities, including those from the private sector, should be critiqued through a gender equity lens. This critique will seek to identify best practice, avoid poorly-conceived initiatives, and promote gender equity through private sector development opportunities.
  11. Australia's aid program should enhance and diversify its funding model to support more grassroots initiatives, for example micro businesses that empower women and increased Public-Private Partnerships that engage with local stakeholders and enable community business opportunities.
  12. Greater research into the effectiveness of the private sector in building successful development opportunities and positively impacting Australia's partnerships with Indo-Pacific neighbours is recommended.
  13. ACIAR should be funded to explore innovative approaches to delivering integrated, nutrition-sensitive interventions in Pacific Island food systems to address the triple burden of malnutrition (inadequate calories, inadequate nutrients and overconsumption).
  14. The importance of agricultural production, including rain-fed farming systems, remains a key priority for ACIAR funding given the pressures associated with climate change and greater pressure on natural resources. The current focus on rain-fed farming systems in eastern Indonesia is strongly supported.

# Terms of reference

## i. Increased private sector and trade development outcomes

*'The current use of the term 'private sector' is both specific and limiting. It does not acknowledge the actors beyond a binary public-private divide, nor the complex interrelationships between actors across sectors.'*

The current use of the term 'private sector' is both specific and limiting. It does not acknowledge the multitude of actors engaged in Australian aid beyond a binary public-private divide, nor the complex interrelationships between actors across sectors. The importance of ecosystems with civil society organisations, non-government organisations (NGOs) and the private sector implementing agents should not be understated as the mechanisms through which aid is delivered.

Although Australian Managing Contractors (AMCs) are 'private sector' actors, they are different from primary (e.g. mining), secondary (e.g. manufacturing) and tertiary (e.g. banking) businesses that DFAT is seeking to engage in international development. AMCs, largely responsible for managing large aid program facilities on behalf of the Australian Government<sup>ii</sup>, can be identified as implementing agents with grounded experience in development, together with NGOs. In which case, there are three important spheres for understanding private sector involvement in Australian aid programs:

1. the private sector businesses and financiers wishing to increase their involvement from primary, secondary and tertiary businesses;
2. existing public sector aid agencies (e.g. DFAT);
3. the implementing agents with practical experience of international development (AMCs and NGOs).

To ensure the innovation inherent within the private sector is maximised for the benefit of Australia's regional aid programs, the multiplicity of actors engaged in international development needs to be acknowledged and understood in policy terms.

### **Finance and Market Access**

*'Australia and New Zealand are the only OECD countries that do not have Development Finance Institutions in their aid programs. DFAT's impact would be greatly enhanced if it were to be an active part of this current innovation in aid toward blended finance.'*

Many reports and studies identify two key hindrances to improving the livelihoods of large proportions of populations in low and low-to-middle income countries: access to affordable finance and access to markets. While efforts in micro-financing have gained traction over the last 30 years – and many have been successful, particularly those directed at women in low resource communities – those at the producer end of value chains remain unable to capture the value they create with their efforts.

For example, World Bank and Global Environment Facility projects have identified that Indonesian fishers in low resource communities often feel forced to adopt unsustainable practices (including bomb fishing, cyanide fishing and other forms of illegal, unreported and unregulated (IUU) fishing) to sustain their families. They face

an array of aggregators and collectors, the middle men who capture the value the fishers create. One clear solution has been to create access for fishers and their cooperatives to sustainable seafood exporters, enabling the fishers to receive a higher price for their product and better return for their fishing effort using sustainable fishing practices. In turn, international consumers know where their fish is coming from and that they are supporting local communities. This significant change has impacted the entire value chain, but primarily benefiting those whose economic position and voice in the market is weakest.<sup>iii</sup>

Unfortunately effective microfinance, and shorter, more equitable and sustainable value chains remain rare examples across the Indo-Pacific. On a global scale, it is now widely accepted that the goals of the SDGs will not be achieved without private sector financing and investment, especially that which is available from capital markets. There is now global consensus that this private finance investment will only be achievable through 'blended finance', where public finance from Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) use their finances to manage risk and leverage additional private finance<sup>iv</sup>.

