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AUSTRALIA’S AID PROGRAM

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**International Aid** is Volume 344 in the ‘Issues in Society’ series of educational resource books. The aim of this series is to offer current, diverse information about important issues in our world, from an Australian perspective.

**KEY ISSUES IN THIS TOPIC**

Australia is a global citizen with an interest in enhancing regional stability and prosperity in the Asia-Pacific region and improving the lives of the world’s poorest people, particularly in Africa. To that end, Australia maintains an international aid program which this year is spending almost $5 billion on development assistance. This amount represents 0.35% of Gross National Income; Australia’s future aid commitment is set to increase to 0.5% of GNI within the next 3-4 years.

This book reviews the Australian government’s current aid commitments and reforms, exploring a range of factors including the reasons for aid, how it is delivered to partner countries, and issues in the debate over aid levels and effectiveness. The role of non-government organisations (NGOs) in delivering development assistance is also examined.

What are the various forms of international aid, and how is it used in developing countries to reduce poverty, improve food security, health and education, enhance human rights, and assist with disaster relief? As an affluent, developed nation, is Australia making enough of a difference with its taxpayer-funded aid program?

The topic is presented in two chapters: Australia’s aid program; and Effectiveness of Australian aid.

**SOURCES OF INFORMATION**

Titles in the ‘Issues in Society’ series are individual resource books which provide an overview on a specific subject comprised of facts and opinions.

The information in this resource book is not from any single author, publication or organisation. The unique value of the ‘Issues in Society’ series lies in its diversity of content and perspectives.

The content comes from a wide variety of sources and includes:

- Newspaper reports and opinion pieces
- Website fact sheets
- Magazine and journal articles
- Statistics and surveys
- Government reports
- Literature from special interest groups

**CRITICAL EVALUATION**

As the information reproduced in this book is from a number of different sources, readers should always be aware of the origin of the text and whether or not the source is likely to be expressing a particular bias or agenda.

It is hoped that, as you read about the many aspects of the issues explored in this book, you will critically evaluate the information presented. In some cases, it is important that you decide whether you are being presented with facts or opinions. Does the writer give a biased or an unbiased report? If an opinion is being expressed, do you agree with the writer?

**EXPLORING ISSUES**

The ‘Exploring issues’ section at the back of this book features a range of ready-to-use worksheets relating to the articles and issues raised in this book. The activities and exercises in these worksheets are suitable for use by students at middle secondary school level and beyond.

**FURTHER RESEARCH**

This title offers a useful starting point for those who need convenient access to information about the issues involved. However, it is only a starting point. The ‘Web links’ section at the back of this book contains a list of useful websites which you can access for more reading on the topic.

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Australia’s international aid program is improving the lives of millions of people in developing countries. Australia is working with the governments and people of developing countries to deliver aid where it is most needed and most effective. The program also responds quickly to help vulnerable populations when disasters strike.

The aid program has contributed to significant achievements including wiping out polio from the Pacific, immunising more than 1.5 million children against measles and polio in Papua New Guinea, building the first bridge across the Mekong river in East Asia and providing clean water for almost 500,000 people in Tanzania, South Africa, Mozambique and Zimbabwe.

The Australian Agency for International Development (AusAID), an executive agency within the Foreign Affairs and Trade portfolio, administers the aid program. AusAID works with developing countries to identify their needs and develop the most effective ways of addressing them. AusAID has representatives in 37 countries around the world.

Australia is one of the 189 member states of the United Nations that pledged to work to achieve the Millennium Development Goals (MDGs) to halve extreme poverty by 2015. The MDGs set milestones so that the world’s aid remains focused on, and achieves, a real reduction in poverty.

Through the MDGs, Australia’s aid is helping to address extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development.

Aid funding in the 2011-12 Budget focuses on improving access to education; better maternal health for women and children; access to water and sanitation; tackling avoidable blindness; eliminating violence against women; and Australian volunteers.

This includes working in partnership with governments and civil society in developing countries to assist their development efforts; with multilateral organisations and national development agencies to address regional and global development challenges; and with Australian Government departments and agencies to ensure a whole-of-government approach is taken to the implementation of the aid program.

Increasingly, partner government systems are used. This way Australian aid helps to strengthen those systems and eventually they won’t need support.

AusAID also works in partnership with other organisations that share our focus on reducing poverty and provides funds to non-government organisations (NGOs) to deliver aid programs at the local community level and to help people in emergencies. Australian NGOs are...
an essential part of the aid program, mobilising public support and voluntary contributions for aid. They often have strong links with community groups in developing countries and have expertise in meeting people's basic needs. The Australian Government recognises the valuable role of NGOs and in 2009-10 provided funding to NGOs to deliver over 11 per cent of the aid program. Australian NGOs delivered more than half of this.

Multilateral organisations extend the reach of Australia's aid program, both because their size enables them to undertake projects on a scale that would not be possible for individual donors such as Australia and the geographic scope of their work. By working in partnership with these organisations, AusAID is also able to access their expertise and networks.

The United Nations (UN) system offers Australia the opportunity to cooperate with the widest possible range of countries in pursuing global development. Support for UN organisations extends the reach of Australia's aid program. These organisations can mobilise and coordinate resources on a scale beyond the capacities of individual donors, and play a significant role in consensus building on key development issues. The UN system also provides specialist expertise in a number of areas. As part of revitalising our engagement with the UN, since 2008 Australia has entered into formal partnerships with 11 UN development and humanitarian organisations. Australia also contributes to poverty reduction programs set up by the World Bank and the Asian Development Bank.

Some projects are very large and complex and need to be managed by global consulting firms. These firms are subject to robust selection processes in accordance with the Commonwealth Procurement Guidelines.

Some aid is delivered by Australian-funded advisers in developing countries, who share their knowledge and skills with local counterparts.

Volunteers

Australian volunteers play a vital role in the fight against poverty. Volunteering overseas is one way that Australians make a positive contribution to poverty reduction, sustainable development and cross-cultural understanding – and this is something that the Australian Government has supported since the 1960s.

Australian Volunteers for International Development (AVID) is the Australian Government overseas volunteer program. Under the program, AusAID is working in partnership with Australian Volunteers International, Austraining International and Australian Red Cross – organisations with extensive experience in international volunteering.

The aim of the program is to make an effective contribution to the development objectives of the Australian Government and its partner Governments, through Australian volunteers working with people and organisations in developing countries. The program draws together all current AusAID-funded development volunteering initiatives into one program and also includes a volunteer small grants fund.

The program continues to enhance the contribution of Australian volunteers to the achievement of the development objectives of the Australian Government, and relevant partner governments and organisations. It contributes to the personal development of volunteers and building of people-to-people linkages between Australia and developing countries.

The program has a web portal allowing a one-stop entry point to Australian volunteering, which can be accessed at www.ausaidvolunteers.gov.au

AUSTRALIA’S CONTRIBUTION BY THEME

Economic growth

Development is driven by shared and sustained economic growth. Australia's aid program helps partner countries create the right conditions for this kind of growth.

Economic growth improves livelihoods, creates job opportunities and raises household and government incomes. Higher household incomes directly reduce poverty and help people afford the basic necessities of life. Growth also increases government revenues that can be invested into schools, roads, and hospitals. These are critical investments for growth and development – a healthy, well-educated workforce is a more productive workforce, and a prosperous society is more peaceful and stable. Growth and human development are therefore mutually reinforcing: one cannot be sustained without the other.

Aid enables growth by creating the economic and policy conditions that promote it, and over time this allows developing countries to reduce their dependence on foreign aid. But economic growth by itself is not enough to sustain development and reduce poverty. The benefits of growth need to be shared across the community. This requires broad reforms such as in strengthening governance and institutions, public financial management, tax reform and social policy, all of which Australia's aid program supports.

Food security and rural development

Food security is when people have access to enough safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. In 2009 the number of people around the world suffering from hunger reached more than one billion for the first time. This significant increase was largely attributable to the food price crisis in 2008 and the global recession.

In response, the Australian Government responded by targeting the poorest and strengthening the foundations of long-term global food security. This response included emergency food assistance, increased funding for rural development and international collaboration to prioritise food security issues and pursue trade policy reforms.

In 2009-10, as part of a $464 million four-year food security through rural development initiative, assistance was provided in South-East Asia, the Pacific and Africa to increase agricultural productivity, improve access to financial services and support government social
protection programs such as school-feeding and cash for work programs. A further $106 million was provided in emergency food assistance, largely through the World Food Programme.

Education

Education is a flagship sector of Australia’s aid program, with support extending from basic education to technical and vocational skills training and improving tertiary level qualifications.

Australia’s education assistance focuses on improving the quality of education and ensuring it is available for both boys and girls. It also focuses on the disadvantaged and marginalised, including promoting access to education for girls and boys with disabilities.

Australia channels its education development assistance through bilateral, regional and multilateral programs.

While the focus of Australia’s support depends on the needs of partner countries, the education priorities of the Australian aid program are to improve:

- National education systems so that more girls and boys are able to complete primary school and progress to higher levels of education, and
- The relevance and quality of education, including in vocational and technical education, so students acquire the knowledge and skills necessary for life and productive employment.

AusAID funds a number of scholarships designed to promote knowledge, education links and enduring ties between Australia, our neighbours and the global community. These have been an important component of the Australian Government’s overseas aid program since the 1950s. The scholarships aim to develop capacity and leadership skills so that recipients can contribute to development in their home country, as well as building people-to-people linkages at the individual, institutional and country levels.

Health

Australia’s aid program is strengthening national health systems in developing countries, tackling major diseases like HIV/AIDS and malaria, and preparing against potential pandemics. Investing in health helps lay the groundwork for skilled and productive populations, and ensures that the poor can expand their range of choices, improve their productivity and participate more fully in society.

Within Australia’s immediate region there are a number of areas – such as women and children’s health, HIV/AIDS, malaria and the quality of health education – in which progress is either slow or negative, and the need for action is compelling.

Australia helps countries develop community-focused health systems that are sustainable and lead to better health outcomes in the long term. Australia’s aid program focuses on simple, cost-effective methods of prevention and treatment. An estimated 33 million people in the world are now living with HIV with 5 million of those in the Asia-Pacific region. Halting the spread of HIV in our region is critical to protecting livelihoods and improving people’s health and wellbeing. Addressing HIV needs political leadership to mobilise resources in a coordinated way across a range of sectors.

Australia is continuing to tackle malaria in Solomon Islands, Vanuatu and other countries with high malaria burden. We are supporting new technologies, such as long-lasting insecticide-treated bed nets, and working with other agencies and governments to strengthen health systems and improve service delivery. Australia is also helping to tackle emerging malaria drug resistance in Burma.

Australia is working to combat the threat of pandemics and other emerging infectious diseases through international partnerships with organisations such as the World Health Organization. We are helping partner countries to reduce the risks and impacts of emerging infectious diseases, including possible pandemics, in the Asia-Pacific region.
Australia is providing an additional $140 million from 2011 to 2013 to support the GAVI Alliance in its efforts to combat two of the biggest childhood killers in the developing world—pneumonia from pneumococcal disease and diarrhoea triggered by rotavirus.

**Disability**

AusAID aims to integrate disability into all aspects of Australia’s international development assistance so that people with disability share equally in the benefits of development. International experience tells us that disability-specific initiatives are needed to support the integration of disability in international development assistance.

People with disability have long been excluded from social and economic participation, particularly education, and from most development activities. Targeted initiatives that empower people with disability and build their skills and confidence are crucial if they are to participate effectively in development. Specific initiatives are also needed to build the understanding and capacity of developing partner governments and help donors and partners to address barriers to social and economic participation—for example, by ensuring all buildings constructed are accessible to all.

AusAID, in consultation with key stakeholders including people with disability and their representative organisations, developed the Australian Government’s first strategy to make people with disability a priority for Australia’s aid program. On 25 November 2008, Development for All: Towards a disability-inclusive Australian aid program 2009-2014 was launched, and is now being implemented.

Anti-personnel landmines, cluster munitions and other explosive remnants of war remain a significant barrier to sustainable development in many of the world’s poorest countries. These devices continue to kill and injure indiscriminately long after war and conflict has ended, and undermine the economic potential of affected lands.

Australia is a strong supporter of mine action and in 2009 was ranked as the sixth largest contributor. Since 1997 Australia has contributed more than $200 million towards global efforts to reduce the threat and impact of landmines and other explosive remnants of war.

Australia’s Mine Action Strategy 2010-2014 guides the aid program’s engagement in reducing the threat and impact of landmines and other explosive remnants of war. In support of the strategy, Australia pledged $100 million over the five years from 2010 to 2014 to work towards a world free from landmines, cluster munitions and other explosive remnants of war.

**Environment**

Australia recognises that the poorest people are often the most vulnerable to the impacts of environmental degradation, and that climate change now threatens to worsen these problems and set back progress towards the Millennium Development Goals.

Addressing environmental and climate change challenges is central to poverty reduction efforts. Australia has committed significant resources to combat the effect of climate change globally and in our region. The Government’s ratification of the Kyoto Protocol demonstrated its commitment to participating fully in international efforts to address global warming.

Australia was one of the 30 nations that negotiated the Copenhagen Accord (December 2009) which commits the international community to keeping the global temperature rise to two degrees Celsius or below.

Australia will continue to work closely with other donors, international organisations and developing countries to identify needs and effective responses in the areas of mitigation and adaptation. In recognition of the adaptation challenges faced by developing countries, and particularly those in our region, Australia invested $150 million over three years from 2008-09 to meet high priority climate adaptation needs in vulnerable countries. This assistance will be scaled up by $178.2 million over two years to 2012-13 - a total of $328.2 million – to help the most vulnerable countries adapt to the impacts of climate change.

**Humanitarian aid and disaster risk reduction**

Australia has a long and proud tradition of providing rapid and generous support for communities affected by natural disasters and humanitarian crises. Australia has effectively supported international responses to natural disasters in East Timor, Papua New Guinea, the Pacific Islands and Indonesia as well as making major contributions to humanitarian relief efforts in Pakistan, Haiti, Africa, Asia, Afghanistan and Iraq.

Australia’s humanitarian ethos was highlighted after the Indian Ocean tsunami in December 2004, when it committed $1 billion to a partnership with Indonesia for reconstruction and development projects. Australia continues to make a real impact in helping tsunami survivors to re-establish their communities and livelihoods.

Australia makes contributions to organisations which have extensive experience in humanitarian and relief operations. This includes support to international organisations, such as the United Nations and the International Federation of the Red Cross and Red Crescent Societies, and to Australian non-government organisations including CARE, Oxfam and World Vision.

Disaster risk reduction is an important area of work...
of Australia’s aid program recognising that disasters are most likely to affect the poorest people and that climate change is worsening their impacts and can set back progress towards the Millennium Development Goals. Ensuring vulnerable populations in developing countries are able to withstand the deadly impacts of disasters like earthquakes, floods, tsunamis, droughts and cyclones is a priority of the Australian aid program.

Disaster risk reduction refers to activities that limit the impacts of disasters by either reducing the likelihood of a disaster occurring through things like flood protection mechanisms, livelihood diversification, safe building practices, or by strengthening a community’s ability to respond and cope with a disaster, to things like disaster preparedness activities, cyclone shelters or evacuation routes. AusAID is supporting disaster risk reduction programs in over 30 countries.

Human rights

From an aid perspective, development and human rights are interdependent and mutually reinforcing. For development to be sustainable, individuals in developing countries need to have secure and long-term access to the resources required to satisfy their basic needs, be they economic, social, cultural, civil or political. At the broadest level, therefore, the whole Australian aid program contributes to the realisation of human rights. Aid activities that contribute to employment or income generation, improve public services, strengthen sustainable management of natural resources, or provide emergency and humanitarian relief in response to crises all contribute to human rights, particularly economic, social and cultural rights. Similarly, public sector reform and the strengthening of civil society contribute strongly to the promotion and protection of civil and political rights. This highlights the indivisibility of all human rights. The Australian aid program attaches equal priority to all of them.

Gender equality

Australia’s aid program promotes gender equality and empowers women in partner countries. This is the goal of Millennium Development Goal 3, and is also central to the achievement of all the other MDGs.

Investments in women’s and girls’ education and health yield some of the highest returns of all development investments, including reduced rates of maternal mortality, better educated and healthier children and increased household incomes.

Australia’s approach to achieving gender equality extends beyond improving female health and education. It means access to economic resources, participation and leadership in decision making, and respect for the human rights of women, including the right to a life free of violence.

Australia promotes a range of activities to advance gender equality in the aid program.

Governance

Good governance is central to the operations of an effective state, which is one of the most important factors determining whether or not development takes place. Successful governance means better delivery of health, education and other services, stronger and more equitable economic growth, stability and security, and a population that has an open and responsive government.

Australia is deepening its understanding of governance beyond just government and formal institutions to the importance of leadership, political dynamics, and informal institutions. As part of the aid program, work is focusing on: leadership; politics, state and society interrelationships; law, justice and anti-corruption efforts; and improving the capacity and effectiveness of the public sector.

Australia is committed to work at all levels of society in partner countries to support improvements in government capability, responsiveness to citizen needs, and accountability.

KEY FACTS ABOUT AUSTRALIA’S AID PROGRAM

- Australia’s foreign aid is forecast to increase from 0.33 per cent of Gross National Income (GNI) in 2010-11 to 0.35 per cent of GNI in 2011-12
- The Australian Government continues to increase aid in line with other donor countries. By 2015-16 the annual aid figure is estimated to reach around $8–9 billion (0.5 per cent of Gross National Income)
- Poverty remains a global challenge with 1.4 billion people still living on less than $1.47 a day
- Every week, around $3.30 in taxes from each Australian pays for our aid program – about the cost of a cup of coffee. This is around 1 per cent of Australian Government expenditure, compared to the 33 per cent spent on social security and welfare
- Australians are generous donors to development NGOs, donating around $800 million in 2010
- Australia’s aid program focuses on the Asia-Pacific region where two-thirds of the world’s poor – some 800 million people – live
- Australia also provides assistance to Africa, the Middle East, Latin America and the Caribbean. Our aid to Africa has increased significantly in recent years and now represents around 5 per cent of the aid program
- Australia committed $1 billion through a partnership with Indonesia for reconstruction and development after the 2004 Indian Ocean tsunami
- Australia contributed $1 billion towards efforts to halt and reverse the spread of HIV in our region by 2010.

FURTHER INFORMATION

- Australian Agency for International Development (AusAID)
  www.ausaid.gov.au
- Department of Foreign Affairs and Trade
  www.dfat.gov.au

Note: Unless otherwise stated, all dollar amounts are in Australian dollars.

