

## IDCC Submission on the Australian Government's new international development policy

The IDCC recommends the Australian Government:

1. declare international development cooperation to be an important pillar of Australia's foreign and security architecture, supporting regional stability, resilience, prosperity and security.
2. ensure Australia's international development embraces the whole Indo-Pacific, where we form genuine bilateral partnerships with countries underpinned by mutually agreed development outcomes that demonstrate our shared respect, values and outlook for the region.
3. establish clear, transparent and measurable performance measures, underlain by quantitative and qualitative gauges, feedback loops and clearly communicate these with the public.
4. strengthens its focus on gender equality and inclusive development, with a view to becoming an influential regional and global leader on these issues.

### The context of Australia's International Development Program

#### ***Regional growth, stability and relationships are critical to our economic and geopolitical future.***

The 2017 Foreign Policy White Paper (FPWP) noted the Indo-Pacific's "rising prosperity has been built on the region's stability. Today, the Indo-Pacific is undergoing a strategic transition...No long-term foreign policy objective is more important to Australia than ensuring our region evolves peacefully and without an erosion of the fundamental principles on which the Indo-Pacific's prosperity and cooperative relations are based". The geostrategic importance of our region cannot be understated.

The 2016 Defence White Paper (DWP) noted our three strategic interests comprise "a secure, resilient Australia, with secure northern approaches...a secure nearer region, encompassing maritime South East Asia and South Pacific...[and] our security and prosperity depend on a stable Indo-Pacific region and a rules-based global order in which power is not misused". It notes "the wider Indo-Pacific region, from the Indian Ocean to the Pacific Ocean connected by South East Asia, through and within which most of Australia's trade activity occurs, will be central to our national security and economic prosperity".

#### ***Our region is evolving quickly, creating opportunities but exacerbating development challenges.***

Australia is at an important juncture. Defence Minister Reynolds [stated](#) recently the world was changing quicker than expected and "the challenges are multifaceted, they are multidimensional". Our region is not immune, with Foreign Minister Payne [noting](#) the "vast infrastructure and development needs...[as well as] the region's long-term development challenges – including climate change".

Despite recent success, developing East Asia and the Pacific (EAP) remains vulnerable. Over 500 million people live on USD 5.50/day or less.<sup>1</sup> A further 20 per cent of EAP's population could fall into poverty, with higher levels in Indonesia and the Philippines. EAP countries face challenges including inclusive growth, access to basic services, rapid aging, and uncertain and slowing growth prospects, making economic security for all difficult. A rising middle-class means greater food needs that require more natural resources. Increased rivalry for fresh water will also be a major challenge. Climate change will [exacerbate](#) these challenges.<sup>2</sup> Australia can help shift this course, paving the region's success by tackling economic, climate, environmental and societal challenges.

<sup>1</sup> See [Appendix](#). The wider Asia-Pacific has over 300 million living in extreme poverty and 915 million living between \$1.90/day and \$3.20/day.

<sup>2</sup> The FPWP notes "population, increased numbers of middle-class consumers and further economic development will strain the world's resources. Climate change, environmental degradation and the demand for sustainable sources of food, water and energy will be political, economic and security disrupters over the longer term. These challenges could undermine stability in some countries, especially fragile states, and contribute to conflict and irregular migration...climate impacts could add to social, economic and political tensions. Many countries in Australia's immediate region, especially small island states, will be severely affected...The coming decade will likely see an increased need for international disaster relief. Responses to climate change will be an important influence on international affairs and Australia's economy".