The Federal Government should seize the opportunity to innovate its own business models so that the business models of those in developing countries can also be improved. This is best achieved by DFAT embracing the two principles referred to above – improving access to appropriate finance and access to markets, especially for those in low resource communities. It is only the combination of these two that will deliver SDG goal attainment. A more innovative business model is also consistent with other international players, whereby private sector involvement is re-examined, to a focus on private sector finance investment. Australia and New Zealand are the only OECD countries that do not have DFIs in their aid programs<sup>v</sup>. DFAT's impact would be greatly enhanced if it were to pursue more innovative approaches to financing, in particular towards more blended finance arrangements.

### Recommendation:

The Federal Government should recognise and utilise its existing aid expertise and innovative practice in public sector agencies and implementing agents.

The business model of aid delivery should be revisited, with the introduction of private sector finance investment through blended finance models in line with other OECD countries.



## ii. Increased emphasis on outcomes for women and girls

*'The mainstreaming of women's empowerment in Australia's international development programs, expressed through gender equity and social inclusion (GESI) considerations within local socio-political and economic contexts is vital'*

The authors support the Federal Government's increasing focus on women and girls, evident in the terms of the 2017 Foreign Policy White Paper and in the associated orientation of Australia's aid program<sup>vi</sup>. The application of the Gender Equality and Women's Empowerment Strategy across all work undertaken by the Department of Foreign Affairs and Trade, and the appointment of an Ambassador for Women and Girls, demonstrates the commitment to improved outcomes for women and girls through diplomatic, development and security agendas.

The mainstreaming of women's empowerment in Australia's international development programs, expressed through gender equity and social inclusion (GESI) considerations within local socio-political and economic contexts is vital. Given women's role and influence on their family's values, well-being, nutrition, and other long-term health and education outcomes, their importance as agents of community development should not be underestimated.

The University of Queensland's specialist international development unit (UQID) welcomes an increasing number of short courses under the Australia Awards programs focused on women's leadership and the mainstreaming of gender equity and social inclusion within public policy formulation and governance-focused courses. However, for the empowerment of women to be genuine and impactful, regional capacity building program content and design must mainstream GESI within the relevant technical and disciplinary content rather than be treated as an 'add on' or approached in a tokenistic fashion, isolated from the main content objectives. All training programs must acknowledge that the impact of GESI programming is subject to extant structural, political and cultural boundaries inherent in local country contexts and content should be developed with this consideration in mind.

In UQ's broad experience, GESI considerations are best integrated into program content rather than designed as stand-alone sessions delivered by GESI experts without the requisite technical/disciplinary experience. For example, many Awardees from regional governments in the Indo-Pacific region respond best to women's empowerment and GESI issues if contextualised within policy stakeholder engagement. The need for policy-makers to consider the impacts of policies on a diverse range of societal groups – children, the elderly, disabled, women, ethnic minorities, those living in rural and remote regions – is readily understood by policy-makers. Similarly, in terms of programs aimed to enhance understanding of the government's role in private sector development, a high priority area in Australia's capacity building programs, gender considerations are best framed in more industry specific terms around social license for physical (hard) and service-related (soft) infrastructure development. Framing GESI considerations as best practice regardless of technical content or disciplinary area, can help overcome resistance or confusion by target groups.

**Case Study:** UQID Australia Awards short course program on Public Private Partnerships (PPPs):  
Modern PPPs are not just about novel engineering and financing. They are about people and communities. Understanding that 'social license to operate' and inclusive stakeholder consultation are

fundamental elements of best practice in PPPs is vital to all phases of the PPP project cycle. In our training we discuss aspects of community benefit and community support for infrastructure projects and undertake class exercises to identify and discuss specific solutions.

**Recommendation:**

For the empowerment of women to be genuine and impactful, regional capacity building program design and content should anchor GESI within relevant technical and disciplinary content rather than treat gender considerations in isolation from key content objectives.