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Department of Foreign Affairs and Trade | www.dfat.gov.au
FACTS

➤ In 2011-2012 the Australian Government plans to spend almost $4.8 billion on development assistance. This is an estimated 0.35% of Gross National Income for the year

➤ Australian taxpayers contribute around $3.30 per week each to Australia’s aid program

➤ The Australian Government has committed to increase Australia’s official development assistance (ODA) to Gross National Income (GNI) ratio from 0.35% in 2011-12 to 0.5 per cent by 2015-16

➤ Australian Government funding for NGOs through AusAID amounted to $153.1 million in 2011-12.

Source: www.ausaid.gov.au

BACKGROUND

Why does Australia give aid?

Australia wants to be a good international citizen. That reflects a key Australian characteristic: a commitment to help people less fortunate than ourselves, a belief in a fair go for all. When there is a need there is generally a strong response with offers of money, goods, personal time and knowledge.

Australian taxpayers contribute around $3.30 per week each to Australia’s aid program.

The Australian Government’s overseas aid program aims to assist developing countries reduce poverty and achieve sustainable development, in line with Australia’s national interest. It is guided by the Millennium Development Goals, the internationally agreed targets for poverty reduction.

Australia gives aid to other countries because it improves our regional security. Australia helps partner governments improve law and order, prevent and recover from conflict, and manage a range of transnational threats to security such as people trafficking, illicit drugs, HIV/AIDS and other communicable diseases. By helping to build stronger communities and more stable governments Australia helps improve their ability to be stable trading partners.

What are the core principles of the Australian Government’s aid?

The core principles of Australia’s aid program are:

➤ Accelerating progress towards the Millennium Development Goals

➤ A recognition that while economic growth is the most powerful long-term solution to poverty, economic growth will not, by itself, deliver fair and stable societies

➤ A strong emphasis on the Asia-Pacific, while also increasing our efforts in Africa and South Asia

➤ An emphasis on the power of education to promote development, and

➤ A commitment to continue to improve effectiveness.

How is aid delivered?

Australia works with partner country governments and a range of partner organisations including other Australian Government Departments, the United Nations, Australian and international companies and non-government organisations to design and set up projects which tackle the causes and consequences of poverty in developing countries.

The Australian Government’s overseas aid is distributed in a number of forms:

➤ Bilateral aid – Aid given from the government of one country to the government of another country. In designing an aid program for an individual country, Australia works closely with the country’s government and its communities. The idea is to make sure that each
program reflects the country’s development priorities, our aid policies and our capacity to assist. These programs can incorporate a wide range of activities from small community-based projects to large regional development schemes

➤ Multilateral aid – Aid is given by the governments of many countries and distributed through international organisations such as the United Nations, the World Bank, the Asian Development Bank and the World Food Programme. Australia supports effective multilateral agencies engaged in poverty reduction and sustainable development to complement and reinforce its bilateral aid. This aid is for large scale projects which include emergency relief and funding for transnational issues such as global warming and control of disease, and large scale infrastructure projects. Australia has sought to improve the effectiveness of these organisations by focusing on donor coordination, good governance and sound economic policies

➤ Emergency humanitarian relief – Aid to help recovery from disasters and conflict. Australia’s emergency, humanitarian and refugee programs respond quickly, flexibly and effectively, providing grants, food aid, medicines and shelter materials. Strengthening preparedness for future emergencies is also part of this response

➤ Partnerships with non-government organisations (NGOs) – Grants to NGOs to deliver programs which address AusAID’s priorities at a community level. NGOs undergo a strict accreditation program to prove their ability to deliver aid effectively for AusAID

➤ Community involvement – Funding for volunteer and education programs within Australia.

What makes aid effective?

Aid can be considered effective to the extent that it assists countries to develop and to overcome poverty.

Some factors that can influence the effectiveness of aid are:

➤ A sound and stable policy framework
➤ Market based policies which encourage integration in the global economy
➤ An emphasis on social development
➤ Enhanced participation by the local population, and notably by women
➤ Good governance, transparency and accountability
➤ Support for health, education, agriculture and public infrastructure development
➤ Policies and practices that are environmentally sustainable
➤ And better means of preventing and resolving conflict and fostering reconciliation.

Effective aid depends on the partnership between donors and recipients. Donors need to deliver sufficient and predictable aid without unrealistic conditions such as multiple forms of reporting or tied to purchases from the donor countries.

Recipients need good governance, to address corruption, and adopt policies that sustain economic growth and improve human development. To be effective the aid program must adapt to the circumstances in each country.

The Paris Declaration on Aid Effectiveness, endorsed by over 100 countries in 2005, committed their countries and organisations on five key areas:

➤ Ownership – Partner countries exercise effective leadership over their development policies and strategies to coordinate development actions

➤ Alignment – Donorshasetheoverall support on partner countries’ national development strategies, institutions and procedures

➤ Harmonisation – Donors’ actions are more harmonised, transparent and collectively effective

➤ Managing for results – Managing resources and improving decision-making for results

➤ Mutual accountability – Donors and partners are accountable for development results. Is aid the answer?

The Australian Government will provide almost $4.8 billion in Official Development Assistance (ODA) in 2011-12.

The top ten countries for Australian Government aid in 2011-2012 (in millions of dollars):

➤ Indonesia 558.1
➤ Papua New Guinea 482.3
➤ Solomon Islands 261.6
➤ Afghanistan 165.1
➤ Vietnam 137.9
➤ East Timor 123.7
➤ Philippines 123.1
➤ Pakistan 92.8
➤ Bangladesh 92.0
➤ Cambodia 64.2


View a clickable map of highlights of Australia’s aid program www.ausaid.gov.au/about/ausaidmap.cfm

How much aid does Australia give?

The Australian Government will provide almost $4.8 billion in Official Development Assistance (ODA) in 2011-12, an increase of $0.4 million over the 2010-11 figure of $4.4 billion. The ratio of Australia’s ODA to Gross National Income (GNI) for 2011-12 is estimated at 0.35%. The aim is to increase ODA to 0.5% of GNI by 2015-16.
The Accra Agenda for Action of 2008 is in place to accelerate the progress towards the goals of the Paris Declaration.

The key components of the agenda are:
➤ Improving the way aid is delivered in ‘fragile states’
➤ Being more transparent and accountable in the way aid is delivered
➤ Developing stronger partnerships
➤ Untying aid and usingpartner country systems much more to deliver aid
➤ Encouraging new aid donors to also implement the Accra Action Agenda.

Aid is necessary to build an environment where policies and infrastructure can be in place to support other sources of finance. Aid to developing countries is only a small proportion of the total level of external financing provided to developing countries. International trade, foreign direct investment, debt forgiveness, remittances from citizens working overseas and domestic savings all contribute to the development of the country.

FOR FURTHER INFORMATION

THE GLOBAL AGENDA
Official Development Assistance

Aid is not a hand out but a hand up. By addressing the massive gap between the have and have nots aid can help make the world a fairer and a more prosperous place. In a world tightly linked by trade and investment flows, poverty in one country diminishes the potential for prosperity elsewhere. There is an increasing international commitment to improve the quality and quantity of aid.

The United Nations has set a target for developed countries to contribute 0.7% of their Gross National Income in aid to developing countries. The 22 member countries of the OECD Development Assistance Committee, the world’s major donors, provided US $128.7 billion in aid in 2010. This represents an increase from 0.31% of members’ combined gross national income in 2009 to 0.32% in 2010, an increase of 6.5% over 2009 and is the highest ODA level ever, surpassing even the volume provided in 2005 which was boosted by exceptional debt relief.

The 22 member countries of the OECD Development Assistance Committee, the world’s major donors, provided US $128.7 billion in aid in 2010.

In 2010 Norway, Luxembourg, Sweden, Denmark and the Netherlands all exceeded the 0.7% target. In 2010 the United States was the world’s largest single aid donor in volume terms ($US 30.2 billion or 0.21% of GNI), followed by the United Kingdom ($US 13.7 billion, 0.56%), France ($US 12.9 billion, 0.5%), Germany ($US 12.7 billion, 0.38%) and Japan ($US 11 billion, 0.2%).

Global recession
In 2008 and 2009 the global economy experienced soaring food and fuel prices, the collapse of global financial markets, and a significant reduction in world economic demand. Global growth declined from 8.1% in 2007 to around 1.7% in 2009. The crisis had severe implications for developing countries as a result of reduced direct investment, export revenue (including tourism revenues) and remittances. Although recovery from the global recession is underway, there continue to be significant challenges to progressing growth in developing countries.

Millennium Development Goals
The Millennium Development Goals commit the international community to an expanded vision of development, one that vigorously promotes human development as the key to sustaining social and economic progress in all countries, and recognises the importance of creating a global partnership for development. The goals have been commonly accepted as a framework for measuring development progress. Goal 8 calls for an open, rule-based trading and financial system, more generous aid to countries committed to poverty reduction, and relief for the debt problems of developing countries.

www.un.org/millenniumgoals/

Global Education
www.globaleducation.edna.edu.au
The Commitment to Development Index (CDI) ranks 22 of the world’s richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security, and technology. This report reviews Australia’s performance on the 2011 CDI.

AUSTRALIA’S 2011 CDI PERFORMANCE

➤ Overall rank 2011: 9
➤ Overall score 2011: 5.5
➤ Change since 2003: -0.1 (using 2011 methodology)

Australia ranks 9th overall in 2011. Australia’s score is driven by its low trade barriers against developing country agricultural exports, leading role in peacekeeping efforts, and policies that promote productive investment in poor countries. On the negative side, Australia has the highest greenhouse gas emissions rate per person and some of the highest trade barriers against textiles and apparel.

AID

Aid quality is just as important as aid quantity, so the CDI measures gross aid as a share of GDP adjusted for various quality factors: it subtracts debt service, penalises ‘tied’ aid that makes recipients spend aid only on donor goods and services, rewards aid to poor but relatively well-governed recipients, and penalises overloading poor governments with many small projects.

➤ Score: 4.0
➤ Rank: 13

Strengths
- Large amount of private charitable giving attributable to tax policy (rank by share of GDP: 4)
- Small share of tied or partially tied aid (2.0%; rank: 6).

Weaknesses
- Selectivity: large share of aid to less poor and worse-governed recipients (rank: 14).

TRADE

International trade has been a force for economic development for centuries. The CDI measures trade barriers in rich countries against exports from developing countries.

➤ Score: 7.7
➤ Rank: 2

Strengths
- Low tariffs on agricultural products (0.5% of the value of imports; rank: 1).

Weaknesses
- High barriers against textiles (9.8% of the value of imports; rank: 20)
- High barriers against apparel (14.0% of the value of imports; rank: 21).
INVESTMENT

Rich-country investment in poorer countries can transfer technologies, upgrade management and create jobs. The CDI includes a checklist of policies that support healthy investment in developing countries.

➤ Score: 6.1  
➤ Rank: 4

Strengths
- Provides insurance against political risk for both domestic and foreign firms
- Employs foreign tax credits to prevent double taxation of corporate profits earned abroad.

Weaknesses
- Political risk insurance also given to inefficient, import-substituting projects
- Does not provide official support for outflows of portfolio investment.

MIGRATION

The movement of people from poor to rich countries provides unskilled immigrants with jobs, income and knowledge. This increases the flow of money sent home by migrants abroad and the transfer of skills when the migrants return.

➤ Score: 4.0  
➤ Rank: 14

Strengths
- Large share of foreign students from developing countries (88%; rank: 3).

Weaknesses
- Small number of immigrants from developing countries entering Australia (rank by share of population: 14)
- Bears small share of the burden of refugees during humanitarian crises (rank: 16)
- Tuition for foreign students higher than for nationals.

ENVIRONMENT

Rich countries use a disproportionate amount of scarce resources, and poor countries are most vulnerable to global warming and ecological deterioration, so the CDI measures the impact of policies on the global climate, fisheries, and biodiversity.

➤ Score: 4.2  
➤ Rank: 20

Strengths
- No fishing subsidies (rank: 1).

Weaknesses
- High greenhouse gas emissions rate per capita (28.2 tons of carbon dioxide equivalent; rank: 22)
− Greenhouse gas emissions grew almost as fast as GDP in 1999-2009 (average annual growth rate/GDP, -0.6; rank: 22)
− Low gas taxes ($0.46 per litre; rank: 20)
− High fossil fuel production rate per capita (49.3 tons of carbon dioxide equivalent; rank 21).

SECURITY

Since security is a prerequisite for development, the CDI rewards contributions to internationally sanctioned peacekeeping operations and forcible humanitarian interventions, rewards military protection of global sea lanes, and penalises arms exports to poor and undemocratic governments.

➤➤ Score: 7.0
➤➤ Rank: 3

Strengths
− Significant financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 4)
− Few arms exports to poor and undemocratic governments (rank by share of GDP: 4).

TECHNOLOGY

Rich countries contribute to development through the creation and dissemination of new technologies. The CDI captures this by measuring government support for R&D and penalising strong intellectual property rights regimes that limit the dissemination of new technologies to poor countries.

➤➤ Score: 5.3
➤➤ Rank: 12

Strengths
− No attempt to incorporate into bilateral free trade agreements ‘TRIPS-Plus’ measures that would restrict the flow of innovations to developing countries.

Weaknesses
− Low government expenditure on R&D (rank by share of GDP: 20)
− Large share of government R&D expenditure on defence (0.4%; rank: 15)
− Allows patents on plant and animal varieties
− Allows patents on software programs.

By David Roodman, Cindy Prieto, and Paolo Abarcar
Center for Global Development | www.cgdev.org

HOW DOES THE QUALITY OF AUSTRALIAN AID COMPARE TO INTERNATIONAL BEST PRACTICE?

A new report has confirmed the Australian aid program is one of the most effective international donors to fragile states. The report also confirms Australia is an effective performer by global donor standards, especially in the areas of promoting transparency and learning. The new report, prepared by Australia’s Office of Development Effectiveness, looks at recent evidence on the quality of Australian aid. The report draws largely from Brookings Institution analysis of the Quality of Official Development Assistance (QuODA) index, as well as three other global assessments of donor aid performance. The report is based on the latest QuODA data, released in November 2011.

QUALITY OF AID IN FRAGILE STATES

The report found Australia was one of only six donor countries to devote 50 per cent or more of its country-based aid to fragile states. When compared to these five other donors on the QuODA index, Australia is second only to the United Kingdom. Australia’s focus on fragile states is a defining feature of the aid program. This is a reflection of our region, where fragility is widespread and countries often suffer from weak governance. An increasing number of the world’s poor live in fragile states, where the delivery of effective aid can be much more complex than in stable and rapidly growing middle income states.


OVERALL RESULTS

The analysis shows that Australia performs above average on promoting transparency and learning, and close to average in three of QuODA’s aid quality measures: maximising efficiency, reducing the burden on partners, and fostering institutions. These are strong results given the analysis compares Australia to much larger bilateral and multilateral donors. Since 2008, Australia has made good progress on maximising efficiency, fostering institutions, and promoting transparency and learning. Of 31 donors assessed by QuODA, Australia moved from 21st in 2008 to 16th in 2009 when it came to maximising the efficiency of our aid program; from 14th to 9th on promoting transparency and learning; and from 19th to 17th on fostering institutions.

The report also notes some other key achievements:
✶ Australia’s administration costs are relatively low, one third of some other donors
✶ Australia’s policy of untied aid is estimated to have saved between $120-$240 million in 2009-10 alone
✶ Australia’s decision to provide multi-year funding to the World Food Programme helped mitigate the effects of volatile food prices. The decision has already had a positive impact in the response to the crisis in Somalia
✶ Australia is one of only 11 donors that have begun to publish aid information in accordance with agreed standards specified by the International Aid Transparency Initiative.

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Many people see Non-Government Organisations (NGOs) as the main agents of development. However, out of Australia’s $4.3 billion aid budget, only $135 million is allocated to NGOs and community engagement programs, this amounts to a mere 2.5%.¹

**WHAT IS A NON-GOVERNMENT ORGANISATION (NGO)?**

NGOs are a diverse mix of organisations with varied purpose, issues and supporters.

A small number of NGOs pioneered private overseas aid during the colonial period before World War II. A larger number were established in the post-war period, and today over 1.5 million Australians are involved in supporting an overseas aid and development NGO.¹

NGOs play an important role in development. There are over 100 NGOs working towards development in Australia and overseas.

Different NGOs take different approaches to development work, including grassroots development, humanitarian/emergency relief, advocacy and international volunteering. Working with NGOs enables AusAid to benefit from community partnerships and specialised knowledge.

**FUNDING**

Practical matters such as fundraising activities have an impact on NGO work – raising issues of financial and political independence and sustainability.

NGOs rely mostly on donations from philanthropic individuals and organisations, rather than the government.

In 2008, 1.7 million Australians donated $812 million – 76% of all money raised by NGOs.²

Many Australians want to give money and take action when immediate help is needed, but deciding who to donate money to can be a difficult process.

**EFFECTIVENESS AND ACCOUNTABILITY**

NGOs have a responsibility to be accountable to the communities in which they work and to effectively support poverty alleviation.

These responsibilities may be challenged by:

➤ Differences in pay and lifestyles between international and local workers; which can also push up local inflation

➤ Favouring visible short-term results over long-term sustainable outcomes

➤ Failing to adequately consult and communicate with communities.

Provision of humanitarian or disaster relief can be particularly problematic unless local communities are actively and meaningfully engaged.

Faith-based NGOs have a strong presence in the development sector. It is worth considering whether the religious foundations of an organisation potentially impede their activities.

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NGOs can help provide a voice for disadvantaged people in society, a crucial aspect of a democratic society. However, this role has been threatened, with the attitudes of previous governments ranging from apathy to outright hostility. The previous Howard Government was particularly hostile towards advocacy NGOs in all areas, for criticising government policy, and sought to exclude NGOs deemed too political from charitable status, which allows them to offer tax-deductible donations. The removal of charitable status can drastically reduce an NGO’s funding, as donor foundations are only able to donate to NGOs because of their tax-deductible status.


Financially the NGO sector is tiny, out of Australia’s $4.3 billion 2010-2011 aid budget, only $135 million is allocated to NGOs and community engagement programs, this amounts to a mere 2.5%.

In addition, of the tendered contracts shown in the Australian tenders database, less than 4% of the total value of aid contracts between 2007 and 2010 were given to NGOs – see the pie chart left.

Many NGOs rely on public support to stay viable. By definition, they are not-for-profit and although some may receive funds from government, it is donations from philanthropic individuals and organisations that keep them going.