## Strategy: function, focus and fealty required in Australia's regional efforts

***Australia's development cooperation - a crucial tool of our Indo-Pacific relations, standing and influence - is an underrated contributor to our economy, our national security and our future.***

The FPWP noted "Australia's interests are strongly served by acting with others to support a rules-based international order" and affirmed "in a globalised and contested world, a systematic and sophisticated approach to soft power is in our national interest". Australia's Official Development Assistance (ODA) program is vital to our efforts to maintain a secure, stable, prosperous and resilient region. In an increasingly contested world, the FPWP recognised that "crucial to Australia's influence is the quality and reach of our diplomacy and development assistance". In decades ahead "strong diplomatic, defence and national security capabilities will be essential to shape events to our advantage. Our development assistance will support efforts to build a stable and prosperous world, with a focus on the Indo-Pacific".

***Our success requires extensive integration of Australian efforts across purpose, policy and programs.***

The Chief of the Defence Force noted recently how other nations are [boosting their geopolitical power](#), including in East Asia and the Pacific. Australia cannot afford to be complacent. It is essential we re-establish Australia's standing as a worthy, focused, internally and externally aligned, reliable friend.

Australia's domestic policies are externally indistinguishable from our international efforts, which cover development, diplomacy, defence, environmental and climate action, trade, security efforts and broader business and societal relations. No matter what limb we lift to assist, we are Aussies. Australia must integrate its domestic and foreign policies, to ensure we "speak with one voice and operate as one entity". We must intensely integrate international efforts, so that our support in the Indo-Pacific has a clear purpose, supported by policies and programs with measurable goals that are agreed, prioritised, financed and delivered in cooperation with developing country partners to achieve tangible outcomes.

***The Pacific is our current geopolitical focus, but by ignoring Asia we diminish our ability to influence the region, its future stability and prosperity. Our national interests and security demand we engage with, learn from and influence our entire region via deep development cooperation.***

The Office of the Pacific and our *Step-Up* are a great start, showing the potential for Australia's domestic and international relations agencies to collaborate and deliver a cohesive ODA program. Asia, though, is expected to take over as the world's economic growth engine. Global GDP is expected to be concentrated in our region, with [McKinsey forecasting](#) Asia will "drive 40 per cent of world consumption, representing a real shift in the world's centre of gravity". Providing targeted expertise and ODA to assist nations achieve poverty reduction and sustainable, inclusive economic growth in a region with immense economic opportunities fits a stronger, long-term and geostrategic Australian foreign and trade policy.

The FPWP notes the New Colombo Plan is a "practical manifestation of Australia's commitment to learn from our neighbours...[and] our international science collaboration generates new ideas" to respond to emerging challenges. Our international efforts allow us to learn which programs produce outcomes and induce climate-resilient, inclusive and sustainable growth. In a stable, but debt-laden and subdued domestic and global economic environment increasingly [hampered](#) by [climate change](#), we need this knowhow. Australia must support, partner with and learn from East Asia and Pacific nations to develop the Indo-Pacific - we gain a deeper understanding of our friends, learn from our allies and through our partners' experiences; and build influential bonds for a future where we are no longer in the G20.

## Strategy: genuine partnerships, permanent resolve and progression are also required

***Australia's past development cooperation efforts have shown our commitment, shared our values, enhanced our bonds and, ultimately, increased our influence in the region and on the global stage.***

The FPWP notes Australia's "commitment to solving regional and global challenges underpins our standing as an influential and successful nation. Our development partnerships also expand our points of engagement and international influence". Our unqualified intent to have a lasting, positive impact in the Indo-Pacific – by reducing poverty; driving inclusive prosperity; fostering peace, stability and security; and building economic and environmental resilience – is acknowledged by those we support.

Our efforts mean our friends seek to support us in times of need – for example, [PNG and Vanuatu pledged their support](#) to help tackle bushfires.

***Partnerships built on mutual respect, trust, learning and benefit enhance genuine relationships.***

Though our development efforts in the Pacific are well intentioned, some consider them [paternalistic](#). We have relied heavily on long-standing anglophone alliances with nations outside our region, but, as noted in the DWP, the wider Indo-Pacific is crucial to our national security and economic prosperity. Our approach to the region needs to change now. Australia needs to form genuine partnerships with countries with whom we share values, outlook and objectives in the Indo-Pacific. We must embrace and value Indo-Pacific nations, to underpin our mutual benefit, security and growth.