### iii. Innovation in Australia's aid program

*'Innovation should not be limited to the private sector.'*

Given the current budgetary limitations for Australia's aid program, further innovation is necessary if we are to meet national aid priorities. Australia's research and technology sectors provide important leadership in confronting global challenges that impact developing countries throughout the Indo-Pacific. These sectors are already engaged via initiatives such as the InnovationExchange, and are increasingly embedded in frameworks of new aid investments such as the Product Development Partnership Fund under the Indo-Pacific Centre for Health Security. Opportunities for innovation in the Australian aid program are increasingly being recognised beyond private sector engagement (including start-ups and incubators) and technological advancement to other areas across the sector, and this should be further encouraged and developed.

By its very nature, innovation is multi-sighted and not focused in any particular sector. The current frameworks need to be revisited to improve their flexibility and recognition of innovation. For example, there are a significant number of Australian NGOs who are very active in the innovation space, as per a research report prepared by the Australian Council for International Development (ACFID) in 2016<sup>vii</sup>. This report contains a number of case studies, including technology adoption.

Less well known is the innovation that is occurring under mainstream procurement processes and contracted 'facilities'. Innovation within programmatic frameworks often goes unnoticed, as it is easier for contracted entities to stick within the prescribed reporting frameworks. Internationally, there is considerable innovation occurring through more adaptive programming frameworks, under an approach known as Problem Driven Iterative Adaptation (PDIA)<sup>viii</sup>. The procurement processes that would wrap themselves around an action learning approach, would themselves be a form of considerable innovation. In addition, they would paint an accountability story around the learning and adaptations that occur in practice, and capture and reward the 'business as usual' type of innovation that largely goes unrecorded. Innovations in learning and teaching should also be recognised for their ability to contribute to, and impact on, capacity development initiatives across a range of sectors across the region.

It would be useful for the Department of Foreign Affairs and Trade to more clearly articulate what innovation means in terms of aid, program delivery and capacity building programs. Such a definition should look beyond technology, entrepreneurship and the private sector to include innovation in teaching, learning, capacity building, programming and aid administration, while still emphasising the need for enabling technologies and private sector innovation.

**Recommendation:**

To ensure the innovation inherent within the private sector is maximised for the benefit of Australia's regional aid programs, the multiplicity of actors engaged in international development needs to be acknowledged and understood in policy terms.

There is a need for enhanced reporting and frameworks to capture and exploit innovation across the aid program to benefit Australia's aid program delivery in the Indo-Pacific region and beyond.

#### iv. The role, implementation, efficacy, impact, outcomes and/or evaluation of Australia's aid program in terms of strategic and development goals

*'The recent shift in emphasis from a donor-recipient model to a partnership model is highly beneficial for building partner capacity and trust.'*

For Australia's aid program to be truly effective and to deliver mutually beneficial outcomes, it requires a long-term, bipartisan approach that offers consistency of funding, human resources and innovation. Such an approach will ensure Australia develops genuine partnerships – as opposed to relationships – with recipient countries. The recent shift in emphasis from a donor-recipient model to a partnership model is highly beneficial for building partner capacity and trust.

The 2017 Foreign Policy White Paper committed to prioritising relations in the Indo-Pacific region:

*For Australia, the stakes could not be higher. The Indo-Pacific encompasses our most important economic partners and its dynamism supports economic growth in Australia, creating jobs and increasing our standard of living. Our cultural, educational and people-to-people links are also deep. The region is the source of many of our biggest migrant communities, which are vital to our modern, vibrant nation.<sup>ix</sup>*

The scale and nature of the aid program, driven by perceived budgetary constraints, risks undermining Australia's Foreign Policy commitment and status in the Indo-Pacific, and therefore stability in the region. First and foremost, a stable region is achieved through the provision of appropriate aid – that, in itself, requires consistency of supply that cannot be achieved without appropriate spending.

While Australia is among the wealthiest countries in the world on indices such as gross domestic product per capita, it is one of the world's lowest aid contributors in terms of Gross National Income (GNI) (ranked 19<sup>th</sup> out of the 29 nations that give aid). Given the current budgetary confines, Australia must use its aid dollars more effectively.

Further, the authors note the distinction between the aid and humanitarian programs. While the latter is responsive to those countries in the greatest need, the aid program is more targeted to countries in the region with whom Australia wishes to enhance its strategic partnership. For the Federal Government to develop truly strategic partnerships with neighbouring states, it must develop mutually agreed objectives that benefit both Australia and the recipient countries/regions.