In the 2008-09 period, Australian NGOs received just over $800 million in private donations. This makes up 73% of total funds raised by NGOs. Private donations include Australians supporting overseas aid and development NGOs as regular donors, by supporting a fundraiser event, or giving a one-off donation.

**AUSTRALIAN DEVELOPMENT NGOS**

For many Australians, Non-Government Organisations (NGOs) are the most visible representation of development assistance and a major source of information on issues related to international development.

**Australian development NGOs**

NGOs play numerous roles in development work, including:

- Providing direct services to members of marginalised groups
- Advocating for changes to the nature of aid, and
- Providing a necessary and critical voice about implementation of international aid.

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In comparison, government funding for NGOs through AusAID amounted to $160.45 million in the 2008-09 period, which represents 14.5% of the total funds managed by the sector.4

Many Australians want to give money and take action when immediate help is needed – but who to give to? There are over 100 NGOs fundraising in Australia working towards development through different methods and in different fields.

Check out some key considerations to take into account when donating to NGOs.

Check the NGO profiles on www.aidwatch.org.au for more detailed information on specific NGOs.


**NGO INVOLVEMENT WITH AUSAID**

Cooperation with development NGOs enables AusAID to benefit from their longstanding community partnerships in recipient countries and specialised knowledge regarding development practices and local communities.

There are a limited number of ongoing forums for government and NGO policy dialogue. The Committee for Development Cooperation (CDC) is a joint consultative body drawing representatives from NGOs, AusAID and the Australian Council for International Development (ACFID). The CDC facilitates debate on policy issues relating to AusAID, NGO accreditations and the operation of NGO programs.1

Australian NGOs deliver very little of Australia’s bilateral aid, winning only an average of 6% of contracts in the period 2007-2010.1 Direct funding to Australian Development NGOs through the AusAID-NGO cooperation program this budget (2010-2011) received only $69 million and direct funding for local recipient countries is even less with $8.25 million allocated to the Direct Aid Program (DAP) for 2010-2011.5

**Comparison to public giving**

World Vision receives the most funding from private donors in Australia, accounting for 42.03% of all donations to Australian development NGOs in 2008.6 Oxfam Australia is a distant second, raising just 5.75% of funds from the Australian community. Caritas, Childfund Australia, Save the Children and PLAN International are NGOs that are some of the larger recipients of both AusAID funding and public giving. See Funds raised by Australian NGOs from the Australian Community, 2008-2009 (above left).

2. AusAID, ibid.
7. ACFID, Which Agencies raise most?

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**Funds Raised by Australian NGOs from the Australian Community, 2008-09**

This shows the top 15 surveyed Australian NGOs that generate the largest amount of funds for their international development work through donations, legacies and bequests from the Australian public.

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>%</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 World Vision Australia</td>
<td>35.46</td>
<td>301,764,196</td>
</tr>
<tr>
<td>2 Medecins Sans Frontieres</td>
<td>6.30</td>
<td>53,615,234</td>
</tr>
<tr>
<td>3 Oxfam Australia</td>
<td>5.38</td>
<td>45,805,000</td>
</tr>
<tr>
<td>4 ChildFund</td>
<td>3.78</td>
<td>32,211,787</td>
</tr>
<tr>
<td>5 Save the Children</td>
<td>3.68</td>
<td>31,356,557</td>
</tr>
<tr>
<td>6 Fred Hollows Foundation</td>
<td>3.50</td>
<td>29,826,320</td>
</tr>
<tr>
<td>7 Caritas Australia</td>
<td>3.04</td>
<td>25,898,458</td>
</tr>
<tr>
<td>8 Plan International</td>
<td>2.96</td>
<td>25,187,045</td>
</tr>
<tr>
<td>9 Global Development Group</td>
<td>2.75</td>
<td>23,394,641</td>
</tr>
<tr>
<td>10 UNICEF Australia</td>
<td>2.54</td>
<td>21,641,275</td>
</tr>
<tr>
<td>11 CBM Australia</td>
<td>2.54</td>
<td>21,621,599</td>
</tr>
<tr>
<td>12 CARE Australia</td>
<td>1.72</td>
<td>14,662,559</td>
</tr>
<tr>
<td>13 WWF Australia</td>
<td>1.55</td>
<td>13,176,231</td>
</tr>
<tr>
<td>14 Tear Australia</td>
<td>1.35</td>
<td>11,500,721</td>
</tr>
<tr>
<td>15 Australia for UNHCR</td>
<td>1.32</td>
<td>11,193,961</td>
</tr>
<tr>
<td>16 Other Members and Code signatories (108 agencies)</td>
<td>14.11</td>
<td>120,057,537</td>
</tr>
<tr>
<td>17 Other non-Code signatories</td>
<td>8.01</td>
<td>68,180,671</td>
</tr>
</tbody>
</table>

NGO APPROACHES TO DEVELOPMENT ASSISTANCE

Below are some of the popular approaches to development assistance ...

Grassroots development targets disadvantaged groups through small, locally based projects. The overall aim is to empower people to become self-reliant through projects that take into account their specific environment and needs. These projects usually involve training and education programs to transfer skills and build the capacity and confidence of local organisations and communities. This approach at its most successful allows the benefits of a project to continue beyond the duration of the project itself.

Humanitarian/emergency relief focuses on relief in times of disaster such as earthquakes, floods and cyclones. NGOs in this area aim to gain access to disaster zones as quickly as possible to provide emergency health services and food aid.

Advocacy aims to draw public attention to an issue and influence government policy either on behalf of, or alongside, a particular community interest group. In the international development context advocacy is normally associated with communities in the majority world. Different NGOs target specific communities, groups or sectors in their advocacy work. Advocacy can be approached through NGO participation in high level policy dialogues, lobbying, or through grassroots and community campaigning. Approaches to advocacy and the level of involvement of affected communities differ with each organisation.

Volunteer programs run by NGOs facilitate sending volunteers overseas to offer technical assistance, project support and capacity building in a variety of sectors such as nursing, education, engineering and agriculture.

FUNDRAISING

NGOs obtain their funds through a variety of sources and fundraising strategies. Raising funds from the public can also raise awareness of development issues and engage the community in development cooperation.

Fundraising costs

How much does an NGO spend on fundraising compared to program spending?

A US-based organisation, Smart Givers, has set a standard for the NGOs it accredits, with at least 70% of the organisation’s annual expenses going towards program activity and not more than 30% for management/general and fundraising combined.

However, comparing the fundraising costs of NGOs can be problematic. There are a number of factors affecting fundraising costs that have little to do with efficiency, accountability or transparency, including the size of the organisation and the initial costs of developing a public profile.

All NGOs should be open to public scrutiny on the strategies behind their fundraising activities. Ethical fundraising should provide donors with clear information on an organisation’s purpose and programs rather than exploiting people’s guilt. When presented with emotive images and little information, it is worth asking questions about the specific activities and projects the organisation engages in. See page 17 for more tips on donating responsibly. It is the responsibility of an organisation to be accountable to their members and financial supporters.

Fundraising activities

An organisation’s fundraising activities are influenced by organisational factors such as resources, organisational values and priorities as well as external factors such as fundraising regulations.

Common fundraising sources and strategies:

- Direct mail-outs
- Television advertising
- Canvasing/face-to-face solicitation
- Grants from government, trusts and foundations
- Membership
- Merchandise sales
- Special events
- Online donations
- Special events
- Corporate grants

<table>
<thead>
<tr>
<th>FUNDRAISING:</th>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canvassing or face-to-face fundraising solicitation</strong></td>
<td>Very effective</td>
<td>Expensive/high labour costs</td>
</tr>
<tr>
<td></td>
<td>Effective in reaching a wide audience/untapped fundraising resources</td>
<td>Sometimes canvassers are not employees and have limited knowledge</td>
</tr>
<tr>
<td><strong>Television advertising</strong></td>
<td>Can maximise effectiveness by only sending letters to members and at advantageous times of the year, such as Christmas/end-of-financial year</td>
<td>Expensive</td>
</tr>
<tr>
<td><strong>Direct mail-outs</strong></td>
<td>Source of considerable funds</td>
<td>Undermine independence and flexibility</td>
</tr>
<tr>
<td><strong>Government funding</strong></td>
<td>Source of considerable funds</td>
<td>Limiting commitment to poverty reduction</td>
</tr>
<tr>
<td><strong>Private funds through investments and corporate grants</strong></td>
<td></td>
<td>Undermine independence/ability to be critical</td>
</tr>
</tbody>
</table>

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ARE NGOS EFFECTIVE?

Whilst NGOs often have established relationships with local communities and organisations, as well as a more thorough understanding of development than their corporate aid delivery counterparts, they are not guaranteed to always work in the interest of communities.

Challenges NGOs face in maintaining faithfulness to their primary goal of poverty alleviation include:

- Differences in pay and lifestyles between international and local workers can result in local inflation and economies dependant on the aid industry dollar
- Opting for visible short-term results, particularly in emergency and humanitarian relief, over the longer-term needs of communities
- Failing to prioritise working alongside local partners
- Failing to adequately consult and communicate with communities, resulting in culturally inappropriate and ineffective aid.

NGOs have a responsibility to be accountable to the communities in which they work. The best way to do this is to build relationships with those communities and to seek to make aid unnecessary.

NGO aid should:

- Empower people and strengthen community processes
- Be based on respect, dialogue and long-term partnership
- Be poverty-focused
- Be sustainable
- Work in solidarity with local communities for social justice
- Be mutually transparent and accountable
- Actively seek to address unequal power between international and local staff and the organisations and the communities they work with.

RELIGION IN AID

Faith-based NGOs have a strong presence in the development sector globally. These organisations might operate as a direct subsidiary or mission of a religion or religious order, or simply base their operations upon religious values or teachings. In 2008, 61% of donations from the Australian public to the top 14 ACFID member organisations were given to religious-based groups. The top 14 ACFID member organisations make up 81.26% of public donations to NGOs.

Historically, religious missionary activity has been related to hardships, cultural disruption and social upheaval for communities all over the world. Some are sceptical of ideologies and values being presented as intrinsically linked with material wealth. Some argue that modern faith-based aid still poses a risk of delivering a hidden evangelical agenda.

Alistair Gee, Executive Director of Act for Peace, disagrees:

‘Act for Peace’ is based on (what we believe to be) universal values or ‘good practices’, including full recognition of the importance of local participation, transparency, mutual responsibility, developing capacity, non-discrimination, gender equality, cultural and spiritual sensitivity, protection of human rights, advocacy, promotion of peace and reconciliation, effective communication and environmental sustainability. Religious values can help to reinforce these universal values. There is an important distinction though between a development agency set up by a church and a mission agency. It is very important to us that we support development work which is distinct from evangelism and we monitor programs to ensure this is the case.1

It is worth considering whether the religious foundations of an organisation potentially impede an NGO’s ability to participate in vital development activities. For example, would the Catholic Church’s anti-contraception stance hinder its involvement in HIV/AIDS prevention programs? If so, are there other organisations working in partnership with the faith-based organisation and fulfilling such needs?

1. 49.6% of total funds raised were shared by four religious-based NGOs: WorldVision Australia, CBM Australia, Caritas Australia and TEAR Australia. Of the remaining 50.4%, 31.66% was shared between 10 secular organisations. The remaining 18.74% represented contributions made to the remaining 85 ACFID members and Code of Conduct signatories, which are both religious and non-religious based. Source: ACFID, Which agencies raise most? www.acfid.asn.au/resources/facts-and-figures/which-agencies-raise-most, last accessed 11/10/10.

2. Interview, Stephanie Lusby, NCCA offices 379 Kent St Sydney, September 2007.

HUMANITARIAN AND DISASTER RELIEF

Disaster relief, or humanitarian aid, is delivered in times of crisis or natural disaster, such as after an earthquake or tsunami or in response to conflict and war. It is different to a donor country’s regular aid program in that it is delivered to repair, repatriate and fix local areas and people in the wake of sudden crises rather than address systemic problems of poverty and global inequality.

People are often at their most generous when giving to emergency appeals. The 2004 Boxing Day Tsunami attracted Australian public donations in excess of $260 million.1 Governments also pledge the greatest humanitarian assistance packages during these emergency situations.

There are practical problems with the distribution of such large amounts of funds to a small number of people in a short period of time. For example, only around 20% of the Australian Government’s $1 billion Boxing Day Tsunami package went directly to localities affected by the disaster.2

Common issues include:

- Loss of donations through corruption
- Misspending on areas that are not of prime concern or sensitive to the needs of affected communities at the time, and
- Late arrival of assistance.

Government humanitarian aid may be used to inflate their Official Development Assistance (ODA) figures or repackage existing aid as new aid money. For example, half of the $1 billion Australian Government...
Tsunami relief package was not in the form of grants, but loans.

NGOs deliver humanitarian assistance and services more directly but still experience problems:

- The donation of material goods can be problematic as they are difficult to transport and in the case of clothing can be climatically and culturally inappropriate.
- Humanitarian aid funds have traditionally only funded short-term emergency relief rather than longer-term disaster prevention strategies.

Humanitarian aid is most effective when local communities, local NGOs and grassroots organisations are primarily responsible for coordinating and conducting needs assessments in their respective areas. The expertise and knowledge of these individuals and groups must be utilised to ensure aid activities directly reflect the requirements and desires of the communities they represent. Unfortunately, these groups are frequently overlooked.


CHILD SPONSORSHIP

Child sponsorship is a means by which many Australians contribute to foreign aid. Child sponsorship organisations are popular amongst Australian donors, many of which are in the top 15 overseas development agencies receiving aid in 2006, including World Vision, Childfund Australia and PLAN Australia.

Child sponsorship is often promoted as giving sponsors the unique opportunity to witness the life-changing effect of their donations, achieved through personalised correspondence with their sponsor child. Child sponsorship has a broad appeal amongst the public due to the emotional aspect of direct communication with disadvantaged children overseas. However, child sponsorship, by focusing on individual children does not empower communities or respond to community needs, limiting its benefits and effectiveness.

New Internationalist, a magazine focused on global justice, provided scathing critiques of Child Sponsorship during the 1980s. The magazine argued that child sponsorship organisations see children as an easy, marketable product which will attract many sponsors because a child is viewed as innocent in what is inflicted upon them. Advertisements can also portray the children and the communities they live in as passive, helpless and needy, thus, oversimplifying the problems afflicting them and perpetuating negative stereotypes of the countries involved in child sponsorship.

Additionally child sponsorship programs involve high administration costs. The letters, reports and photos prepared for sponsors, as well as keeping track of the needs of the child and the family can be quite expensive and time-consuming, reducing the focus on actual development programs and actions. Correspondence from sponsors also runs the risk of being culturally inappropriate and disempowering.

In response to such criticisms, some child sponsorship organisations have modified their sponsorship programmes to focus on the development of the community in which the child lives, rather than simply the individual child, however children are still promoted as the face of those communities. Other organisations have removed child sponsorship from their aid program altogether.


HOW TO DONATE RESPONSIBLY

It is very important to research carefully before donating. This will increase the chances that your money benefits people, and also helps to avoid the possibility of it causing harm.

You can learn more about an NGO by checking their website, annual reports or profile. You can also call them – when NGO’s realise that potential donors are interested in the quality of their work they will be more inclined to improve this.

Some important issues to find out about before donating:
- What is the NGO’s policy on being accountable to its donors and the Australian public?
- Do they just give you stories and pictures or do they provide detailed project evaluation reports and budgets?
- What is the NGO’s policy on being accountable to the people they

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claim to be helping
- Are communities able to get information about the project plans, budgets and evaluations?

➤➤ What is the NGO’s policy on allowing communities to participate in the projects that are supposed to be helping them?
- When the NGO approaches a community with a project idea what changes do they allow the community to make to it? In what ways can a community make changes to a project once it has started? Try asking for examples.

➤➤ Does the NGO directly support local communities, groups and civil society?
➤➤ Does the NGO have environmental sustainability, accountability and human rights as core values? How have they implemented these?
➤➤ Does the NGO have a religious affiliation? If so, you should feel comfortable with this
➤➤ Is the NGO a signatory to the Australian Council For International Development (ACFID) Code of Conduct which ensures accountability or equivalent? To find out check on ACFID’s list

➤➤ How big is the NGO?
- Consider searching out smaller organisations that do equally good work but may not have the public profile of larger organisations – you can get information on the size of an organisation by looking at the financial and administrative information at Giving One Percent

➤➤ For emergency relief – has the NGO been active in the affected area?
- This indicates the likelihood that they will continue providing support in the long term, which is very important for recovery.

Check out the links below for specific information on choosing who to give to and how much to give:

Giving One Percent
www.givingonepercent.org.au
Information on deciding how much to give and who to give to (free)

Give Well (Australia)
www.givewell.com.au
Charity research for fee-paying subscribers, one free charity search per day

Philanthropy Australia
www.philanthropy.org.au
Information on giving, particularly directed at philanthropic foundations and trusts.

DID YOU KNOW ...?
You are already donating $4.3 billion a year for development aid! This is through the Australian Government’s taxpayer-funded aid budget.

But half of this money is spent on highly paid consultants and training, much of which, according to Canberra’s own review of Australian Aid to Papua New Guinea, has “simply made little difference”.

Also, the official objective of Australia’s Aid program is to “to assist developing countries reduce poverty and achieve sustainable development, in line with national interest.”

➤➤ For example aid money has been used to fund controlling ‘irregular’ immigration and upgrading of detention facilities in Indonesia; and training Burmese intelligence officers and counter-terrorism workshops;

One of the best ways to help alleviate poverty is to join the campaign to change Australia’s aid policy towards real poverty alleviation.


**Why is it often the poorest people affected by disasters?**

Natural calamities such as typhoons, flooding, wildfires and earthquakes cause considerable additional suffering in the lives of the poor. Even in man-made crises, the poor are the most affected members of society. Many of the world’s poor live a hand-to-mouth existence. They do not have any savings or provisions for emergencies, making them helpless to cope with sudden disruption and loss.

Most essential services – food, health care, water, sanitation, shelter, and even decent clothing – are destroyed or no longer accessible during disasters and emergencies. The lives of the poor, especially the children and the elderly, depend on any support they receive. Thus, urgent assistance is necessary to allow the poor to endure the crisis. Your help will give them the hope and dignity to carry on. We should also strive to liberate the poor from poverty, to enable them to withstand misfortunes in the future.

---

**How does Australia respond to disasters overseas?**

Australian non-government organisations (NGOs) have had a long history of providing help and assistance in times of emergency and disaster to those in need either locally or internationally. Australian NGOs use their pre-established linkages within communities to target assistance on a needs basis and provide relief to ameliorate human suffering caused by natural disasters. Through their links with the in-country communities,

Australian NGOs are able to determine the relevant needs of the affected population, identify the most vulnerable and ensure that these needs are met in a culturally appropriate way. Australian NGOs can then use their links with the Australian community to build awareness and generate fundraising to meet the identified needs.

