



Australia's International Development Contractors Community

SUBMISSION BY

**AUSTRALIA'S INTERNATIONAL DEVELOPMENT
CONTRACTORS COMMUNITY (IDCC)**

TO THE

**DEPARTMENT OF
FOREIGN AFFAIRS AND TRADE**

SOFT POWER REVIEW

OCTOBER 2018

The International Development Contractors Community (IDCC)

The **International Development Contractors Community (IDCC)** was formed in early 2018 as a representative body for organisations and individuals who provide, or have provided, Australian development cooperation through contracts and consultancies. **Our members represent a professional community which has worked with our neighbouring countries for fifty years, and which over recent years have had responsibility for around 20 per cent of the annual aid budget¹** (This equates to approximately \$800 million per year, or \$8 billion over 10 years). Our members work on complex issues across more than 50 countries in the Indo-Pacific region and beyond.

The IDCC welcomes this review of Australia's soft power approach. We make this short submission to highlight how the aid program helps spread Australia's ideas, values and influence, and creates constructive relationships which are in Australia's broader strategic and national interests. **We believe there is significant room to improve the contribution that Australia's aid program can make to Australia's soft power, and we provide some specific suggestions to this end.**

Summary of Recommendations

As further detailed below, the IDCC recommends that the Australian Government:

1. **Take greater advantage of the collective expertise of those Australian professionals who provide a visible face to Australian soft power on the ground.** A closer partnership approach between DFAT and those involved with implementing aid programs would help maximise the soft-power benefits and returns to Australia on its aid investments, and help ensure that aid-funded work integrates with other foreign policy approaches.
2. **Increase the proportion of projects designed and delivered by organisations which can represent a strong Australian presence and identity.** On both strategic and development effectiveness grounds, it makes sense to strategically rebalance the aid program towards activities that directly involve a high proportion of Australian people, products and ideas.
3. At a time when other countries are boosting their soft power efforts in our region, **restore Australia's reputation in the Asia-Pacific as a trusted and consistent development partner, through a planned, phased and consistent reversal of recent aid cuts.** This should include provision for DFAT to maintain and grow its skills and capacity for effective development, management and strategic oversight of aid activities.

¹ While media reports and some other aid stakeholders have at times implied that the share of aid implemented by commercial suppliers has been growing rapidly over time, we would note that DFAT figures show the use of commercial suppliers has remained quite steady in recent years (2013/14 21%; 2014/15 19%; 2015/16 20%; 2016/17 21% - according to DFAT's 'Performance of Australian Aid' series).

Australians giving a visible face to Australia's good intentions and ideas

If Australia's development cooperation is to be effective in extending Australia's influence and ideas, **Australia must be visible in the region.** People to people links are vital, whether through project staff working with counterparts, or foreign students on aid scholarships learning in Australia, or Australian volunteers working with local communities. In the past, tens of thousands of Australians have participated in Australia's aid program, by working with government, NGOs, academic institutions, as volunteers, with 'think tanks' and with private contracting firms or as individual consultants.

IDCC's member organisations and individual members deliver a vast array of development projects for the Australian government. **In partner countries, we provide a visible, professional face for the implementation of Australia's good ideas and intentions.** Our community of professionals works hand-in-hand with individuals and organisations in developing countries, ranging from water and sanitation projects to health improvement initiatives, from training teachers and midwives to building roads and bridges, to supporting and building up government institutions at the national and sub-national level.

In country, our members deal every day with people in national governments, institutions and local communities. We work closely with partners develop local relationships and friendships which demonstrate Australia's understanding, commitment and long-term engagement. We implement programs which provide visible benefits for Australia's partner countries. We employ and work closely with teams of national staff in each country. We develop cultural insights into what works on the ground, and what does not. We procure locally, and we engage with local firms and partners. In many cases we speak local languages and engage closely with local communities in a variety of locations within partner countries, from capital cities and to provincial or remote locations. These relationships build the substance of trust at multiple levels, and provide the basis for positive influence. **IDCC members working as professional staff and experts from Australia show every day that Australia and its people can be seen as trusted friends. IDCC members also see at first hand the high regard in the region for Australia's technical capabilities and ability to put good ideas into action in a practical, respectful and friendly way.**

Involving professional Australian expertise in formulating effective soft-power initiatives