For example, a DFAT report<sup>x</sup> evaluating the Civil Society Water, Sanitation and Hygiene Fund identified the program had supported a range of projects across the region in geographic locations that might not have otherwise received these services, thereby bringing significant positive impact for local communities. However, the report also identified areas for improvement, noting the Fund's relatively high management arrangements, ultimately impacting the overall cost of the program when compared to similar initiatives.

Any link between aid (particularly humanitarian assistance) and trade development outcomes should be considered cautiously. Australia's commitment to supporting and strengthening humanitarian assistance is clearly articulated in its 2016 Humanitarian Strategy, in its support of the UN's Agenda for Humanity. Australia

has affirmed that this commitment is guided by the internationally recognised humanitarian principles of humanity, impartiality, neutrality and independence.

By its very nature, humanitarian assistance should be needs-based and provided to those countries that require it most, which should in turn be balanced with potential trade development outcomes. This is particularly important today when the world is facing an escalation of humanitarian needs. The UN estimates that in 2018 more than 128 million people are in need of humanitarian assistance. An estimated US\$25B will be required to address these needs. According to the UN, Asia and the Pacific is the world's most disaster-prone region. Yet while humanitarian needs have increased in recent years, Australia's position as a provider of humanitarian assistance has declined from 10<sup>th</sup> in the world in 2012 to 18<sup>th</sup> in 2016. There was a decline in the amount of humanitarian assistance provided by Australia from US\$430m in 2014 to US\$293m in 2016. The authors welcome the commitment to increase humanitarian assistance made in the 2017 Foreign Policy White Paper to more than AUD \$500m per year. Further cuts to the aid budget have the potential to result in cuts to the consistency of the provision of aid and will impact on Australia's ability to respond to humanitarian emergencies.

### **Enhanced Coordination with Major Donors**

Additionally, there is greater opportunity to forge strategic partnerships between Australia and other major bilateral and multilateral donors in the Indo-Pacific to realise greater development benefits for the recipient countries, plus coordination and integration in aid programs leading to closer strategic ties and business opportunities. Strategic alliances between Australia and other major donors would build on respective strengths of Australia and others to realise synergies and avoid duplication and competition. It could also be positioned as promoting regional stability.

One example would be that as other multilateral donors focus increasingly on both Countering Violent Extremism (CVE) and Preventing Violent Extremism (PVE) in Indonesia due to the ongoing terrorism threat, there is real benefit for Australian agencies to enhance coordination with other donors. Australia's longstanding contacts in the Indonesian security forces, government agencies and civil society can assist other donors to better appreciate the breadth and depth of extant activities and to ensure that greater resourcing of CVE-PVE programs by a range of donors does not lead to unnecessary duplication or distorted policy outcomes.

### **Climate Change**

Separately, Australia's Foreign Policy White paper does not provide adequate consideration to the impact of climate change. The impacts posed by climate change to Australia – but also to the broader Indo-Pacific region – set to undermine any development gains. In the Asia-Pacific region for example, effects on economies, natural and physical assets, food health and energy could force more than 100 million people into extreme poverty by 2030 and decrease GDP by up to 3.3% by 2050<sup>xi</sup>. Climate change must be considered in Australia's development policies and funded on-the-ground programs. Even if global emissions stopped today, the IPCC predicts that we would continue to feel the impacts of climate change for centuries, so adapting to unavoidable impacts should be a key component of any development programs. How we will adapt, however, has evolved from ineffective 'top-down' approaches driven by experts, to 'bottom-up' interventions like community-based programs that involve greater participation by local stakeholders. Increasingly Australian aid programs must take a community-based approach to climate change adaptation efforts.

Australia is respected globally for its leadership on the development challenges faced by small island states in the Pacific<sup>xii</sup>. These countries have a unique set of socio-cultural and environmental strengths, and a unique set of challenges in terms of their remoteness, smallness, and preponderance of aid assistance relative to their GNI. Australia is also a recognised leader in terms of its research and programming in gender mainstreaming, disaster risk reduction and labour mobility into the Pacific. More work is needed to collect practice case studies and research, and to promote Australia's efforts into global development effectiveness discourse.