Australian NGOs, in partnership with local communities and governments of affected countries, have always endeavoured to better prepare for disasters. Australian NGOs have increased focus on disaster risk preparedness in order to increase the readiness and knowledge of local communities and minimise the damaging impact of natural calamities.

Moreover, Australian NGOs also offer help in building financial support and social services to improve the resilience of local communities.

The Australian Council for International Development (ACFID) helps to promote coordination of its members’ activities to provide a helping hand in relief operations.

Experts and personnel experienced in emergency situations are readily deployed by NGOs to offer their expertise and assistance to help those on the ground with the assessment and relief activities. These cohesive and well-rounded approaches make a difference in times of disaster.

Through the coordination of AusAID and the Australian Defence Force, the Australian government utilises the skills and linkages of ANGos to implement relief assistance and rapidly respond to requests from the in-country government and provides funding for relief appeals.

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**How can you help?**

➤ **Donate to an appeal**

Many Australian NGOs quickly respond to major crises abroad. Using various media outlets they will appeal for funds to assist those in need. Contributing to the effort by making donations is the fastest and easiest way to reach people in need. You can also help NGOs making appeals by volunteering to staff appeal phone lines or providing public information.

➤ **Make a regular donation**

Your regular donation is the cornerstone that supports NGOs and other humanitarian organisations to build up their funds and allowing them to rapidly respond to emergencies. Such funds facilitate the alleviation of poverty and empower the poor to be productive members of society. At times media reporting of disasters can result in disproportionate funding of some emergencies at the
detriment of others, especially when these disasters are happening at the same time.

➤ Register to assist
Your skill and training may be required in a disaster situation. You can be considered for future disaster relief activities by registering with appropriate NGOs or government agencies.

Please do not travel to a disaster area if you lack the training and special skills required for humanitarian operations.

➤ Proactive advocacy on behalf of the poor
Be proactive in advocating for poverty alleviation programs. You can participate and speak out about problems facing developing countries and global poverty. Support anti-poverty agendas, sign petitions, and write to media outlets or your local political representatives.

➤ Please: Do not go to the disaster area
Please do not travel to a disaster area if you lack the training and special skills required for humanitarian operations. This will only divert crucial resources and may even put you in harm’s way.

➤ Do not collect and send goods
Diverse schools, social clubs and other community groups organise the collection and donation of goods that may be needed in the disaster area. However, providing goods and materials that are not needed may lessen the efficiency and effectiveness of humanitarian operations. Thus, you should avoid donating goods that are not requested by humanitarian agencies. Your cash donation is still the most versatile contribution you can have in the relief effort since it could easily be converted to suit the needs of those in distress.

Further information
➤ ACFID website – where NGOs are working: http://members.acfid.asn.au
➤ ACFID website – Australian NGOs and emergency response: www.acfid.asn.au/what-we-do/humanitarian-emergencies
➤ ReliefWeb: http://reliefweb.int
Chapter 2

Effectiveness of Australian aid

AID EFFECTIVENESS

AUSAID EXAMINES THE AID EFFECTIVENESS AGENDA

What is effective aid?

Australia is committed to having an aid program that is world leading in its effectiveness. The international drive on aid effectiveness is about improving the way aid is delivered and managed to ensure it has the maximum positive impact on the lives of those it is intended for, reducing poverty and achieving value for money.

Australia has welcomed the outcome document from the Fourth High Level Forum on Aid Effectiveness in Busan (November 2011) – the Busan Partnership for Effective Development Cooperation. In particular, Australia welcomed the agreement reached in Busan to establish a new mechanism for international dialogue on aid effectiveness, the Global Partnership for Effective Development Cooperation, which reflects the changing reality of aid and development – including the increasing importance of development finance from emerging economies such as China and Brazil. The Busan outcome builds on the Paris Declaration (2005) and the Accra Agenda for Action (2008).

How effective is Australian aid?

A number of external reviews of the Australian aid program confirm its progress on effectiveness. In November 2010 the Government commissioned an independent review of the effectiveness and efficiency of Australia’s aid program. It found that Australia was an effective performer by global donor standards.

The forthcoming Office of Development Effectiveness report The Quality of Australian Aid – an international perspective, drawing on analysis from the Brookings Institution found that the Australian aid program is one of the clear leaders in delivering aid effectively to fragile states.

In 2009 a review by the Australian National Audit Office concluded that AusAID had managed the expansion of the aid program in a way that supported delivery of effective aid and had introduced changes that were consistent with the international aid effectiveness agenda. Also in 2009 the OECD concluded that Australia was strongly committed to making its aid program more effective, had made good progress in cooperating with other donors and untying its aid, and that new policies, like the introduction of the Pacific Partnerships for Development and a focus on results, clearly indicated that key effectiveness principles were being implemented.

Becoming a world leader on effectiveness

The Australian Government’s new aid policy, An Effective Aid Program for Australia: Making a real difference – Delivering real results, is all about driving Australia towards its goal of being a world leader on effectiveness. One of the key initiatives is to develop a rolling four-year aid budget strategy, covering for the first time, the aid efforts of all relevant Australian Government agencies under one coherent plan. The first plan will be published in 2012 and will outline the results Australia aims to achieve, driving a sharper focus on results across the entire program.

Complementing this is the Transparency Charter which outlines how Australia will provide more timely and accessible information on the aid program, building on Australia’s work under the International Aid Transparency Initiative. These measures will ensure Australia helps developing country governments plan and budget more effectively, improve accountability to Australian taxpayers and maximise the results achieved.

➤ Paris Declaration on Aid Effectiveness – ODE briefing note
➤ Accra Agenda for Action
➤ Fourth High-Level Forum on Aid Effectiveness in Busan, Korea
➤ Australia’s aid policy.

OFFICE OF DEVELOPMENT EFFECTIVENESS
Office of Development Effectiveness website
Established in 2006, the Office of Development Effectiveness (ODE) at AusAID builds stronger evidence for more effective aid. ODE draws its evidence from in-depth evaluations and reviews of Australian aid, analysis of AusAID performance systems, and collaborations with leading international think tanks and research organisations to influence and advise the Australian aid program.

Strategic evaluations
Recent years have seen an increasingly active international debate about the need for evaluation of aid programs, as well as advances in evaluation methodologies. With growing community interest in aid effectiveness, aid agencies are increasingly seeking credible evaluations of the long-term impact of aid initiatives, using rigorous social science methods. ODE ensures that Australia uses the best in evaluation methodology and development thinking.

ODE manages a program of flagship evaluations, usually led by senior, internationally recognised figures. ODE’s evaluation program is based on the following criteria:
- Relevance to policy or budget priorities
- Whole of government interest
- Cross program relevance
- Trialling of new evaluation methodologies.

In its new aid policy statement responding to the Independent Review of Aid Effectiveness, the Government agreed to establish an Independent Evaluation Committee that will work with ODE to oversee a small number of high quality independent evaluations and an annual synthesis and quality assurance report. ODE is preparing terms of reference for the committee, which will be in place in July 2012.

Performance assessment
ODE analyses and reports on performance information generated through the aid program’s quality and program management systems. ODE works closely with AusAID’s Program Effectiveness and Performance Division to improve systems for performance management and reporting of the aid program.

Annual Review of Development Effectiveness
ODE has published three Annual Reviews of Development Effectiveness since 2008, which draw on evaluation findings and analysis of data from AusAID’s reporting and performance management systems. The annual review contributes to the transparency and accountability of the Australian aid program and provides a link between increasing budget allocations and increased aid effectiveness.

The 2011 Independent Review of Aid Effectiveness recommended the Annual Review of Development Effectiveness be discontinued. Going forward the Government will instead publish an annual synthesis and quality assurance report instead, which will be overseen by the Independent Evaluation Committee.

International partnerships
ODE collaborates with international leaders in analysis of aid effectiveness and impact to bring international experience and learning to the Australian aid program. ODE’s partners include the International Institute for Impact Evaluation (3IE), the Brookings Institution, the Centre for Aid and Public Expenditure (ODI-CAPE) and the Independent Evaluation Group’s Regional Centres for Learning on Evaluation and Results (IEG-CLEAR).

MANAGING FOR BETTER PERFORMANCE IN THE AID PROGRAM
Country strategies
In each country where the Australian Government delivers aid, there is a strategy to set out the plan for aid over the next three to 10 years. The country strategy identifies where Australia can make the most difference in contributing to the country’s development outcomes. It defines what priority sectors Australia’s aid will be targeted to, why those priority sectors have been chosen, and how aid objectives will be achieved.

Country strategies are key documents supporting Australia’s aid effectiveness. They provide a framework to guide policy dialogue, aid activities, partnerships and other elements that directly contribute to achieving development objectives. They are also the basis for assessing the effectiveness of Australian aid, by setting out what Australian aid is intended to achieve (its objectives), and how progress towards those objectives will be measured and managed.

Country strategies are shaped by the key principles of aid effectiveness. They are aligned to the priorities and needs of the partner country, harmonised with the activities of other donors in the country, and encourage mutual accountability between governments. They promote a focus on managing for results.

Country strategies are complemented by regional strategies (for example, strategies for the Pacific or Asia
Performance management and evaluation policy

The Australian aid program is committed to strengthening its performance orientation to improve development effectiveness and account for results. The Performance Management and Evaluation Policy sets out expectations for measuring the performance of Australian aid, including a number of principles that apply to all types of reporting.

The policy sets out the minimum expectations for measuring performance at strategy or program level and at initiative level. There are three types of reporting processes: annual performance reporting, the quality reporting system, and evaluations. The policy is currently being updated to reflect the Government’s new aid policy An Effective Aid Program for Australia: Making a real difference – Delivering real results and recommendations from the Independent Review of Aid Effectiveness.

Annual performance reporting

A major part of performance assessment is annual performance reporting. It describes the performance of country, selected thematic or global programs over the year, and rates progress against strategy objectives. The information is then used to make decisions about future program planning and budgeting.

Annual performance reporting includes reporting against country and regional strategies and selected thematic areas.

Guidelines on quality reporting, independent completion reports and evaluations are linked to the Performance Management and Evaluation Policy.

The Quality Reporting System

AusAID’s Quality Reporting System (QRS) provides for ongoing measurement of the quality of initiatives to support managing for results and reporting on the effectiveness of the aid program. The system helps to ensure reliable, valid and robust information is available to assist ongoing improvements of program management, and to meet external accountability through AusAID’s Quality Reporting System and the evaluations produced by the Office of Development Effectiveness (ODE).

The QRS is a major source of information for annual program reports. ODE, established to monitor and evaluate the impact of the Australian aid program, independently checks the robustness of AusAID’s internal quality reporting system. It is mandatory for all monitored aid initiatives. A monitored aid initiative is where the expected Australian Government funding over the life of the initiative is greater than $3 million, or where the value is less than $3 million but the activity has strategic importance.

The QRS monitors the quality of aid initiatives at the three stages: design (or entry), implementation and completion. At each of those phases, it reports on the degree to which initiatives apply internationally recognised characteristics of good aid practice. Reports are subject to peer contestability of findings.

The Quality at Entry process comprises three steps: a concept peer review, an independent appraisal of the design, and an appraisal peer review. A Quality at Entry report, produced following the appraisal peer review, provides ratings of the quality of the design and identifies any actions needed to improve the design before proceeding to implementation.

The Quality at Implementation report is completed at least once a year, typically in preparation for the Annual Performance Report. It provides assessment and ratings on the quality of initiative implementation.

The Quality at Completion process is fulfilled through an Independent Completion Report. Good quality monitoring and evaluation underpins an effective QRS. AusAID staff, contractors, non-government organisations and partners develop monitoring and evaluation arrangements for each initiative.

Initiative level evaluations

Evaluations are an important part of learning and accountability about aid effectiveness. Evaluation both feeds into the other parts of the performance system and provides evidence against which to balance self-assessments.

Good evaluations consider the following elements:

- Relevance
- Effectiveness
- Efficiency
- Impact
- Sustainability of benefits and systems
- Promotion of gender equality.

All monitored aid initiatives are required to conduct regular independent evaluations to complement the QRS.

The two primary types of independent evaluations are:

- The Independent Progress Report, conducted at the mid-point of implementation for shorter activities, or at regular intervals during implementation of longer activities
- The Independent Completion Report, conducted at the end of the activity implementation.

Related links

- Australia’s Aid Policy
- Transparency Charter
- Office of Development Effectiveness
- OECD on Aid Effectiveness
- International Institute for Impact Evaluation
- Brookings Institution
- Centre for Aid and Public Expenditure
- Centres for Learning on Evaluation and Results
- Overseas Development Institute
- Centre for Global Development
- Fraud control at AusAID.
Successive Australian Governments have recognised the Australian aid program as an integral part of Australia’s international effort. There is bipartisan commitment to the Millennium Development Goals (MDGs), and to scaling up our aid effort so that it reaches 0.5 per cent of Gross National Income (GNI) by 2015-16.

We are also committed to the most effective aid program possible – to get the best value for money and to make a real difference in reducing poverty on the ground. We are using taxpayer dollars for our aid program, so we have a responsibility to Australian taxpayers to make sure that programs they fund are effective.

That’s why in late 2010, the Government commissioned the first independent review of the aid program in 15 years – a review specifically designed to assess the effectiveness of our current program and recommend where we could make it even better for the future.

The Independent Review found that Australia has a good aid program and is an effective performer by global donor standards. It made 39 recommendations to further improve the program. The Independent Review identified ways to make Australia’s aid program more transparent, more accountable, more focused on results and on real, measurable value for money.

The Independent Review analysed the overall purpose of Australia’s aid program and made recommendations on the appropriate geographic and sectoral focus of Australian aid, and the importance of effective partnerships in delivering Australian aid on the ground. The Independent Review also identified ways to give Australia’s aid program greater, longer-term strategic direction, including through reformed planning and budget measures.

The Government welcomes the Independent Review’s outcomes and agrees (or agrees in principle) with 38 of the 39 recommendations. (The Government notes one further recommendation, on the name of the Ministerial portfolio covering the aid program, and will respond to this later.) Based on the Independent Review’s findings, the Government has outlined a new framework for Australia’s aid program called An Effective Aid Program for Australia.

The purpose of the aid program

The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia’s national interests by promoting stability and prosperity both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.

Making Australian aid more effective

Enhanced effectiveness will be the cornerstone of Australia’s aid program. Consistent with the Independent Review’s recommendations we will:

➤ Drive value for money in our aid program, building on the commitment to reduce the number of technical advisers by 25 per cent over the next two years, and reduce any unreasonable remuneration levels of remaining advisers to maximise the return on our aid dollars

➤ Develop a rolling four-year whole-of-aid budget strategy, covering for the first time, the aid efforts of all relevant Australian Government agencies under one coherent plan that outlines the results we aim to achieve

➤ Analyse annually our progress against the results outlined in the four-year budget strategy to make clear what is working and what is not

➤ Abolish any programs that are not delivering on their objectives or undertake immediate changes to make sure they are

➤ By the end of 2011, issue a
Consistent with the MDGs, what we do will be guided by five core strategic goals, reinforced by 10 individual development objectives.

These are:
- Saving lives
- Promoting opportunities for all
- Sustainable economic development
- Effective governance, and
- Humanitarian and disaster response.

The goals are:
- Improving public health by increasing access to safe water and sanitation
- Saving the lives of poor women and children through greater access to quality maternal and child health services (for example, skilled birth attendants and midwives) and supporting large scale disease prevention, vaccination and treatment
- Enabling more children, particularly girls, to attend school for a longer and better education so they have the skills to build their own futures and, in time, escape poverty
- Empowering women to participate in the economy, leadership and education because of the critical untapped role of women in supporting development
- Enhancing disaster preparedness and delivering faster, more effective responses to disasters

International Aid

The fundamental purpose of Australian aid is to help people overcome poverty.

This also serves Australia’s national interests by promoting stability and prosperity both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.

Our strategic goals

<table>
<thead>
<tr>
<th>Saving lives</th>
<th>Promoting opportunities for all</th>
<th>Sustainable economic development</th>
<th>Effective governance</th>
<th>Humanitarian and disaster response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving public health by increasing access to safe water and sanitation</td>
<td>Giving more children access to school</td>
<td>Improving food security</td>
<td>Improving governance to deliver better services, improve security, and enhance justice and human rights</td>
<td>More effective preparedness and responses to disasters and crises</td>
</tr>
<tr>
<td>Saving the lives of poor women and children through greater access to quality maternal and child health services; and supporting large scale disease prevention, vaccination and treatment</td>
<td>Empowering women to participate in the economy, leadership and education</td>
<td>Improving incomes, employment and enterprise opportunities</td>
<td>Reducing the negative impacts of climate change and other environmental factors</td>
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<td></td>
<td>Enhancing the lives of people with disabilities</td>
<td>Improving food security</td>
<td>Improving governance to deliver better services, improve security, and enhance justice and human rights</td>
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<td>Reducing the negative impacts of climate change and other environmental factors</td>
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<td>Improving governance in developing countries to deliver services, improve security, and enhance justice and human rights for poor people; and to improve overall effectiveness in aid delivery in partnerships between host governments and agencies, and</td>
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<td></td>
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<td>Enhancing disaster preparedness and delivering faster, more effective responses to disasters and crises</td>
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Delivering aid efficiently and effectively

<table>
<thead>
<tr>
<th>A clear strategy</th>
<th>Value for money and consolidation</th>
<th>Risk management and performance oversight</th>
<th>Transparency and results</th>
<th>Involving the Australian community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four-year, whole-of-ODA budget strategy</td>
<td>Value for money in designs, procurement and grants</td>
<td>Strong fraud control</td>
<td>Transparency Charter with clearer and more accessible reporting of aid activities</td>
<td>Increased volunteer and NGO support</td>
</tr>
<tr>
<td>Regular reviews of the aid program</td>
<td>Greater selectivity and larger average program size focused on where Australia can make a difference</td>
<td>Enhanced evaluation programs</td>
<td>Budget reporting linked to results</td>
<td>Partnerships with business and academia</td>
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<td>Decisive action on non-performing programs</td>
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responses to humanitarian crises, given the increased frequency and impact of natural disasters in recent decades.

**Where Australia will provide aid**

As recommended in the Independent Review, the Asia-Pacific region, including our nearest neighbours, Indonesia, Papua New Guinea and East Timor, will remain the primary focus of our efforts. This is where we have strong ties and experience, and where the international community expects us to play a lead role. It is also where our own economic and security interests are most closely engaged.