Effective relationships are built on mutual respect, sincerity and trust, which are reinforced by delivering on commitments. Australia's ODA program and general support must be discussed, determined and endorsed with developing country partners. Our development partnership agreements must comprise clear, concise, transparent goals and show all parties' long-term duty to measurable, mutually agreed outcomes with utmost regard for development needs and vulnerabilities. Australia must prioritise bilateral mechanisms for forging links and raising relationships for lasting local development impact, followed by regional alliances and global effort to thwart negative commons.

***A clear, focussed purpose and effective communication of our ODA program leads to trust, especially from the greatest stakeholders – the Australian public and communities in partner countries.***

Australia needs to be clear on the ODA program's purpose, its goals and its design. The ODA program is in Australia's long-term national security and national interests. It must be aligned with our international development commitments (e.g. [Sustainable Development Goals](#), [The Paris Agreement](#)), to denote what our ODA program seeks to achieve and what Australia stands for.

DFAT, as lead coordinator of Australia's international relations and development program, needs a Communications Strategy and the means to share the value of development. The Parliament and public must be engaged, so Australians grasp that international development cooperation is fundamental to our national, security and economic interests. Additionally, we must convey our efforts in the countries we assist, to boost links and belief in our shared commitment.

## Implementation: certainty, performance and transparency are vital for effective relations

***Australia's development cooperation has been marred by uncertainty, weakening our relationships.***

The ODA program has undergone substantial, unplanned changes every year since 2013, with the ODA program 30 per cent off its 2013-14 peak. The unexpected loss of \$1.5 billion negatively impacted our programs and relationships, making us less trustworthy relative to other regional players. Our pivot means the Pacific is largely unaffected by funding uncertainty, but domestic policy paralysis is re-shaping Pacific partners' perception of Australia as uncommitted, uncaring and unfair.

The abrupt changes to the ODA program have most affected our support to the "rest of the world" and Asia. "In 2012-13, Australian country programmed assistance to Asia was around \$1.8bn. Today it is less than half that amount...[The Asian Century White Paper] commended the fact that nearly 60% of our development effort was in Asia in 2010 - today it is less than a third...Australia is now at the tail end of top ten partners in South East Asia. In three countries (Myanmar, Vietnam and Cambodia) South Korea is a bigger development partner, while in Lao, Thailand ranks higher. Germany and France rate above us in Indonesia"<sup>3</sup> – an important ally for our future prosperity, security and resilience. In a rising Asia with unresolved development challenges, and where economically and strategically Australia will benefit from deep friendships, **this is a false economy and against our national interests and security.**

***Effective international development cooperation takes time, needs certainty and requires investment.***

All relationships benefit from commitment, time, effort and progressing mutually agreed outcomes. Notwithstanding the political economy, achieving development cooperation outcomes with our

---

<sup>3</sup> Strategic Choice, A future-focused review of the DFAT-AusAID integration (pp26-27).

partners in EAP takes time. Effective development cooperation programs also require programmatic certainty that is underpinned by funding certainty. This leads Australia's country partners to trust our words are not empty; that we deliver. To succeed at creating a resilient, stable, secure and prosperous region, Australia needs to invest and stay invested for the long-term. By doing so, we signal our fealty to the region in which we reside. This sets Australia apart from other actors in the Indo-Pacific.

***Restoring our development program signals Australia is committed to developing the region and its partners while the people-to-people links garnered will increase our influence, regionally and globally.***

Prime Minister Morrison [stated recently](#) "Australia has never been in a better position to influence international events and to benefit from them", but we must "work to promote stability, prosperity and engagement in our region". This necessitates greater focus on bilateral mechanisms, to drive deeper ties between the people, communities, business and civil society of developing countries and Australia.