### Recommendations:

The Federal Government should consider and secure long-term, bipartisan approaches to aid that offer consistent, uninterrupted funding and human resources to enable longer term, enduring activities and partnerships with key stakeholders.

In designing climate adaptation programs throughout the region, Australian aid needs to:

- Account for future projections of climate change impacts based on IPCC modelling and expertise;
- Better understand and integrate local contexts in design and implementation;
- Use more participatory processes and integrate local knowledge into design stages;
- Focus on and effectively implement awareness activities; and,
- Support longer-term projects.

Australia is also a recognised leader in terms of its research and programming in gender mainstreaming, disaster risk reduction and labour mobility into the Pacific. More work is needed to collect practice case studies and research, and to promote Australia's efforts into global development effectiveness discourse.

## v. The role Australia's aid program plays in building influence as a trusted development partner

*'It should be noted that the recipient nation's satisfaction with the aid investment program is more important than the amount of funding provided through Australia's aid program.'*

While it is acknowledged that Australia's aid program cannot be quarantined from the broader political process, our regional partners must be able to rely on its financial and human resource. Further, an appropriate budget enables Australia and its regional partners to develop mutually agreed objectives and bilateral mechanisms, thereby confirming Australia's desire for a genuine partnership. Comparable countries have expanded rather than reduced their aid programs in recent years with increases from France, Italy, Japan and Sweden in 2016<sup>xiii</sup>.

It should be noted that the recipient nation's satisfaction with the aid investment program is more important than the amount of funding provided through Australia's aid program. In order to ensure this satisfaction – and assist in the program's overall success – Australia should allow elected representatives of recipient societies to have greater input into the nature of the program, in turn building trust and stronger partnerships.

The 2017 request by Papua New Guinea for direct funding support for health and education – and Australia's subsequent response – is one example of a broader disinclination to allow recipient states to determine their own aid priorities<sup>xiv</sup>. While accountability in the delivery of aid is important to retain as a central goal, attention to the needs of recipient states should be considered carefully. This is especially a danger when ODA is viewed primarily through the lens of the advancement of Australian national interests, which is clearly stated as the current priority of the Australian aid program.

At the heart of Australia's most successful aid partnerships is the formulation of a trusted relationship built on respect. It is vital that such relationships are viewed not as aid beneficiary relationships, but rather as a partnership between Australia and its regional neighbours. Indonesia, for instance, is shifting its position within the region from that of an aid recipient to becoming itself a donor of aid. In recent years Indonesia has provided aid following the 2015 earthquake in Nepal and to Fiji in the wake of Tropical Cyclone Winston in 2016, and humanitarian assistance to both Myanmar and Bangladesh following the violence and displacement in Rakhine State. Indonesia also has technical cooperation programs in place for several developing countries in Africa, Asia and the Pacific. In 2018, it announced the establishment of a single agency – Indonesia Aid – with an initial budget of Rp 1 trillion (US\$70 million) to consolidate the delivery of these programs.

Indonesia provides a model that can be followed for Australia in emerging economies across the Indo-Pacific. Without sufficient funding and strategic support aimed at long-term mutual benefit, our relationships with key emerging economies will diminish, just at the time when trade and commerce can benefit Australia's industry sector.

**Case study:** If Australia is strategic about its aid programs, it can directly support emerging national leaders in their field. The University of Queensland has strong links with Indonesia, with some 1200 Indonesian students enrolled, an established Jakarta office, the highest co-publication rate with Indonesian researchers of any university and a comprehensive engagement strategy. Many UQ Indonesian alumni have moved into senior positions in key Government departments and universities, as well as at the Indonesian Institute of Sciences



(LIPI). This partnership has opened extensive opportunities for science and technology research in Indonesia for UQ researchers, followed by commercial relationships. Further, UQ is currently working with the Chair of LIPI on reformulating its innovation and commercialisation strategy, focused on the renewal of the many science and technology parks established under the current President. Long-term positive relationships permit positive strategic influence and partnerships rather than what is seen as political interference.