At the same time, we will implement the Independent Review’s recommendation to increase aid to South Asia and Africa – as a growing middle power, we cannot pretend to be tackling global poverty without increasing our investment in the world’s two most impoverished regions. The aid program will continue to play its part in international efforts to bring development to Afghanistan and Pakistan. We will also provide targeted support elsewhere.

**How Australia will deliver our aid**

We will deliver our aid using systems, methods and partners that are effective in achieving results and efficient in delivering value for money. AusAID will also develop a global ratings system, as the British have done, that assesses the relative effectiveness of all multilateral agencies.

Support for global programs extends the reach and impact of Australia’s aid – both within our region and beyond. We will increase support for multilateral organisations such as the World Bank and the Global Alliance on Vaccines and Immunisations (GAVI), and United Nations development agencies that we assess as being efficient and effective, that are consistent with Australian priorities, and that deliver value for money. AusAID will also develop a global ratings system, as the British have done, that assesses the relative effectiveness of all multilateral agencies.

We will also provide more assistance through the systems and processes of our partner governments where we assess these as robust. If these systems are robust, we can drive the Australian aid dollar further by actively reinforcing partner government priorities.

We will also make greater use of multilateral partners, civil society, and Australian non-government organisations to deliver our assistance, particularly in regions where they have a greater capacity to deliver results for poor people than we do.

Whatever form of aid delivery we use, within every country we work, the Government will also, in the future, insist on visible branding of Australian aid – or co-branding if we partner with others. It is important that the world recognises that Australian aid is Australian aid. This has not been done effectively in the past.

The Government’s effort to drive aid effectiveness represents a significant reform. It will require far-reaching changes to the aid program. And it will take persistence and enduring effort. But it is an essential task to get the most out of our aid program, and to ensure it maintains the support of the Australian community.
Recommendation 1
The objective of the Australian aid program should be cast as follows: The fundamental objective of Australian aid is to help people overcome poverty. We work to improve the lives of those living in conditions far below what Australians find acceptable. We focus our resources and effort on areas of national interest, and where Australia can make a real difference.

Recommendation 2
Aid allocations to countries and regions should be defined to include the geographic distribution of global programs supported by Australia, as well as country program aid.

Recommendation 3
Decisions about country allocations should be based on poverty, national interest, capacity to make a difference and current scale and effectiveness. Decisions about country programs should also reflect the need to consolidate the aid program.

Recommendation 4
In scaling up the aid program, country allocations and programs should be adjusted in line with the Review Panel’s specific recommendations based on these criteria.

Recommendation 5
Australia should join the African Development Bank.

Recommendation 6
The Direct Aid Program should at least double, with the highest increases in countries with no country program.

Recommendation 7
The aid program should be driven by country programs, rather than by predetermined sectoral targets.

Recommendation 8
Sectoral selectivity should be increased at the country level. Sectoral spread in country programs should be low, outside of Indonesia, East Timor, PNG and the Pacific Island region.

Recommendation 9
An organising framework should be adopted to enhance the aid program’s strategic clarity and facilitate communication of results.

This should be built around the following four themes:

* Investing in pro-poor, sustainable economic growth and private sector development
* Promoting opportunities for all
* Supporting social stability, improving the quality of government, and strengthening civil society
* Preparing for and responding to crises.

Recommendation 10
The aid program should increase its emphasis on private sector development and strengthening civil society. Policy statements in relation to each should be developed.

Recommendation 11
Promoting gender equality should be a critical cross-cutting objective for the aid program. Australia should be a firm and persistent advocate and practical supporter of gender equality, especially in the Pacific.

Recommendation 12
Humanitarian and emergency assistance should be increased as a share of the program.

Recommendation 13
A small number of flagships should be identified where Australia should exercise leadership and be recognised for its efforts.

Recommendation 14
Reliance on bilateral modes of aid delivery should largely be restricted to East Asia, the Pacific, and Afghanistan and Pakistan. Aid delivered to other regions should be mainly through partners.

Recommendation 15
Core funding to multilateral organisations and NGOs should be significantly increased as a share of total spending. Core funding increases should be made on a case-by-case basis, linked to effectiveness, capacity and relevance.

Recommendation 16
AusAID should devote greater senior management resources to developing and managing relationships with key partners. Predictable, multi-year funding of partners should be provided and micromanagement avoided.

Recommendation 17
Core funding to multilateral organisations should be linked to performance and relevance to Australia through the introduction of a multilateral rating system.

Recommendation 18
In relation to multilateral organisations, Australia should use its more prominent ‘seat at the table’ to seek greater influence over policy and program directions, better recognition for contributions and better monitoring of effectiveness.

Recommendation 19
AusAID’s existing accreditation system should be used...
as a basis for Australian NGOs to access increased funding. AusAID should consider further means to improve the accreditation process for small NGOs.

**Recommendation 20**
The share of aid being disbursed through government systems should be expanded.

**Recommendation 21**
The power of business should be harnessed and business innovation should be encouraged, including through an annual consultative forum.

**Recommendation 22**
There should be increased use of partnership arrangements with other bilateral donors, both traditional and non-traditional.

**Recommendation 23**
There should be more aid funding for research by Australian and international institutions, particularly in agriculture and medicine.

**Recommendation 24**
The government should develop and implement a Cabinet-endorsed Four-Year Strategy for the entire aid program for policy and funding clarity.

**Recommendation 25**
There should be a Cabinet discussion of an annual review of progress against the Four-Year Strategy and pre-determined hurdles, with consequences if hurdles are not met.

**Recommendation 26**
The budget process should be reformed to provide greater funding certainty, including allocating funds on the basis of the Four-Year Strategy and its annual updates, not through NPPs, as at present.

**Recommendation 27**
Four-yearly independent reviews of the aid program should be instituted to inform each new Four-Year Strategy.

**Recommendation 28**
Ministers should continue to provide leadership to the aid program, and particularly the strengthening of the program for the crucial and challenging period of scaling up over the next five years. An effectiveness culture focused on results, rather than an announcement culture leading to fragmentation, should drive the program.

**Recommendation 29**
The words ‘International Development’ should be added to the title of the Minister for Foreign Affairs.

**Recommendation 30**
A ‘whole-of-ODA’ approach should be strengthened by creating uniform standards across government departments to planning, delivery, monitoring and reporting, overseen by the Development Effectiveness Steering Committee.

**Recommendation 31**
Corporate reform efforts within AusAID should be accelerated to promote a culture geared towards delivering results and enhancing productivity, especially by reducing staff turnover, building the workforce with the requisite skills, streamlining business processes and reducing paperwork.

**Recommendation 32**
AusAID should be provided with increased resources to manage effectively the increasing program.

**Recommendation 33**
The aid program should foster a culture of risk management rather than risk aversion by balancing various forms of risk and ensuring they are well understood across AusAID as the program grows. It should increase the relative importance of risks to development effectiveness as compared to other risks. There should be a greater focus on results and reward for innovation and acceptance that in a big program some activities will fail.

**Recommendation 34**
A three-tiered reporting system should be adopted by all Australian government departments and agencies in relation to their use of ODA funds.

**Recommendation 35**
An annual assessment of aid effectiveness of all of ODA should be prepared using the three-tier system. This should inform the annual reviews of the Four-Year Strategy provided to Cabinet.

**Recommendation 36**
A small number of high quality evaluations and an annual synthesis and quality assurance report should be produced annually, overseen by an Independent Evaluation Committee.

**Recommendation 37**
A Transparency Charter should be developed, committing the aid program to publishing documents and data in a way that is comprehensive, accessible and timely.

**Recommendation 38**
Public engagement should be improved through a new community grants scheme, embracing new media technologies and promoting development education.

**Recommendation 39**
The scale-up of the aid program to 0.5 per cent of GNI should be subject to the progressive achievement of predetermined hurdles.

Recommendations compiled from the Independent Review of Aid Effectiveness © Commonwealth of Australia 2011

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This e-book is subject to the terms and conditions of a non-exclusive and non-transferable SITE LICENCE AGREEMENT between THE SPINNEY PRESS and: Trinity College, East Perth, allan.harris@trinity.wa.edu.au
Foreign Minister Kevin Rudd has announced a sweeping overhaul of Australia’s foreign aid program, promising more transparency and the phasing out of direct aid to India and China. **Stephen Dziedzic reports**

Mr Rudd says the Government will accept all but one of the recommendations of a major independent review of foreign aid, including doubling the AusAID cooperation program with non-government organisations and increasing the reliance on volunteers.

He says the Government will continue to direct around 75 per cent of the budget to nearby countries including Papua New Guinea and East Timor, with 11 per cent going to Africa.

And he is promising that Australia will phase out direct aid to India and China and impose tougher mechanisms to make sure that aid money is not wasted.

The Federal Government currently spends about $5 billion a year on aid but that is expected to jump to more than $8 billion by 2016.

Mr Rudd has acknowledged some Australians think that is “very generous” but he has mounted a fierce defence of boosting the aid budget.

“We believe it is right to do what we can to help our fellow human beings out of poverty because as Australians it is not in our nature to be indifferent to the suffering of others,” he said.

“Our belief in a fair go for all does not stop at the Australian continental shelf. It goes beyond.”

The Government has been plagued by persistent allegations that foreign aid fraud has been ballooning along with the aid budget.

Mr Rudd says of every $1,000 spent on aid, only 21 cents is skimmed off – a rate well below that experienced by Centrelink.

**More scrutiny**

But Mr Rudd says as the Government spends more money on aid, it must also boost scrutiny.

There will be a new transparency charter, publishing more information about the performance of every aid program and an independent evaluation committee to run a ruler over the aid budget.

The aid program has also been criticised for relying too much on so-called ‘technical advisers’ – highly paid consultants who help poorer governments in Asia or the Pacific.

Many non-government aid organisations have argued this does not build any expertise on the ground and funnels too much money into the private sector.

Mr Rudd says the Government has already slashed the money spent on technical advisers and wants NGOs to play a bigger role.

Direct aid to India and China will also be phased out.

Marc Purcell from the Australian Council for International Development says the decision highlights a paradox of the modern global economy – that while India and China are booming, many of their citizens are still languishing below the poverty line.

He says NGOs are not going to leave India any time soon.

“In India particularly you still have 600 million people living in extreme poverty and no matter the pace of growth in the Indian economy, it’s still going to be a very long time before you lift those people out of that extreme poverty,” Mr Purcell said.

The Government has also adopted a new rationale which states unambiguously that the main purpose of aid is to cut poverty, rather than building Australia’s national interest through helping the poor.

Meanwhile, the Federal Opposition has questioned the amount of aid directed to Africa after the major review.

Opposition foreign affairs spokeswoman Julie Bishop says she remains concerned about Australia’s aid investment in African nations.

“I certainly want to see our aid program targeted towards the Asia-Pacific and I’ll continue to criticise the Government and particularly Kevin Rudd for using our aid budget to pursue his campaign for a temporary seat on the United Nations Security Council,” she said.

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Australia’s global and regional engagement is broad. We are alert to challenges to our security – state based, or in other forms such as terrorism. We are alert to the challenges to our economy – through the instability of the global financial system, the increasing interconnectedness of global trade and investment. We are deeply engaged in responding to threats to our national environment – for example through climate change. We are charged with a responsibility to look after the wellbeing of more than one million Australians who travel abroad each year.

This is the range of what we must deal with in an increasingly globalised world where everything affects everything else.

There is, therefore, no single dimension to our engagement with the world. It is increasingly, almost experientially, multidimensional.

And one of those important dimensions is the future of Australia’s international aid program – a program that impacts on so many of our values and interests.

What we do on the aid program matters.

Not just for the individual countries that benefit, but across the full canvas of our country’s global engagements.

This is why it is my great pleasure to have you here for the release of the Independent Review of Aid Effectiveness and the Government’s response.

I asked for the Review last year because I felt after 15 years we were due for another look at how we effectively deliver aid, especially as we intend on expanding the aid program.

It is right that we do more to reduce poverty because Australians believe in a fair go for all.

But Australians also believe in value for money with every tax payer dollar that is spent.

That is what the release of our aid strategy today is all about – what we call An Effective Aid Program for Australia: Making a real difference – Delivering real results.

Back before the 2007 election, Bob McMullan and I had many long conversations about what sort of aid program we would like to have in the future.

We wanted one that was aligned to the Millennium Development Goals – aimed at reducing global poverty.

We wanted one that helped to stop children dying from diseases that we can easily prevent.

We wanted one that would give every child an education.

We wanted one that gave women a better deal.

We wanted one that put people first, including people with disabilities.

We wanted an aid program that was effective – one that delivered results.

We wanted an aid program that was effective – one that delivered results.

And we wanted a program of which all Australians could justifiably be proud.

We wanted an aid program that involved Australians more and made a difference to people in poor countries.

And since 2007, we have been working diligently in this direction.

Just in the past couple of months Australia has been recognised internationally for our work on HIV prevention, on immunising children and on promoting the rights of people with disabilities – and I am glad to see we have members of the Disability Reference Group here with us today.

We have been recognised for helping to halve malaria infection rates in the Solomon Islands.

We already have a good program and I am pleased that the Review rates us as an effective performer by global donor standards.

But I believe Australia can and should do better to make sure we build the best aid program in the world.

That is why we intend to implement the recommendations of the aid effectiveness Review.

We adopted the Review’s recommendation on the mission statement for Australian aid.

It is:

“The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia’s...
national interests by promoting stability and prosperity both in our region and beyond. We focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.”

This is an important statement. It goes to three core principles:
1. That poverty eradication is our core objective
2. That as well as being the right thing to do, it is in our national security interests
3. We focus on those areas where we can make a real difference.

In doing so, we align ourselves with the Millennium Development Goals.
1.4 billion members of the human family (one fifth of our number) today suffer the degradation of poverty.
And two thirds of these are within our region.
We believe it is right to do what we can to help our fellow human beings out of poverty – because as Australians it is not in our nature to be indifferent to the sufferings of others.
Our belief in a fair go does not stop at the Australian continental shelf.
Our aid program is therefore a product of our values. But we are also hard-nosed enough to do so in a manner which supports our nation’s interests.
We want to build stability in our region because that enhances the security of us all.
For the same reasons we want to enhance regional prosperity because prosperous regions make for stable neighbours and they also, in time, make good economic partners.
Also, both as an expression of our values and our interests we also believe in good international citizenship.
We want to sustain and enhance an international system that deals with global changes in an orderly manner.
Through global agencies that deal with economic development. That deal with natural disasters. That deal with humanitarian conflict.
Using agencies such as the ICRC, the UNHCR, the WFP, UNICEF, the WHO, the UNDP, the World Bank, the Asian and African Development Banks.
The alternative would be absolute chaos.
Every person, and every country, simply fending for themselves through a beggar thy neighbour approach.
The massive, destabilising dispersals of peoples from one point of the world to another, of the type we have seen throughout much of world history, would continue on grander scale than ever before.
And with potentially disastrous consequences for us all.
We therefore have a deep national interest and values at stake in building a global rules-based order that deals with poverty; that deals with humanitarian representatives that deals with human rights.
Because the alternative is anarchy.
The critical theme of both the Aid Effectiveness Review and of the Government’s response to it is how to enhance the effectiveness of the overall program.

We have already made a good start on this by reducing the number of technical advisers by 25 per cent over the next two years and further reducing unreasonable remuneration levels for ongoing advisers so we get maximum return on our aid dollars.
We must also maintain what the aid effectiveness review describes as the “serious and systematic approach within AusAID to fraud management”.
AusAID maintains zero tolerance towards any fraud in the aid program.
In the 2010-11 financial year, the estimated potential loss due to fraud was 0.021 per cent of AusAID’s appropriated funds.
In other words that is 21 cents for every thousand dollars spent.
This is a much lower rate of loss than that recorded by most other government agencies (including Centrelink), private sector companies and other aid donors.

AusAID’s performance in this regard is underpinned by its seven point program for fraud management:
1. AusAID maintains a portfolio-wide fraud control plan which complies with the Australian Government’s mandatory fraud control guidelines
2. Country posts also maintain fraud and risk management control plans which are updated annually
3. Any company or non-government organisation appearing on fraud blacklists is automatically excluded from bidding for contracts
4. AusAID’s internal audit section reviews the specific fraud control mechanisms of partners such as non-government organisations, contractor firms and tertiary institutions, to ensure they comply with its fraud reporting and risk management requirements
5. Partner government systems are also assessed in detail, and assistance provided, to improve identified weaknesses before any Australian funds begin to flow
6. The ANAO also conducts external audits of AusAID’s financial statements and undertakes targeted performance audits
7. And in 2011, a senior executive position of Chief Auditor was created and filled within AusAID itself.

This has been a strong achievement by AusAID given so many of the countries in which Australian aid operates have weak probity systems and rate poorly on most international corruption indicators.
The Government is committed to further strengthening AusAID’s already robust fraud management scheme.
Moreover, AusAID will provide a ratings system for all of its international development partners, as the United Kingdom development agency DIFD has done, in order to ensure that we maximise the use of those agencies which rate highest, and minimise the use of those agencies which are rated less strongly.
Furthermore, the Government intends to issue a new Transparency Charter to provide more accessible information on how Australian aid funds are deployed and results we achieve.
This is designed to enhance our public transparency on the achievements of the program.

And also any problems that we encounter so the public can be properly informed on how their tax payer dollars are being spent.

In addition to fraud management, AusAID also has a four point performance management system which deals with any quality challenges with the program as they arise.

This involves AusAID’s own internal quality reporting system, the Office of Development Effectiveness, Australia’s National Audit Office and OECD development assistance committee peer review system.

The strength of these systems was endorsed, for example, in the 2009 ANAO review that concluded AusAID has managed the expansion of the aid program in a way that supports the delivery of effective aid.

Australia has also been commended in the most recent OECD DAC peer review of the AusAID program.

To strengthen the comprehensiveness of these measures, the Government has committed that all overseas development assistance funds spent by Australia will be subject to quality process, not just those spent by AusAID.

Finally, the Government, for the first time, will develop a rolling four year whole of aid budget strategy which will also cover the aid efforts of all relevant Government agencies and do so through a single coherent plan that outlines the results we aim to achieve each year.

These results will then be reviewed formally by Cabinet each year so that Cabinet can make a strategic judgment about what programs are working and those that are not.

The Government has resolved to abolish any programs that are not delivering on their objectives or undertake immediate changes to these programs to make sure that they do.