Australia's international development program has been, remains and will be a clear and crucial endeavour in achieving prosperity, stability, security and resilience in the Indo-Pacific. Thus, it is incredibly important Australia undergo a planned, phased and consistent increase to our international development program as recommended by the 2019 Joint Standing Committee on Foreign Affairs, Defence and Trade's 'Inquiry into the strategic effectiveness and outcomes of Australia's aid program in the Indo Pacific and its role in supporting our regional interests'.

***Execution is equally essential - technical knowledge, skills and expertise must be brought to bear in oversight and in delivery, where implementers need to be strategic, have nous and be pragmatic.***

DFAT and other overseeing agencies need to be adequately resourced and invest in enhancing staff capacity to heed partner concerns and deliver innovative solutions to complex issues. This should include provision for effective development, management and strategic oversight of intricate projects and the ability to leverage off our actions, drawing in greater public and private investment.

Development projects are multifaceted, needing deep understanding of the political economy at a bilateral development cooperation level. Sound knowledge of local intra-governmental intricacies, appreciation of individual and civil society views, and ability to coalesce often widespread perspectives are also critical in delivering complex projects in challenging and dynamic environments. The ever changing, technical nature of the business entails a rising premium on technical skills, organisational capability and global reach to drive calibrated approaches stretching from Ministerial offices to far flung community centres. **The comprehension and competency required is most readily found in private sector companies who are prepared, proficient and have decades of practice.** The IDCC's members form and foster human and economic development. Our services, which align with the [Government's Services Export](#) plan, delivers mutual bilateral and regional benefits, lifting Australia's global reputation.

***Clear quality and performance measures link our ODA program's value and, if attained, relay success.***

As noted in the 2011 Independent Review of Aid Effectiveness "the measurement of effectiveness is unquestionably harder in aid than in many businesses due to complexity of objectives and wide range of potential delivery mechanisms". This is furthered by the continuous evolution in the circumstances of the countries in which we work. So, Australia's performance measures need to be appropriately long-term and include quantitative and qualitative measures. Our measures also need to be aligned with Australia's objectives for international development cooperation but also the development objectives of our partners. A performance system that captures both confirms a genuine partnership.

**Implementation: the specific issues of gender equality, inclusivity and infrastructure**

***Lasting development outcomes are reinforced by realising gender equality and social inclusivity, and they must continue to be a major objective of Australia's new international development policy***

Australia has been a proponent of tackling gender inequality and gender-based violence (GBV). We recognise these issues undermine economic growth, stability, human development, peace and security and poverty-reduction. The Government's target, which requires at least 80 per cent of all investments to effectively address gender issues", is commendable and can be strengthened to become 100 per

cent, while being further reinforced with an increased Gender Equality Fund and more gender equality specialist positions within DFAT. Australia must also prioritise social inclusivity, so that all people have an equal opportunity. Practical actions to bolster inclusivity could include initiating an Inclusivity Fund and specialists. Australia could be a regional and global leader on preventing gender-based violence, strengthening gender equality, and boosting social inclusivity.

***Australia needs to have clear, agreed objectives in backing targeted infrastructure in the Indo-Pacific.***

The IDCC welcomes the Australian Government's recognition that infrastructure is an important catalyst to connectivity, inclusivity and sustainable economic growth. The scale of infrastructure needs in the region demands Australia is clear on its role, particularly in Southeast Asia, and is strategic in its interventions and investments, to ensure we are a catalyst. Australia has been sharp and shrewd in the past (e.g. bridges in the Mekong) with our programs adding to a broader development narrative.

Going forward, small infrastructure programs that are clear on outcome and add to a larger suite of related infrastructure projects will lead to the most effective development outcomes. Additionally, Australia can also play a catalytic role in crowding in private sector participants and multilateral institutions. However, financing is a complex area and DFAT would benefit from exploring how it might expand its business links and partnerships with key players to support them to create innovative investment instruments. Australia has program and project management expertise in infrastructure, covering the full gambit of planning, prioritising, sequencing and adapting infrastructure programs. It is now time to combine soft and hard skills in infrastructure with skills that encompass workforce planning and development, whole-of-life infrastructure budgeting and upkeep and effective training of counterparts. Australia also needs to invest in building capacity in alternative and innovative financing methods, to catalyse additional public and private investment.