**Recommendation:**

More funding should be directed at postgraduate education programs, in particular those that support greater mobility between the region and Australian institutions, or conversely, the delivery of Australian coursework to partner universities in the region.

vi. The role, implementation, efficacy, impact, outcomes and/or evaluation of increasing the participation and engagement of women in private sector development opportunities

*'Strategic integration and investment from the private sector – combined with a more innovative funding model – has the potential to significantly broaden the participation of women as citizen entrepreneurs.'*

Women make up half of the productive and creative human resources in all societies, and the degree to which women have equal opportunity to contribute to society and the economy has a large influence on a country's development trajectory. It is also a matter of personal dignity, health and self-esteem that women are afforded equal opportunity to reach their potential in life. Increasing engagement of women provides a platform for the Australian aid program to demonstrate leadership in innovation, its ability to engage with the private sector, and a willingness to work across the areas of greatest need.

It follows that private sector development will benefit directly by ensuring women are engaged and participate in business opportunities, particularly those business opportunities that have a direct bearing on their livelihoods. A gender sensitive approach to business development can deliver greater returns on investment and more equitable gender relationships. Food supply chains, public health and distributed renewable energy are just some opportunities for engaging women in development opportunities.

Previously micro businesses have had a high failure rate. In order to prevent a continuation of this, entrepreneurship must be embedded into the social and political ecosystems of recipient countries. Such an approach has the potential to lead to grassroots support and upskilling of women in the development of micro business. Further, strategic integration and investment from the private sector – combined with a more innovative funding model – has the potential to significantly broaden the participation of women as citizen entrepreneurs.

In private sector development there is also a duty of care to ensure that new businesses do not harm or make matters worse for gender equality. One case in point is the promotion of highly processed, but poor nutrition foods, such as instant noodles. These new foods may be attractive to time-poor women but contribute to poor nutrition outcomes including poor maternal and infant nutrition, leading to malnutrition and childhood stunting. Food trade policy has a role to play in protecting vulnerable segments of the community, including young mothers, from the excesses of the private sector.

### Recommendation:

All development opportunities, including those from the private sector, should be critiqued through a gender equity lens. This critique will seek to identify best practice, avoid poorly-conceived initiatives, and promote gender equity through private sector development opportunities.

Australia's aid program should enhance and diversify its funding model to support more grassroots initiatives, for example micro businesses that empower women and increased Public-Private Partnerships that engage with local stakeholders and enable community business opportunities.

x. **The role, implementation, efficacy, impact, outcomes and/or evaluation of business partnerships, social enterprise and community investment in delivering development outcomes, with a focus on local entities**

*'If the Federal Government is to consider broadening the role of the private sector in development, it must assess the impact on existing partnerships and potential partnerships (the latter, specifically relating to those countries that are rapidly moving from low to middle income nations).'*

Although many development issues are characterised as global – poverty, nutrition, climate change, even globalisation – effective solutions are often implemented at the local level. Local entities, social enterprise and community investment all imply a focus on local communities. This 'bottom up' approach is a necessary and complementary strategy to the 'top down' policy approach. The two approaches need to be coordinated to avoid unintended consequences and exploit potential synergies.

The starting point to any local development initiative is engagement with local stakeholders. This critical initial stage is often overlooked or poorly enacted. Greater rigour in stakeholder engagement will pay handsome dividends in the long run and may include locally supported research agendas, greater adoption of research outputs, community supported business opportunities, avoiding unintended consequences, new partnerships and overall greater impact.

Good research for development practice suggests project resources be allocated in equal thirds to understanding the situation (stakeholder engagement), implementing the identified and supported interventions, and monitoring and evaluating project outputs and outcomes. All three activities can be envisaged as research and should be integrated with each other.

There is currently a lack of research into the effectiveness of the private sector in building successful development opportunities and positively impacting Australia's partnerships with those neighbours. While this issue does not preclude Australia's role in increasingly integrating private sector engagement, it does require innovation to ensure their engagement is appropriate. If the Federal Government is to consider broadening the role of the private sector in this space, it must assess the impact on existing partnerships and potential partnerships (the latter, specifically relating to those countries that are rapidly moving from low to middle income nations).