Consistent with the Review’s recommendations, the Government will make its decisions based on three sets of criteria:

1. Effectiveness
2. The capacity of Australian aid to make a difference, and
3. Our national interest.

Furthermore, the Government has agreed on five strategic goals for the overall aid program:

1. Saving lives
2. Opportunities for all
3. Investing in sustainable economic growth, food security and private sector development
4. Supporting security, improving governance and strengthening civil society, and
5. Preparing for and responding to humanitarian disasters and crises.

There is a developmental continuum in this overall strategic approach to the aid program.

Unless the program begins by saving lives, for example for children under five, then there is little else that can be done.

Assuming therefore that lives have been saved, the next task therefore is to provide opportunities for all – both in education, in employment, and the opportunities to develop self-reliance.

Furthermore, none of the above can be advanced unless we have invested appropriately in sustainable economic development so that the overall economy in which poor people are living is itself developing and providing greater opportunities for all.

Once again, none of the above can be guaranteed unless there is proper governance in the overall system, within countries concerned, to provide for basic security so that individuals can go about their daily lives without fear or unnecessary impediment.

And beyond all these again, progress on any of the above can be completely undermined by inadequate preparation for humanitarian and natural disasters.

The Government has further defined ten specific development objectives that seek to give effect to these strategic goals.

Within saving lives our key development objectives are two-fold.

i. Improving public health by improving access to safe water and sanitation

ii. Saving the lives of poor women and children through greater access to quality maternal and child health services; and supporting large scale disease prevention, vaccination and treatment.

In promoting opportunities for all, the Government has decided on three key development objectives:

i. Enabling more children, particularly girls, to attend school for longer and better education so they have the skills to build their own futures, and in time escape poverty

ii. Empowering women and girls to participate in the economy, leadership and education because of the critical untapped role of women in development

iii. And enhancing the lives of people with disabilities. This is the first time that enhancing the lives of people with disabilities has been incorporated within the core development objectives of the aid portfolio.

In sustainable economic development the government has a further three development objectives:

i. Improving food security by investing in agricultural productivity, infrastructure social protection and the opening of markets

ii. Improving incomes, employment and enterprise opportunities for poor people in both rural and urban areas, including the development of sustainable mining industries to boost overall economic development

iii. And reducing the negative impacts of climate change and other environmental factors on poor people.

These specific objectives go to a number of Australia’s core strengths.

So much of underdeveloped Africa and Asia look to Australia in terms of our expertise in agricultural productivity.
The same can be said in the development of sustainable mining industries, which many countries in Africa, in particular, are now looking to as their pathway for long-term economic development.

In supporting security, improving the quality of governments, and strengthening of civil society, the Government’s key development objective is stated as follows:

➤ Improve governance in developing countries to deliver better services, improve security, enhance justice and human rights for poor people and improve overall aid delivery and partnerships between host government’s and aid agencies.

Human rights, also for the first time therefore, has been formally included within the core development objectives of the Australian aid portfolio.

Finally, in preparing for, and responding to, disasters and humanitarian crises, the Government’s agreed development objective is:

➤ Enhancing disaster preparedness and delivering faster and more effective responses to humanitarian crises given the increased frequency and impact of natural disasters in recent decades.

For some, these may appear to be an arbitrary list. They are not. They are the product of much reflection across Government in defining our strategic goals, our specific development objectives as well as the allocative criteria we will use within individual countries.

The net impact of this methodology is to maximise focus within an expanding Australian international development assistance program, so that we define a number of things well, rather than many things badly.

It is all about avoiding any future fragmentation of efforts.

The Asia-Pacific region remains the area of focus for Australia’s development assistance program.

It is the region which we believe that we can be most effective in.

It is the region where two thirds of the world’s poverty currently lies.

It is the region where the rest of the world often expects Australia to provide leadership.

And it is the region of the world where our most direct, strategic and economic interests lie.

It is for these reasons that the Asia-Pacific occupies in 2011-12 nearly 75 per cent of the Australian aid program.

Within this, the dominant recipients of Australia’s development assistance remain Indonesia, Papua New Guinea and East Timor. This will continue into the future.

Beyond the Asia-Pacific, 14 per cent of our aid goes to South and West Asia – principally Afghanistan and Pakistan, but also including Bangladesh.

A further 11 per cent of our development assistance goes to Africa and the Middle East. This is a necessary reflection on recent turbulence within the region and the range of interests which Australia has alive in this part of the world.

The Government accepts the Aid Effectiveness Review’s recommendations that Australia’s aid to these various regions should continue to increase in the future.

As for Latin America and the Caribbean, only one per cent of the entire Australian aid program currently goes to the region to despite the fact that there is considerable continuing poverty in various parts of that region.

The Government accepts the Review’s recommendation to the extent that any future increases to Latin America and the Caribbean be modest, with any increases to be delivered through regional and global programs.

The Government further accepts the Review’s recommendations that Australia now begins to phase out their development programs in both China and India.

Both countries are members of the G20.

They are respectively the second and sixth largest economies in the world.

Both have considerable economic capacity.

And both have begun their own international development assistance programs.

Should Australia, for particular reasons, wish to sustain development assistance activities in any part of these two countries, it will in future do so through multilateral programs.

Direct country-to-country delivery will remain our primary vehicle of assistance in East Asia and the Pacific where Australia is a major donor, and where we have a well-established field presence.

In these countries Australia will take a donor-leadership role, particularly in the Pacific, where Australia provides around half of all ODA.

In South and West Asia, Africa as well as Latin America and the Caribbean we will make greater use of multilateral partners and our partnerships with other donor countries including emerging donors.

In these regions we can tap into these organisations’ greater field experience, without any unnecessary duplication in our own aid official presence on the ground.

Australia will also increase our assistance to civil society...
organisations, including non-government organisations, where they are effective and provide the best delivery mechanism to achieve results.

It is a matter of record that the Australian Government increased its overall use of international NGOs over the last several years in the delivery of Australian development assistance.

As many in this room will know, in addition to increased funding, reforms to our NGO program include high-level strategic partnerships between AusAID and some of Australia’s largest NGOs, including World Vision Australia, Oxfam Australia, Caritas Australia, Plan International Australia and Child Fund Australia.

The Government intends to double the AusAID NGO Cooperation Program, ANCP, which will support more Australian non-government organisations to participate in the overall delivery of the aid program.

The Government will also be making increasing use of Australian Volunteers for International Development.

This initiative, like the Australian Civilian Corps, flows in large part from the 2020 Summit back in 2008.

Currently, we have volunteers deployed in 33 developing countries around the world.

The Government intends to significantly increase its use of volunteers in the future.

As for the Australian Civilian Corps, this too has recently been brought into being under legislation by the Australian Government.

The first ACC specialists have already been deployed in the field. And the ACC register of those with specialist crisis emergency skills is expected to reach 500 screened and trained personnel by June 2014.

These personnel are then in a position for deployment the next time a natural disaster hits within our wider region, or even beyond.

The first such deployment took place in April this year when an ACC was deployed as a donor liaison officer within the Haiti Recovery Commission.

I would like to acknowledge and publically thank the members of the Review Panel, under the capable chairmanship of Sandy Holloway, for their dedication and work in delivering the effectiveness review on budget and on time.

Other members of the panel included Margaret Reid AO, Bill Farmer AO, Dr Stephen Howes, and Mr John Denton at the BCA.

The panel received around 300 submissions from a cross section of the Australian and international community. They completed their work within six months. They made 39 individual recommendations.

The Government has agreed, or agreed in-principle, to 38 of these recommendations and noted one concerning the formal description of the portfolio – as this forms part of considerations of future administrative arrangements.

A full list of the recommendations of the effectiveness review is contained at Attachment A of the Government’s response to the Review.

I would also like to acknowledge AusAID itself. The women and men who work both in Canberra and the 41 posts abroad in which AusAID is represented on the ground.

AusAID is a dedicated organisation.

As the aid effectiveness review says, it is “well led and well motivated”. And I attribute that in large part to the excellent work of its Director-General Mr Peter Baxter.

It is now Peter’s happy responsibility to give effect to the agreed recommendations contained within the Government’s response.

Finally, I would like to acknowledge the role of the Opposition.

Though it has wobbled from time-to-time, I wish to acknowledge the continued bipartisan support for the Government’s objective of increasing ODA to 0.5% of GNI by 2015.

There are some in this country who argue that this is exceptionally generous.

The truth is, our current contribution of 0.35% of GNI lies within the bottom third of the OECD donor countries.

When we reach 0.5% GNI, we will be at the medium point of the OECD.

Many other countries have a much higher rate of contribution – for example the British, who lie currently at 0.56% of GNI and which under the conservative government have confirmed that they will increase it further to 0.7%.

But for our aid program to continue in an effective manner in the future, capable of making a real difference into the lives of the poor people of the world, it is critical that we continue to have bipartisan support in this country.

I welcome the Opposition’s participation at this event.

I welcome any constructive contributions that they may wish to make in the overall debate.

But for the future, I believe that it is imperative that for this important national project for the future, we work as team Australia across the traditional partisan divide in this country.

I therefore commend the report and the Government’s response to it to the nation.
The Australian Council for International Development (ACFID), the peak body for Australian aid and development organisations, today welcomed the Government’s Response to the Independent Review of Aid Effectiveness. ACFID lobbied for the establishment of the Review and argued that a clear purpose for the aid program, with helping poor people at its heart, is fundamental to effective aid.

“The new purpose of the program, focused squarely on helping people overcome poverty, brings clarity and focus. It stresses that it is in Australia’s national interest to assist people in the developing countries that surround Australia — and beyond,” said Marc Purcell, Executive Director of ACFID.

“In the end, the impact of Australia’s aid will be judged by results on the ground. ACFID will produce an annual Progress Statement on Aid Effectiveness, assessing the extent to which the Government’s major commitments in their Response are being implemented. This will be released on the anniversary of the Government’s Response in July 2012.”

“For the first time, we have a Whole-of-Government strategy for aid planning, budgeting and evaluation. Significantly, this will be signed off by Cabinet. If managed well this should bring predictability, sustained resourcing and a stronger impact on the ground from Australia’s aid efforts,” Mr Purcell said.

“There are currently more than 90 Federal and State Departments and Agencies that deliver Australia’s aid. ACFID argued strongly that greater coordination and a clearer poverty focus is required for all Departments delivering aid.

“To this end, we welcome the announcement of a new Transparency Charter and an Independent Evaluation Committee which should deliver more information and create a better understanding of what Australian aid does, how it works, and what can be done to improve it.

“The proposed geographic focus of the Australian aid program is ‘about right’. We should focus on the Pacific, Asia and Sub-Saharan Africa, where the need is great. But we also want to ensure that the Australian NGO role in India, where many of the world’s poor still reside, is not overlooked.

“With a greater number of natural disasters occurring every year and larger numbers of people being affected, the increase in humanitarian funding is both sensible and necessary.

“We are very pleased that the Government has recognised the importance of civil society in building human development and expanding freedoms in communities. ACFID is looking forward to working with the Government on developing the proposed Civil Society Engagement Framework as soon as possible.

“Women make up more than 50% of the world’s population. Human development can only occur if discrimination and inequality between men and women is addressed front and centre. We welcome the prioritisation of gender equality and will work with the Government on strategies to make a real difference.

“The success or otherwise of these reforms will hang on a strong, capable and well-resourced Government aid program – led by AusAID. The Review Panel makes it clear that increased funding for AusAID’s internal capacity is vital. In next year’s budget, this will need to be addressed,” Mr Purcell concluded.
Foreign aid review reveals contractors under the hammer

This opinion from Crikey’s Bernard Keane suggests that improvements have been made to the effectiveness of Australia’s foreign aid program, but it still faces serious challenges from the forecast increase in aid.

The level of Australia’s foreign aid being channelled to private contractors has been halved in recent years, but the lack of competition among aid contractors is a significant problem, a review of the effectiveness of our foreign aid program has found.

This morning Kevin Rudd launched the review, and the government’s response to it, after the Foreign Minister commissioned the review in November last year. The review was headed by Sandy Hollway and conducted by a panel including former diplomat and Immigration secretary Bill Farmer and former Liberal ACT senator Margaret Reid.

The review came after years of complaints about ‘boomerang aid’ – the huge proportion of foreign aid that went straight to Australian and international contractors in countries like Papua New Guinea, rather than providing on-the-ground assistance. In July last year, Crikey and the Centre for Independent Journalism profiled some of the companies that benefit from the largesse of our foreign aid program.

The review shows that AusAID began switching away from private contractors under the Howard government, and that continued under the Rudd government. In 2005-06, 41% of private aid was delivered via private contractors; by 2008 that had fallen to 23% and last year was 21% – on the basis, the government’s response today said, that “development gains are more difficult to maintain after Australian funding has finished”.

Multilateral organisations like UN agencies, global financial institutions and global funds like the GAVI Alliance are more difficult to maintain after Australian funding has finished. AusAID experience has dimmed through mergers. Not all are interested in projects in every country where Australia operates and thus the tender pool can be quite small. Recent AusAID experience is that three organisations (Coffey International Development Pty. Ltd., Cardno Emerging Markets Pty. Ltd. and GRM International Pty. Ltd.) have won 46 per cent of tenders since 1 January 2010, excluding period offers and panels. This obviously blunts contestability and can pose difficult choices for those responsible for administering the aid program and ensuring value for money. Unless value for money can be reasonably assured, it may be necessary to use the second-best option rather than a contractor. The Review Panel recommends that AusAID explore further ways to deepen competition, including through building on efforts made to date to encourage new entrants into the market.

As Crikey and the CIJ showed, until late 2009 GRM was part of the Packer business empire and owned from the Bahamas, and had filed some bizarre financial accounts with ASIC since 2005. The decline available aid funding is understood to have driven a series of mergers within the sector in recent years as competition for fewer AusAID dollars became too much.

The review recommends private contractors be used where specialist program expertise is required, it is sensible to outsource rather than bring expertise in-house, and other options have been rejected. The government’s response indicates that is the approach it will take.

The review’s overall conclusion is that our aid program is “improvable but good” but is under administrative stress, lacks an overall strategy and is fragmented, requires too much paperwork, needs to improve transparency and has no effective communications strategy. The review also emphasises the importance of targeting gender barriers, which should “remain a key priority for aid, with increased focus on areas where disparities are the greatest”.

AusAID itself is stretched and will become more so as the government’s scheduled increase in aid takes effect, and burdened by paperwork, the time taken to recruit new staff and a lack of corporate memory. “These challenges may already be affecting AusAID’s ability to manage its core business,” the report states. However, it has strong fraud and audit processes and the overall level of identified fraud in the aid program is miniscule.

The overall sense from the review is that the foreign aid program has significantly improved on the problems of the mid-2000s, when it was dogged by claims of ineffectiveness and reliance on highly-paid foreign consultants and contractors, but still faces serious challenges from the forecast increase in aid to 0.5% of GNI by 2015-16.

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www.crikey.com.au
It’s been a fortnight since the report of the Independent Review of Aid Effectiveness was finally released to the public, together with the federal government’s response. The review managed to be strong yet cautious, an amazing balancing act of political tact for which the panel should be commended.

This is an aptly timed review, with the aid program facing a massive scale-up to a heady 0.5 per cent of gross national income by 2015-16 from 0.35 per cent this financial year. While 0.5 per cent is still well short of the 0.7 per cent adopted by the General Assembly of the United Nations in 1970 – a figure with obscure current relevance except as a useful advocacy tool – it is certainly heading in the right direction. The massive expansion in Australia’s aid program enjoys bipartisan support, a rarity in the current political climate.

Both political parties realise that Australians can and should be more generous to those far less fortunate than us. And Australia is generous. Despite falling short of the 0.7 per cent target, Australia is the twelfth biggest donor of official development, punching above its weight as the world’s seventeenth biggest economy (according to purchasing power parity).

The debate continues to rage as to whether aid has done any real good in the countries in which it is spent. Critics of Australian efforts often point to the continuing and widespread poverty that prevails in our second-biggest recipient country, Papua New Guinea, despite over $15 billion in aid since independence. But most indicators are moving in the right direction. For example, World Bank data shows that life expectancy – a critical measure in anyone’s eyes – has increased from 47 years in 1975 to just over 61 years in 2009. While the picture in Papua New Guinea and other recipient countries may not be all rosy, we suffer from a lack of a counterfactual – that is, what would have happened if those millions of dollars had not been spent? The situation could well be far worse.

But Australia does need to do a better job in making sure our money is spent wisely and is improving the lives of the impoverished as best it can.

Sceptical commentators like Hugh White are right to argue that economic growth is the key to bringing people out of poverty, but in doing so they mix up cause and effect. Economic growth is the combined and measurable effect of a country’s many complex social and economic interactions, in which aid is merely one of many factors. Honest advocates of aid spending cannot pretend that aid is the answer to all problems. But, like government spending in our own country, government spending in other countries via aid can be an important part of the answer. As the review panel member Professor Stephen Howes suggests, more important than arguing over the current efficacy of aid is to investigate how our aid money can be spent more effectively in the future.

Primarily this means getting value for money by targeting those areas where Australia can “make a difference,” as the review rightly concludes. But it also notes that Australia does not focus its efforts well, with programs that cost over $200,000 a year currently being run in 88 countries. Under Labor leadership, country programs have also spread to Africa and Latin America. This scattergun approach spreads our aid money thinly on the ground, creating a huge knowledge burden on rapidly
Active middle-power diplomacy has been a hallmark of Australian foreign policy under previous Labor governments, and should not be discouraged. But international aid should be used only sparingly and selectively in pursuit of the national interest, and then only where it will actually leverage actual influence. After all, being the “good international citizen,” a hallmark doctrine from the Gareth Evans era of foreign policy that Labor still harks to, is also about being seen to be doing good – for the right reasons.

This leads us to the perennial debate about whether the national interest should have any place at all in an aid program. Australia is being transparent when it states explicitly that its aid program has the twin objectives of furthering the national interest while reducing poverty. This is not the difficult balancing act so many make it out to be. Acting in Australia’s interest is not inherently incompatible with altruism, and is in fact usually indivisible from it. If Australian values include providing for those in need, and giving everyone a fair go at life, then this is the national interest.

The current aid program faces many challenges in the coming years as it rapidly expands. As the review’s report so comprehensively reveals, while Australians have an aid program that has its flaws, it is an aid program doing its best to improve people’s lives around the world – an aid program we can be proud of.

**LINKS**


Michael Cornish is Lecturer in Development Economics at The University of Adelaide.

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http://inside.org.au
Myths busted: the facts about Australian aid

ACFID shines a light on Australian aid, separating the facts from the myths

A ustralia has the capacity to make a difference in the lives of thousands of poor people. 18 out of our 20 closest neighbours are developing countries, with some of the highest rates of child malnutrition and maternal deaths in the world.