There is scope for the Government to take **greater advantage of the collective professional expertise of those representing Australian ideas and influence as they implement aid programs.** The IDCC would welcome a closer **partnership approach** with DFAT in planning and implementing development cooperation programs. This would aim to maximise the soft-power benefits and returns to Australia on its aid investments and to help ensure that aid-funded work integrates with other foreign policy approaches. For example, aid contractors are often used by DFAT to develop designs based on aid concepts developed by DFAT. IDCC suggests that there is value in consulting with and involving this aid expertise *at an earlier stage.* The government, through DFAT, must obviously remain in the driver's seat in terms of policy directions and desired aid outcomes. But when developing concepts for new aid initiatives, the government could draw on the depth of expertise of aid contractors at an early stage by, for example:

- **Inviting inputs from aid contractors on draft DFAT concepts** – providing an informed discussion and reality check on whether/how these can be implemented on the ground, and possible improvements
- In a more innovative approach, **inviting aid contractors to develop concepts for initiatives to address DFAT’s desired outcomes in a given sector**. Such a process could involve a variation on the traditional tender process, by allowing advice from contractors at the *concept* stage as well as the design stage. Once concepts were selected by DFAT, successful contractors could then move on to formalising partnerships and sub-contracting smaller players while developing designs for DFAT’s approval.

A strategic rebalancing of aid towards greater Australian linkages

IDCC believes the government should optimise its mix of aid investments and maximise the impact and returns for the aid dollar, including soft power returns. In this regard, we recommend a strategic rebalancing of the aid mix: the Government should **increase the proportion of aid projects designed and delivered by organisations which can represent a strong Australian presence and identity**. We believe this provides both increased strategic returns, and increased effectiveness. From a strategic soft power perspective, the Government should favour elements of the program that directly involve a high proportion of Australian people, products and ideas. This includes programs implemented by commercial firms, as well as supporting more volunteers, partnering programs and community to community linkages.

As part of this rebalancing, from IDCC’s collective field experience we believe that **the aid program currently over-relies on aid to UN and other multilateral organisations**. This comprised some 42% of the aid program in 2016-17. Relative to direct bilateral engagement, contributions to multilaterals reduce the visibility, influence and effectiveness that Australian aid can have. DFAT has much less direct control or oversight of activities implemented by UN and multilateral agencies, and is far less able to ensure that their reporting focuses on the results the Australian government wants to achieve. **By DFAT’s own measures, multilateral aid rates as significantly less effective**, with partner performance assessments of multilateral aid programs rating at 4.5, compared to 4.9 for commercial implementing partners or 4.8 for Australian non-government organisations. In a soft power sense, multilateral contributions provide limited benefits: Australian visibility is comparatively low, and Australian engagement in implementation and oversight is often minimal.

Don’t overlook the soft power potential of Australian aid

We believe that **development cooperation**, despite the significant size of the aid budget within the DFAT portfolio, is **often overlooked as a key strategic tool**. The 2017 Foreign Policy White Paper gave the aid program only cursory attention. There seems an unchallenged assumption of a lack of return on investment to Australia from development cooperation, compared to other tools such as intelligence, defence, and politico-economic engagement. Hence, this soft power review is very timely, for ensuring

that the broader dividends of aid can be considered. This should help a more holistic view can inform budget allocations for pursuing Australia's foreign policy agenda.

Successive cuts to the aid program have also **reduced confidence in Australia as a trusted and consistent partner, at a time when new players are discovering the value of exercising their own soft power through aid.** Regional partner countries see aid being given a lower priority even while Australia's economy continues to grow, with cuts to aid disproportionately high against other government expenditure, and the aid program now heading towards an all-time low in terms of share of gross national income.

So, for example, while IDCC members in Indonesia observe Saudi Arabia investing time and resources in developing influence, relationships and cultural links across Indonesia, and observe China complementing its commercial muscle through highly visible aid programs across the Asia-Pacific, we see Australia has been cutting development cooperation in our key bilateral relationships. **In our region, Australia is seen as vacating the field while our competitors move in.** This impacts negatively on Australia's international reputation, while also limiting our capacity to influence development outcomes to the benefit of national interests. IDCC strongly advocates for **a planned, phased and consistent reversal of the continuing aid cuts.** Such a funding boost should include provision for **DFAT to maintain and grow its skills and capacity** for effective development, management and strategic oversight of development cooperation.

The IDCC is grateful for the opportunity to contribute these ideas to the review. **We would welcome the opportunity to discuss these further** with DFAT.