As countries progress from low to low-middle, or middle-income countries, the World Bank shifts from grants to these countries to loans that the recipient government proposes. The loans range between US\$30m-700m, and move from research to infrastructure, which often requires foreign companies to supply and construct. The length and depth of Australia's involvement in aid and support for low income countries through both humanitarian and developmental aid for low income countries can place this country in a strong position to make economic gains from the strategic partnership in the long term.

For example, there is an unrealised potential to use mobile phone technology and mobile banking as a new aid modality. Once the mobile device confirms the identity of the individual, cash can be directly transferred to citizens<sup>xv</sup>, which has had observable benefits in terms of social inclusion and empowerment of women. It also enables the efficient use of subsidies to incentivise development, such as reimbursing people for purchasing clean LPG rather than more polluting (e.g. dung) or environmentally damaging (e.g. forest) alternatives<sup>xvi</sup>. It

also has the potential to empower citizens to incentivise improved service, by authorising partial payments to school teachers according to the time they spend teaching in the classroom. This modality has considerable potential in the Pacific, due to remoteness and difficulty of transportation to the nearest bank; it also has considerable potential in places where governance systems are fragile and unreliable, and during times of emergency humanitarian assistance. Australian Centre for International Agricultural Research (ACIAR) projects led by Australian university academics in Vietnam, Kenya, Uganda and Laos have been at the forefront of this initiative.

**Recommendation:**

Greater research into the effectiveness of the private sector in building successful development opportunities and positively impacting Australia's partnerships with Indo-Pacific neighbours is recommended.

xi. The role, implementation, efficacy, impact, outcomes and/or evaluation of the Australian Centre for International Agricultural Research (ACIAR) in delivering development outcomes, particularly with regard to the linkages between food security, biosecurity and national security issues

*'ACIAR has the opportunity to be a global leader in integrated delivery of food and nutrition security research, and both Indonesia and the Pacific Island Countries provide a perfect test case on Australia's doorstep.'*

ACIAR is a unique organisation in the international research and development sector. What makes ACIAR unique is its focus on research partnerships between Australian and developing country researchers. By most measures it has been an outstanding success and should continue to be supported by Australian taxpayers. The Australian community remains largely unaware of the good work ACIAR does and greater effort is required to promote their work both in Australia and recipient countries.

ACIAR has traditionally, and largely remains, focussed on agricultural research for development. This focus builds on Australia's strengths in agricultural and related disciplines, and also provides a pathway out of poverty based on sustainable on-farm and supply chain enterprises. However, ACIAR is responding to the need to have greater impact in related development goals by expanding its focus to include gender equity, food and nutrition security, and public health. This is a welcome strategic direction but comes with complex challenges on how to balance depth in scientific expertise with broad development outcomes.

The example of food and nutrition security provides a case in point. The international community has moved away from a focus on food production (agriculture and fisheries) to a focus on food availability, food access (affordability) and food utilisation. These broad determinants of food security require a greater depth of scientific disciplines and methodologies. More recently the focus on nutrition security (adequate nutrients, not just adequate calories) has demanded a more systemic understanding of the determinants of food consumption behaviour and the design of effective interventions in the food system to improve nutrition outcomes.

Agricultural production research is still highly relevant and important, but there is a growing acceptance of the need for integrating agricultural research with supporting research in areas as diverse as water, sanitation and health (WASH), diet and nutrition, gender equity, and value chains. Terms such as 'nutrition-sensitive agriculture', 'nutrition transition' and 'gender sensitive value chains', reflect this trend. The desire for more integrated research for development has made administration and management of research for development projects more complicated and uncertain. ACIAR has the opportunity to be a global leader in integrated delivery of food and nutrition security research, and both Indonesia and Pacific Island Countries provide a perfect test case on Australia's doorstep.

**Recommendation:**

ACIAR should be funded to explore innovative approaches to delivering integrated, nutrition-sensitive interventions in Pacific Island food systems to address the triple burden of malnutrition (inadequate calories, inadequate nutrients and overconsumption).