Australian aid can help solve these problems, reversing trends like:

➤ 22,000 children under five dying every day, many from easily preventable illnesses
➤ 1.4 billion people living on less than US $1.25 a day
➤ 100 million children being unable to attend school.

Australian aid plays a crucial role in saving lives when emergencies strike. Living in a country susceptible to natural disasters itself, Australians understand the immediate needs of communities when disasters hit. Disasters and emergencies require strong, speedy responses, and Australia has the resources and know-how to make a difference.

Our aid helps to create security and stability in our region and beyond.

With Australia promising to help halve global poverty by increasing our aid spending, now is an important time to shine a light on Australian aid and separate the facts from the myths.

MYTH 1: Busted
'Australians do not benefit from money spent on overseas aid.'

Australian aid helps to create a safer, more stable world.

Our aid money directly benefits Australians, by

➤ Creating stability by lifting people out of poverty. Did you know that in the Pacific the average age is 21? In Australia it is 37. Poverty and high youth unemployment have caused rising crime in some Pacific countries. Australian aid helps to educate young people and provides opportunities for them to be a productive part of their society.

In a region where our closest neighbours have rising youth populations, this kind of work makes Australia more secure. From 2011, Australian aid will be providing high-quality learning materials to over 100,000 students in the Pacific annually. Teacher training is also planned for over 7,500 teachers.

➤ Providing schooling and sustainable work for young people helps to create a safer world for Australians travelling and makes Australia less likely to be threatened by or drawn into regional conflicts, as has occurred in the past

➤ Delivering economic benefits to Australians and to people overseas. Prosperous and stable countries offer new markets for Australian businesses

➤ Creating a lower risk of health pandemics and medical problems worldwide—which makes the health risks for travelling Australians lower and reduces the likelihood of diseases entering our country.

Just last year some North Queensland communities experienced an influenza outbreak which spread to Australia from nearby Papua New Guinea – aid directed towards health and immunisation programs lowers the spread of such diseases

➤ Addressing the root causes of refugee flows by helping people to live sustainable lives in their home countries. Australian aid and diplomatic efforts can help build peace and stability within countries by being a part of the solution to conflict. Following the devastating rule of the Khmer Rouge in Cambodia, Australian aid and diplomacy helped build peace and reconstruct the country. Aid directed at peace-building is necessary to reduce the likelihood of conflict breaking out and people fleeing as refugees.

MYTH 2: Busted
'Charity begins at home – Australia cannot afford to increase aid and still look after our own needs.'

Australia has enough money to look after our own needs and still help people in poor countries get a fair go.

Our aid spend is roughly equal to one cup of coffee a week for every Australian. We spend much less on aid than most people think. In each $100 of Australia’s gross national income, we don’t even give $1 to aid – we give just 35c. In fact, aid makes up only 1.7% of our entire federal budget.

There is arguably no other area of Australian Government spending where such small amounts of money can make such huge differences. Just $2.50 pays for a birthing kit which can save a mother’s life and less than $3 immunises a baby against diphtheria, pertussis, tetanus, hepatitis B and Hib (a deadly type of influenza).

Australia has the 13th largest economy out of 196 countries in the world. Aid is affordable for Australia and produces immeasurable benefits in people’s lives.

MYTH 3: Busted
'Our aid money supports militants and radicals.'

Aid lessens the threat of terrorism. One of the best ways to ensure peace and security is to build educated, productive societies where there are real opportunities for people.
In Indonesia, one of our very close neighbours, Australian aid will help to construct around 2,000 schools this year and will help establish a national teacher training system. The importance of these activities cannot be underestimated.

In some countries, like Afghanistan, schools that are poorly run or influenced by radicals can otherwise be the only option. There are simply no other schools. Providing well-trained, well-paid teachers working to modern, national curriculums does make a difference.

**MYTH 4: Busted**

‘There is no need to rush – we can wait and increase aid when economic circumstances are better.’

For thousands of people, waiting too long will mean it’s just too late.

Australian aid plays a crucial role in saving lives when emergencies strike such as the recent Asian Tsunami.

When this happens there is no time to wait, we need to act quickly to save lives. These emergencies are occurring at an increasing rate. Australians have responded to 18 international natural disasters over the last two years alone.

Our aid can make immediate differences in other urgent areas too. Last year half a million expectant mothers died needlessly during childbirth – almost all in developing countries and almost all due to complications that could have been addressed with simple medical interventions. More expectant mothers died last year in nearby South Asia than in any other part of the world except Sub-Saharan Africa. For these women, as well as the 22,000 children estimated to die each day, waiting for aid is a life and death matter.

Economic circumstances have been tough because of the global financial crisis. But the Australian economy has one of the lowest debt levels in the world compared to other developed countries. The UK, which has a much higher debt, is still increasing their aid because of the urgent need in the world, and because giving aid makes sense. Australia can afford to increase our aid and meet urgent needs now.

“It’s demonstrated that Australia has a good heart and the people of Australia will always respond to a deserving cause in a very generous fashion and they’ve certainly done that.” – Former Prime Minister John Howard, announcing a $1 billion Australian aid package for the Asian Tsunami in 2005.

**MYTH 5: Busted**

‘Aid doesn’t work – it creates dependency on us.’

Aid has been proven to save lives and change communities for the better.

It has been a long time since aid was about providing just a hand out. Aid programs today are focused on making sure there is sustainable, lasting change. Australian aid ‘teaches the person to fish’ – it is a hand up, not a hand out, to people who really need it.

When aid is directed at reducing poverty great gains are made:

- Over the last 20 years aid money has helped save about 14,000 lives per day, according to the United Nations
- The number of people living under the international poverty line of US $1.25 a day has declined from 1.8 billion in 1990 to 1.4 billion in 2005, despite a growing world population
- Aid has helped to eradicate polio in the Pacific and decreased the overall number of mothers dying during childbirth by 40%.

These are astounding figures, which have meant the difference between life and death for thousands.

Aid has also helped to bring some countries out of poverty despite massive hurdles. South Korea, once a large recipient of foreign aid, now has its own growing program that delivers aid to poorer countries.

“The fundamental objective for Australia’s aid program is to help people overcome poverty. We work to improve the lives of those living in conditions far below what Australians find acceptable. We focus our resources and effort on areas of national interest, and where Australia can make a real difference.” – Australian Government, July 2011

**MYTH 6: Busted**

‘Too much aid is being spent in far-away places, like Africa, instead of in our own region.’

Our region receives the lion’s share of Australia’s aid money, with Africa receiving less than 7% of Australia’s aid. 88% of the Australian aid program is spent in Asia and the Pacific.

Africa is the poorest continent in the world. Thirty three of the least developed countries in the world are located in Africa. It is a region plagued by drought and weak governance, with the first famine of the 21st century being declared in Somalia this year. There are also a number of African nations that are starting along the road to building peaceful, free democracies.

It’s right and it makes sense for Australia to provide aid to this region. And while it is important for Australia to play a leadership role in our region, conflict and instability in Africa, which is home to a huge 14% of the world’s population, also affects Australia. A healthy, prosperous and stable Africa will open doors in the areas of trade, new markets and new investment partnerships. Already Australian businesses have invested more than $20 billion in African countries – mainly in the mining sector, where we have strong expertise.

**MYTH 7: Busted**

‘Australia gives too much aid to countries that are relatively rich, like Indonesia.’

In comparison to Australia, middle income countries like Indonesia are not rich at all. Australia’s gross domestic product per person is about $55,000. For Indonesia, it is only $3,000 and for Papua New Guinea it is about $1,400. That’s a huge difference.

An estimated 75% of the world’s poorest people now live in middle-income countries, like Indonesia. The money available in most of these countries isn’t accessible to everyone – with pockets of extreme poverty remaining devastatingly
underdeveloped, often in rural areas. Australian aid can target the poorest people in these countries, as well as work with their governments to implement services and policies that reduce gross inequality.

**MYTH 8: Busted**

'Aid is wasted on corrupt governments and fraud.'

There are strong systems to manage fraud in the Australian aid program. The Government has a ‘no tolerance’ policy for fraud, with all cases being investigated and taken seriously. As a result, there are very few cases of fraud in relation to Australian aid.

All fraud cases over the past four years add up to only 0.017% of the total money spent on aid during that time. This low rate is an achievement, given that Australia’s aid program works in countries where governments are fragile, failing or absent altogether.

Australia’s aid is directed at helping people in challenging environments. But the risk of fraud is no reason to pick up our bat and ball and walk away. This would not be fair to the vast majority of people who need and deserve our help. Australian aid also works directly to eradicate corruption in governments and public service organisations in developing countries. The Australian Federal Police, for example, have successfully been working to achieve this with the local police force in the Solomon Islands.

And, not-for-profit aid charities that sign up to the Australian Council for International Development (ACFID) Code of Conduct make a commitment to accountability, transparency and integrity in their operations. They commit to the 150 plus obligations of the Code and must have transparent, public complaints processes.

**MYTH 9: Busted**

'Too much aid goes to non-essential projects, instead of food and shelter.'

Aid projects that do more than the basics help people to take charge of their own lives. Most people don’t want handouts. They want to have the opportunity to work, earn money and feed and shelter their families.

Australian aid agencies do amazing work providing food and shelter when it is urgently needed. After the devastating 2010 Pakistan floods, for example, Australian agencies gave immediate assistance through food, medical treatment and shelter to approximately 1.3 million people.

But giving away food and constructing temporary shelters are not lasting solutions to poverty. Australian aid agencies seek to address the immediate needs of people as well as finding long-term solutions to problems. For example, investing in women and girls is one of the most effective ways to help communities overcome poverty.

Research by CARE Australia has shown if we help one woman out of poverty, she’ll bring four others with her. Australian aid supports women earning an income through developing skills, providing access to income-earning assets and microcredit. By looking at the wider problems like these, Australian aid is helping people to overcome poverty for good.

**MYTH 10: Busted**

‘Trade is the best way to help other countries overcome poverty, not aid.’ Trade is very important in helping lift economic conditions in poor countries, but it cannot do the job of fighting poverty alone.

Better economic conditions don’t always mean improvements for the very poorest people in poor countries. Women, people with disabilities and people living in rural areas can miss out on economic improvements if they aren’t also given the space and assistance to harness those changes and make them work for their own benefit. People living in rural areas, for example, often don’t have access to the banking facilities and infrastructure which would allow them to grow their personal wealth with that of the nation. Responsible trade and local development need to go hand in hand for everyone to benefit.

Trade also doesn’t always mean better economic outcomes for people in poorer countries. Subsidies and tariffs are sometimes used to block products from developing countries from entering the market. For example, farmers in the European Union receive on average almost $2.20 a day in subsidies for each cow they own. Over a year, this means each cow in the EU receives subsidies equal to almost twice the average annual income of farmers in the developing world. Access to markets for poor producers helps the benefits of trade be shared. Responsible and equitable approaches to trade need to be championed in order to ensure that poor people can benefit. Aid is not the answer to every question and it cannot overcome poverty on its own. But well-targeted aid along with responsible trade, economic and environmental policies can save and significantly improve the lives of thousands.

Australian Council for International Development (ACFID), August 2011 | www.acfid.asn.au
Our foreign aid isn’t about winning hearts and minds. Nor is it taxpayer-funded charity. Rather it’s about poverty alleviation focused where Australia can make a difference to people’s lives and where its resources can most effectively be deployed, according to Anthony Bergin, from the Australian Strategic Policy Institute.

Our aid is a long-term investment in Australia’s national security, and business must be a key partner. Those are some of the key messages from the Gillard government’s new strategic framework policy for foreign aid. It follows the Australian aid effectiveness review, the first independent review of aid policy in 15 years.

Australia’s aid budget is $4.3 billion, or 0.33 per cent of gross national income. That’s a commitment to increase overseas aid to 0.5 per cent of GNI by 2015. That’s likely to double aid spending to about $8 billion.

Remarkably, our aid flows are rarely under fire. The opposition has questioned whether increased aid to Africa is mainly motivated by winning votes for our UN Security Council membership bid. There have been media stories on inflated fees paid to a few aid consultants, especially in the Pacific. And during recent natural disasters, some talkback hosts have criticised helping others overseas when there are Australians who need help.

But no one has been up in arms about the large amounts of development assistance we donate to other countries. When it comes to taxpayer-funded aid we need to be selective. We can’t be generous to everyone: the world is full of poor people who need our help.

That is why it’s realistic the government’s new framework prioritises aid funding to help poor people in areas of strategic importance to Australia.

While the government has committed to increase aid to Africa, it is sensibly focused on our region, with priority going to Indonesia, Papua New Guinea and East Timor.

The Asia-Pacific region should continue to occupy the lion’s share of Australia’s aid program. It’s where our key security and economic interests are engaged. Africa isn’t a strategic priority for Australia; any increase there should be modest.

The government has sensibly placed emphasis on sustainable economic development as one of the aid program’s core strategic goals.

The government has sensibly placed emphasis on sustainable economic development as one of the aid program’s core strategic goals. Importantly AusAID has been directed to develop stronger links with Australian business.

Despite the strengths of the new framework for aid, it’s disappointing that the government didn’t take the opportunity to announce the creation of a ministerial portfolio to cover international development. AusAID will be the fifth-largest federal body in terms of expenditure by 2015. That suggests the need for it to be elevated from an executive agency to a full department of state with its own minister at cabinet level to maximise the effects of our increased aid spending.

Anthony Bergin is director of research programs, Australian Strategic Policy Institute.

First published in The Australian 20 July 2011
Aid is about listening as well as giving

Perhaps the single most important thing the government can do to improve its aid work is to further enhance transparency and accountability, according to Oxfam Australia’s Andrew Hewett.

In the city of Pune in western India more than 6,000 families survive on rubbish. They live on the money earned by workers – most of whom are women – who collect, sort and sell waste to scrap traders. Exclusively from low-caste groups, often known as ‘untouchables’, these waste pickers are vulnerable to extreme poverty, including disease and hunger.

But over recent years, with the help of the local women’s university and aid funding, these waste pickers have achieved some remarkable things. This includes working with the local council to fund a health insurance scheme for waste pickers, and establishing a self-sustaining credit cooperative with interest going towards a welfare fund for workers.

Such moves have been vital in helping these women improve their lives, giving them access to greater and more consistent incomes. This not only helps their children and families, but gives the women a greater say in the decisions that are made in their own households. They have also achieved a stronger voice in their community – lobbying on social issues such as child labour and domestic violence.

This inspiring story of the women waste pickers of Pune ticks off some of the major criteria on the effective aid checklist – helping poor people to find their own way out of poverty and injustice, thinking about initiatives, such as the credit co-op, that have an impact in the long term, and tackling gender equality, one of the key drivers of poverty and injustice.

As Australia’s aid program grows – towards meeting the bipartisan target of 0.5 per cent of our national wealth by 2015 – we have the potential to make an enormous difference to the lives of men, women and children living in poverty. At the same time, scrutiny of the aid budget will rightly grow.

But let’s put the increased aid budget in context. Australia ranks 15 out of 23 OECD nations in terms of its level of aid spending, and this year just 33 cents out of every $100 of our national income was spent on overseas aid. By comparison Norway, which is ranked as the number one donor, gives $1.10 out of every $100 of its national income to aid. As a proportion of Australia’s total federal budget, the amount allocated to aid is tiny – only one per cent. In the meantime, every day one in seven people in the world go hungry.

Increasing the effectiveness of our aid program is about making sure that every aid dollar makes the most impact possible in the fight against poverty. The recently completed independent review of aid effectiveness will play an important part in making sure the public has confidence in how that money is spent. The government is now considering its response to the review and we are likely to see both these documents in the coming months.

But we can’t put poverty eradication, or our aid program, on hold while we await the review’s outcomes, as suggested by Daniel Flitton. AusAID already has its own ongoing processes for assessing the effectiveness of Australia’s aid work. What this review is about is a chance to apply a bigger, strategic check on our aid program.

There are a range of things that can be done to ensure the effectiveness of Australia’s aid program, and a significant body of experience to guide this work – from international aid effectiveness agreements to academic research to real-life stories, like that of the waste pickers in Pune. But perhaps the single most important thing the government can do to improve its aid work is to further enhance transparency and accountability.

In particular, this means making sure that the people who are meant to benefit from aid have a say in the decisions that make a difference to their lives – that they are involved in the design, implementation and review of aid programs. This can help aid agencies and governments better respond to the needs of people living in poverty, and make sure that aid dollars are being spent in the right places. There is also good evidence that it can reduce corruption.

The government’s response to the aid effectiveness review provides an important opportunity to make transparency and accountability central to Australia’s efforts to combat poverty. This will help the Australian public feel confident that increases in aid spending will produce corresponding increases in the positive impact of aid. The last independent public review of Australia’s aid program was back in 1996. We can’t afford to wait another 15 years until the next review to get it right.

Andrew Hewett is executive director of Oxfam Australia.

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Effectiveness not size matters in aid debate

A smaller, more flexible budget would facilitate more focused and accountable aid programs, argue NGO directors Cedric Saldanha and Joseph Grossman

There is surprisingly little debate in Australia about the size of the aid budget. It is currently a rather substantial $3.8 billion of taxpayer money, or 0.34 per cent of GDP. The Rudd government has committed to raising this to 0.5 per cent of GDP or about $8 billion by 2015. Key Opposition figures have recently raised concerns on the appropriateness of Australian aid levels in the context of major forthcoming budget deficits.

The UN has established a goal of 0.7 per cent of GDP for aid budgets of developed countries. There is an underlying assumption, consistently promoted by the UN, NGOs, and people like Jeffery Sachs that bigger is better. This assumption is actually highly questionable.

While historically, debate has focused on ‘size’, the real issue is in fact the ‘effectiveness’ of the aid package. The key question is – are we losing quality in the effort to increase size?

When considering size and effectiveness, we need to distinguish aid for humanitarian emergencies (e.g. recent tsunamis, earthquakes) and aid for development. The size of emergency aid is by definition unpredictable. And given the intended purpose of such aid, Australia should indeed provide as much as it can afford.

The matter of development aid is a wholly different ball game. The effectiveness of development aid implies its ability to influence change in the behaviours and operations of recipient governments, civil society, and private sector organisations. Are these governments becoming more accountable and delivering services more efficiently with the help of our aid? Is civil society strengthening its voice in holding government accountable? Is the private sector responding with the required investments and efficiencies?

We argue that the fixation of the UN, OECD, NGOs and well nigh most international aid agencies on continually increasing their aid budgets is essentially counterproductive. This pressure for increased size compromises quality and effectiveness and encourages disincentives for better performance on the part of all concerned.