**Final Comment: To date, Australia has been a trusted, committed neighbour and partner, willing to support and learn from others. We must continue to be so. The Indo-Pacific's long-term interests are inextricably linked to our own. Investing broadly and deeply in Australia's ODA program in the Indo-Pacific is smart, sensible and central to our future.**

**The International Development Contractors Community (IDCC)**

**Steeped in deep knowledge, vast skills and extensive experience**

Tens of thousands of Australians have participated in Australia's international development program, by working with government, NGOs, academic institutions, as volunteers, with 'think tanks' and with private contracting firms or as individual consultants. The [IDCC](#) represents organisations and individuals who provide, or have provided, Australian development cooperation via contracts and consultancies.

**IDCC's members deliver a vast array of development projects for the Australian government** and other donors. 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.

**We form deep partnerships and relationships with locals in the countries in which we deliver projects.**

Our members employ and work closely with teams of locals in-country, developing cultural insights into what works on the ground, and what does not. We procure locally, engaging with local firms and partners to solve complex issues in over 50 countries in the Indo-Pacific region and beyond.

The IDCC welcomes the Government's refresh of Australia's international development policy. We make this short submission to highlight that the international development program not only provides benefits to people in developing countries but is also highly conducive to creating constructive relationships which are in Australia's broader strategic, national and security interests. As outlined above, **we believe there is significant room to improve the contribution that Australia's international development program makes bilaterally, regionally and globally.**

## Appendix

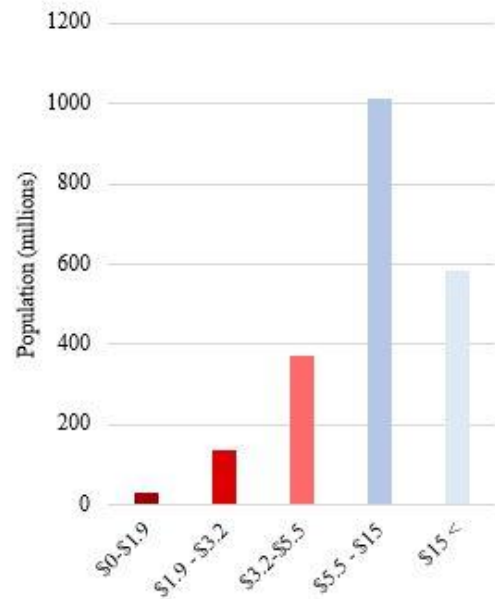
Figure 1. Half a billion people are not yet economically secure



Sources: World Bank East Asia and Pacific Team for Statistical Development PovcalNet.

Notes: Poverty rate (vertical axis, percent) and number of poor (size of bubble, million), for the International Poverty Line (US\$1.90 per day 2011 PPP), Lower-Middle Income Class Poverty Line (US\$3.20 per day 2011 PPP), and Upper-Middle Income Class Poverty Line (US\$5.50 per day 2011PPP)

Figure 2. Distribution of the population in developing East Asia and Pacific by consumption per capita (2018)



Source: World Bank, East Asia and Pacific Team for Statistical Development

Notes: The bars show the population in developing East Asia and Pacific living at different levels of household consumption. The extreme poor, living on less than the international poverty line (\$1.90/day, 2011 PPP); The moderate poor, living on \$1.90 to \$3.20 / day (2011 PPP); The economically vulnerable, living on \$3.20 to \$5.50 a day (2011 PPP); The economically secure, living on \$5.50 to \$15 a day (2011 PPP); The middle class, living on more than \$15 a day (2011 PPP). For full definitions of economic classes, see Riding the Wave.