The importance of agricultural production, including rain-fed farming systems, remains a key priority for ACIAR funding given the pressures associated with climate change and greater pressure on natural resources. The current focus on rain-fed farming systems in eastern Indonesia is strongly supported.

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## End notes

- <sup>i</sup> Development Policy Centre, ANU, ‘When will we stop cutting aid?’, *DevPolicy Blog*, May 2018; ACFID ‘Government keeps its foot on the throat of the aid budget’, May 2018
- <sup>ii</sup> For example, multinational companies Abt Associates manage the PNG Governance Facility and Cardno Emerging Markets manages the Indonesia Australia Partnership for Infrastructure (KIAT).
- <sup>iii</sup> <http://ccres.net>
- <sup>iv</sup> Blended Finance Taskforce. 2018. *Better Finance Better World*. Consultation Draft. London: Business and Sustainable Development Commission, SystemIQ.  
[https://assets.ctfassets.net/bbfdx7vx8x8r/3bnV6UBJKEQcW6uAAmqgci/c901bd2ab55753936a476651b3735b3a/BFT\\_BetterFinance.pdf](https://assets.ctfassets.net/bbfdx7vx8x8r/3bnV6UBJKEQcW6uAAmqgci/c901bd2ab55753936a476651b3735b3a/BFT_BetterFinance.pdf)
- <sup>v</sup> Both bilateral; and multilateral DFIs are in use by leading OECD donors as specialised development banks or subsidiaries set up to support private sector development in developing countries. They increasingly make up a significant proportion of official aid flows to developing countries from countries including Japan, Germany, Canada and the USA (Development Co-operation Report 2014, Mobilising Resources for Sustainable Development, DOI:<http://dx.doi.org/10.1787/dcr-2014-en>)
- <sup>vi</sup> <http://www.oecd.org/australia/oecd-development-co-operation-peer-reviews-australia-2018-9789264293366-en.htm>
- <sup>vii</sup> <https://acfid.asn.au/sites/site.acfid/files/ACFID%20Innovation%20for%20Impact%20-%20Web%20Ready.pdf>
- <sup>viii</sup> Andrews, M., L. Pritchett and M. Woolcock. 2017. *Building State Capability: Evidence, Analysis, Action*. Oxford, UK: Oxford University Press.  
<http://fdslive.oup.com/www.oup.com/academic/pdf/openaccess/9780198747482.pdf>
- <sup>ix</sup> <https://www.fpwhitepaper.gov.au/foreign-policy-white-paper>
- <sup>x</sup> <http://dfat.gov.au/aid/how-we-measure-performance/ode/Documents/ode-brief-evaluation-of-civil-society-water-sanitation-hygiene-fund.pdf>
- <sup>xi</sup> United Nations Economic and Social Commission for Asia and the Pacific ‘The Economics of Climate Change in the Asia-Pacific Region, 2016’,  
<http://www.unescap.org/sites/default/files/The%20Economics%20of%20Climate%20Change%20in%20the%20Asia-Pacific%20region.pdf>
- <sup>xii</sup> <http://www.oecd.org/australia/oecd-development-co-operation-peer-reviews-australia-2018-9789264293366-en.htm>
- <sup>xiii</sup> <http://www.oecd.org/development/development-aid-stable-in-2017-with-more-sent-to-poorest-countries.htm>
- <sup>xiv</sup> <http://www.abc.net.au/news/2017-03-09/png-asks-australia-to-fund-health-education-after-downturn/8338486>
- <sup>xv</sup>  
[http://www.microsave.net/files/pdf/171212\\_Household\\_Perception\\_Impact\\_of\\_Bhamashah\\_Digital\\_Governance\\_Reforms\\_in\\_Rajasthan.pdf](http://www.microsave.net/files/pdf/171212_Household_Perception_Impact_of_Bhamashah_Digital_Governance_Reforms_in_Rajasthan.pdf); <https://www.cgdev.org/publication/what-a-new-survey-aadhaar-users-can-tell-us-about-digital-reforms-initial-insights>
- <sup>xvi</sup> <https://www.cgdev.org/publication/fuel-subsidy-reform-developing-countries-india>
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