Typically, the Australian government’s aid budget goals are decided in terms of firm annual numbers and targets. If the budget goal is not achieved, it is considered a black mark on the aid bureaucracy. Senior bureaucrats consider ‘program approvals’ and budget commitments as major performance markers. They find it comfortable to focus on the extent of money approved and disbursed as a proxy for performance since determining and monitoring program outcomes and impacts are difficult, costly and time consuming. This cultivates a propensity (not unlike the current pressures related to the ‘stimulus package’) to push ever-increasing amounts of money out the door.

Related to the above is the matter of the geographic spread of Australian aid. A relatively easy way of expanding the aid budget (and thus demonstrating to the international community that Australia is doing ‘its bit’) is to increase the geographic spread of its aid. Thus, we find Australian aid being provided not just to countries in our region of the Pacific and South-East Asia, but to countries in South Asia, the Middle East and Africa. It’s a moot question as to how much influence Australia has on aid quality when this is provided well beyond the direct supervision of Australia’s aid bureaucracy, and in countries where our contribution is measured remains contentious, should not Australia be in a position to withhold or redirect aid and thereby provide disincentives for continued poor performance?

Such flexibility does not currently exist in the aid budget, but is urgently required. In fact there is a strong argument for decreasing the size of the aid budget to facilitate quality and greater focus on the change process that it seeks to facilitate. A smaller, more flexible budget would facilitate more focused and accountable aid programs with provision for adjustments based on process and performance.

Cedric Saldanha and Joseph Grossman are directors of the Austral Foundation, a not-for-profit development organisation.

Cedric has worked in development for over 30 years including 18 years with the Asian Development Bank.

Joseph has held senior positions with the public, private and NGO sector for the past 20 years.

First published in The Age
5 April 2010
The Moral Cost of Cutting Aid

A Opinion Piece by Tim Costello from World Vision Australia

Many Australians think we are the St Vincent de Paul of the world. When disaster strikes, Australia responds. When there are poor communities in need we are only too eager to help. It’s the Aussie way and perhaps even a responsibility for us as ‘The Lucky Country’.

With such an understanding, you can’t really blame people – who are now doing it tough – to argue we shouldn’t keep sending a ‘big chunk’ of our national earnings overseas. We should keep it for ourselves – after all doesn’t charity begin at home?

Doesn’t floods and bushfires at home trump our need to respond overseas?

There is no better time to ask such as question as a government-commissioned independent review of the nation’s $4 billion overseas aid budget is poised to pass judgement on the nature, shape and effectiveness of the aid we give.

We are also on the eve of a federal budget in which large spending cuts are certain. But this budget will also reveal the government’s commitment to its promise to boost overseas aid spending by 2015 – reflecting a bipartisan commitment on aid.

So is Australia generous when it comes to helping people beyond our shores who are living in poverty (poverty so bad it kills 22,000 children every day)?

The answer is yes – and no.

Individually, private donations by Australians are generous, very generous. In fact we rank among the most generous on the planet.

Last year the World Giving Index rated Australians and New Zealanders as number one in the giving of their money and time. Yet in stark contrast to our private generosity, the level our government gives through overseas development assistance ranks us a lowly 15 out of 23 rich countries in terms of our aid funding.

For every $100 Australia earns, we give less than 50 cents to overseas aid. In fact our level of giving amounts to about 33 cents. This compares with about 70 cents for every $100 the United Kingdom has committed.

World Vision research shows that the world’s spending on aid is just one-thirteenth of global military spending. Even soft drink sales in the developed world constitute more than double what the world’s richest governments devote to overseas aid.

The real irony of aid is the fact that despite spending so little on aid, it has produced incredible results.

Since 1990 there has been a 36 per cent reduction in the number of children dying due to poverty, more than 60 million more children are in school, an additional 1.8 billion people have gained access to clean water and 1.3 billion more people now have sanitation facilities to prevent disease. Aid has been critical to these achievements.

For every $100 Australia earns, we give less than 50 cents to overseas aid. In fact our level of giving amounts to about 33 cents.

Australia has played an important role in this. A role we should be proud of.

The ten countries receiving the most aid from Australia are making significant strides to reach the Millennium Development Goals (MDGs) – the world’s blueprint for combating poverty. The only exception is Afghanistan which is wracked by war.

And while aid saves lives and helps the poorest of the poor, many of whom live in countries on our very doorstep, it also produces a lasting dividend to Australia. We may be an island nation but we are not immune to the world’s ills, as swine flu demonstrated a disease outbreak in Mexico one day can close Victorian schools another day. By building strong communities, aid protects us against the impact of disease, instability and violence that incubates amid the very worst poverty.

By giving aid now we can avoid having to spend more to respond when a crisis erupts; a penny of prevention equals a pound of cure.

When violence erupted in the Solomon Islands Australia responded for the sake of stability in our region by setting up the Regional Assistance Mission to the Solomon Islands. RAMSI has cost Australia more than $1 billion since 2003. Aid also helps foster economic growth in other countries and that benefits Australians. Australia earns an estimated $130 billion in export dollars from countries that receive aid.

Former US President, Richard Nixon, once quipped: “There are no votes in aid”.

So it will be tempting amid what promises to be a savage federal budget tonight, to take a knife to aid even though it makes up only around one per cent of the federal budget. But such a move wouldn’t only hurt those in need. It would also be against our own interests.

Tim Costello is the chief executive of World Vision Australia.

First posted on the Opinion Pieces section of the World Vision Australia website, 10 May 2011 www.worldvision.com.au
Two tragedies are unfolding in the Horn of Africa. The first is the very visible tragedy of families who have walked for weeks, their children growing weak with hunger, desperate for our help.

Then there is the larger tragedy of a failing humanitarian system built around responding to emergencies, not preventing them.

Over the years of Somalia’s long implosion, aid workers have come to expect a steady trickle of desperate people fleeing their former lives as herders and pastoralists. But now the trickle has become a flood.

More than 2,300 people are leaving Somalia each day, and that number is increasing. It is the worst crisis in two decades. The families there are incredibly tough, but they have been hit by a triple whammy. The rains have failed this year in Kenya and Ethiopia, and for the past two years in Somalia. Food prices have shot up across the region, with staples rising by up to 240 per cent, and the ongoing conflict in Somalia has severely weakened people’s resilience and ability to absorb shocks.

Families are struggling to get even one meal a day as livestock die and crops wilt. Small children are especially vulnerable to malnutrition, which leaves them stunted for life, physically and mentally.

We saw this disaster coming. There’s a warning system in place, fed by satellite imagery, rainfall measurements and crop growth figures. Food prices have been rising for years. My organisation was already trucking in emergency water supplies in February. But the fate of many of the children now malnourished was already sealed. We have a broken humanitarian system based on responding, not preventing.

It’s a collective failure. Aid agencies go to huge lengths to prepare the communities they work with to adapt to droughts and other shocks, but there is a limit to what they can do to raise money from governments and the UN in the early stages of a crisis. It is very hard to talk up a situation before it becomes a full-blown emergency.

If aid agencies successfully stop a problem developing into something worse then we are open to criticism of crying wolf. It is easier for an organisation to prove it has dealt with an emergency rather than averted one.

Politicians and policymakers in rich countries are often sceptical about taking preventative action because they think aid agencies are inflating the problem.

Developing country governments are embarrassed about being seen as unable to feed their people. This leads to huge pressures on aid agencies to keep the problem under wraps and exacerbates their concerns over data, always difficult to collect in unstable countries.

The crisis gets worse, until it becomes so serious journalists can’t ignore it. But by the time it makes the evening news, it’s too late. What is doubly frustrating is that by acting earlier we could have had far more effect for much less money. The UN estimates that every $1 spent in prevention saves $7 in emergency spending.

While critical to do, taking early action is a big, difficult choice for cash-strapped African governments. Do they use their limited hard currency to buy grain reserves, or do they spend it on something else and hope for the best?

Aid agencies go to great lengths to run programs that help people adapt to drought conditions in the long term. By planting drought-resistant trees, storing rain when it does fall, and helping local economies by handing out cash grants and food vouchers, we can build the resilience of people who have been brought low by conflict and a historically unprecedented series of droughts.

We work on a large scale but can’t operate on a national scale. For that, we need proper support from donor countries, and for national governments to plan and pay for disaster prevention schemes.

The Horn of Africa is among regions that will be first affected by climate change. In particular, droughts will become more common. We already have the techniques that will make this a viable place to live. Now early warning must become early action.

We need to provide help now. But we cannot forget that these children are wasting away in a disaster that we could – and should – have prevented.

First published in The Sydney Morning Herald 18 July 2011
We’re not really helping

There is no virtue in aid that makes donors feel good but doesn’t help the needy, argues Hugh White

In the past five years Australia’s overseas aid budget has doubled. In the next five years it will double again. By 2015 we will be spending $8 billion a year on helping people overseas. All sides of politics support this, and many other rich countries are doing the same. But no one explains why it is happening. There is an uneasy sense that we might all be deluding ourselves.

So it seemed like a good idea when, late last year, Kevin Rudd announced a review of Australia’s overseas aid program by an impressive panel of experts. Rudd recently released their report, and his response. The report is full of good sense about how to allocate and administer all the extra money. But neither the panel’s report nor the government’s response provides a really convincing answer to the bigger underlying questions about the purpose of our aid program and the reason it’s growing so fast.

Perhaps they think the answer is obvious. Helping people in need is a good thing to do, and there are always more people who need help. But spending money in ways that makes no difference doesn’t help anyone, and there is no virtue in aid that makes donors feel good but doesn’t help the needy.

Of course some aid really does help. Most obviously, emergency relief after disasters such as Indonesia’s tsunami can save thousands. But this accounts for only 7 per cent of today’s program.

The vast bulk of our aid is supposed to help overcome long-term poverty. It is certainly a big problem; a billion people still live on less than $1.25 a day. But there are two things about poverty we need to understand.

First, poverty is being overcome. In 1981, 54 per cent of the world’s people lived in extreme poverty. By 2005 this had fallen to 25 per cent. In 2015 it will be less than 15 per cent, according to the World Bank.

Second, it’s not being beaten by aid, but by economic growth. Many of the world’s most populous nations, left behind two centuries ago by the Industrial Revolution, are finally catching up. What we used to call ‘the developing world’ has in the past few years overtaken ‘the developed world’ in economic output. In China, economic growth has lifted half a billion people out of poverty since 1990.

There is a strange alchemy to economic growth. It requires a remarkable confluence of factors – social, political and technological – to start whole populations moving from semi-subistence farming to paid work. For decades, well-meaning Westerners have been trying to find out how to catalyse this process in poor countries. Different theories of development have driven successive fashions in aid, each new panacea discredited in its turn. Meanwhile, trillions of dollars and decades of devoted effort have done little.

Now, as we watch some of the world’s poorest countries start to grow of their own accord, we can see more clearly that aid in any form (capital, technology, roads, schools, armies of technical advisers) does not make much difference. The alchemy of growth depends above all on social and political circumstances and institutions. What works in any particular place or time depends on myriad local factors. It has to be home-grown, not engineered from outside.

To see this we only need to look across Torres Strait. For almost 40 years, Australia’s aid program to PNG has been one of the world’s largest and most innovative, and yet PNG is no closer to sustainable economic growth or better living standards today than it was at independence in 1975.

So why, now that so many of the world’s largest and poorest countries have found their own ways to grow out of poverty, are countries like Australia redoubling their aid programs? Of course the shrewd ones say that aid is not really about helping other people at all, but about serving Australia’s national interests. Both the review panel (rather cooly), and the government (more blatantly) acknowledge there is more to aid than altruism. No prizes for guessing that more aid to Africa and the Caribbean is all about our UN Security Council bid, or that the big program in Afghanistan is aimed primarily at impressing Washington.

But such flagrant cases aside, there is a lot of fuzzy thinking about how aid really does serve Australia’s interests. Take the government’s flagship project – building thousands of schools in Indonesia. It started under Howard as a way to combat terrorism by countering Islamic radicalism in Indonesia’s education system. But Indonesia found its own way to do that, and it is anyway doubtful that building the schools gives us much influence over what is taught in them.

Advocates will answer that the program is a good idea anyway. More schools are vital to Indonesia’s economic growth. That is certainly true, but Indonesians don’t need us to tell them that. They would be building schools anyway. Our money simply displaces theirs, which they then spend on something else – something less important.

But we like this kind of project because Australians are wedded to an image of Indonesia as a country too poor to help itself. Think again. Indonesia is richer than Australia. Measured in purchasing power parity terms, which avoids exchange rate distortions and gives the truest index of relative economic weight, Indonesia’s GDP is now significantly larger than ours. If we really cared about other people’s poverty, we should be celebrating this, but instead we ignore it.

Indeed the rich West as a whole is in deep denial about the way the world is changing as wealth and power flows away from us to the developing world. And I wonder whether this is not, deep down, why we are all suddenly scrambling to give more aid? Any act of charity is, among other things, an assertion of power. Perhaps as power slips away, we feel more need to assert it.

Hugh White is professor of strategic studies at ANU and a visiting fellow at the Lowy Institute.

First published in The Age, 19 July 2011
When having a strong economy is not enough

It is time to be much clearer about what aid can and can’t achieve, observes

Harold Mitchell, chairman of CARE Australia

There is a lot of fuzzy thinking about Australia’s foreign aid. It is time to be much clearer about what aid can and can’t achieve.

Hugh White, who wrote last Tuesday (see previous page) “Economic growth, not foreign aid, is overcoming long-term poverty in the world”, asked why Australia was increasing its aid program when poverty was actually being beaten by economic growth.

The recent Independent Review of Aid Effectiveness and the federal government’s response have led to a sharpening of the objective of the aid program to “help poor people overcome poverty”. Nevertheless, this is a complex problem, as we know even within the Australian context. Bob Hawke lived to regret his 1987 commitment that “by 1990 no Australian child shall live in poverty”.

Countries as diverse as South Korea, Singapore and Botswana have grown out of poverty. In each case, aid played a role over many years. But there is no simple formula that countries can apply to grow their economies, and, importantly, the extent to which economic growth leads to poverty reduction varies dramatically.

Papua New Guinea has seen strong economic growth over the past five years, but it is not clear that it is being translated into lower levels of poverty.

Economic growth needs to be coupled with effective government institutions, a vibrant civil society and with a population that can take advantage of the opportunities that economic growth may provide.

Aid has played an important role in enabling poor people to take advantage of economic growth. About 80 per cent of children in developing countries now get basic healthcare and a decent education, economic growth and, with a population that can take advantage of the opportunities that economic growth may provide.

Aid has played an important role in enabling poor people to take advantage of economic growth. About 80 per cent of children in developing countries now get basic vaccinations. About half these vaccinations are funded through aid programs. Millions of children are studying in schools funded by aid, with school books delivered by aid programs. These children often eat school lunches funded by aid, too. This aid often leverages greater efficiency and effectiveness in government resources through better tender processes and improving policies.

In the past two years, CARE has helped more than 2 million households establish village savings and loans schemes, enabling women to access basic financial services as they are excluded from the formal banking system through poverty.

Aid is helping many of the world’s poorest people get basic health and education services or start their own small businesses in the informal economy. People who have been excluded from full participation in society are then better able to live a full and decent life and participate in the opportunities which economic growth brings. Without basic healthcare and a decent education, economic growth passes you by.

About 60 per cent of aid from all donors goes to support these basic improvements in the living standards of ordinary people who just haven’t had the chances Australians take for granted.

About 22 per cent of all aid goes to support economic growth by providing infrastructure, improving agriculture and so on. A further 12 per cent responds to humanitarian crises, such as the current terrible drought and famine in east Africa.

So why not leave all this to economic growth? We are used to hearing news bulletins about the spectacular rates of growth in South-East Asia. Surely they can now look after their own problems.

More than 1 billion people don’t have enough food to eat or access to even the most basic healthcare and schooling.

First, let’s remember that economic growth is powerful, but it takes a long time. If a country’s economy grows by seven per cent a year for a decade, then its economy will double. If your population grows at the same time, say around three per cent, then the resources per person won’t double and it might take 15 years or more for this to happen. So for a country such as Indonesia, with a GDP per person of around $3,000, it will take many decades of sustained economic growth for it to reach Australia’s level of $55,600. In the meantime, I think it makes sense for Australia to make a contribution to help the Indonesian people overcome poverty.

Second, economic growth is never distributed evenly. Government policies need to promote growth and at the same time provide services to everyone. Poor countries with very limited resources just can’t do this; nor can poor families. That is why many poor families in developing countries don’t send all their children to school. It is usually the daughters who stay at home doing housework or helping on farms or in shops. When they miss out on even a basic education, they are set up for a lifetime of disadvantage. By focusing our aid on those who are most disadvantaged, particularly women, they are more able to seize the opportunities of a growing economy.

The global percentage of extremely poor people has fallen dramatically, and we can celebrate that. Nevertheless, more than 1 billion people don’t have enough food to eat or access to even the most basic healthcare and schooling.

When I visit developing countries and see the good work that Australian aid is doing, I am proud that we are making a difference to so many people for whom the daily struggle of survival is almost unbearable.

First published in The Sydney Morning Herald
25 July 2011
Philanthropy, Remittances and AusAID

Developed countries give far more to developing countries through private donations than through government aid, notes Gina Anderson

A couple of very interesting reports on international aid have recently been released.

In May this year, the Hudson Institute a non-partisan policy research organisation based in USA launched its sixth annual Index of Global Philanthropy and Remittances 2011. This fascinating global index was particularly interesting this year as it charts the results of government aid or official development aid (ODA), philanthropy and remittances (transfer of money by a migrant or foreign worker to his or her home country) from a number of OECD countries to the developing world in 2009.

While on 6 July 2011 the Minister of Foreign Affairs, Mr Kevin Rudd released the report An Effective Aid Program for Australia: Making a real difference – Delivering real results. This is the Australian Government’s response to the Independent Review of Aid Effectiveness. The Government accepted 38 of the 39 recommendations.

Results from the Index of Global Philanthropy and Remittances show that despite the global financial crisis, in 2009 philanthropy held even, while remittances showed a small decline. However they understand that remittances have grown in 2010 and are expected to increase in 2011.

Most significant nearly 80 per cent of the developed world’s total economic engagement with the developing world is through private financial flows, including private investment, philanthropy and remittances.

The following information selected from a number of wonderful charts in the report provides some key comparative data (see Table below).

What is clear is that developed countries give far more to developing countries through private actors than through government aid. Whether it is investment, remittances and private philanthropy – or just remittances and private philanthropy – it far exceeds official development aid (ODA). “This reflects the diverse new world of international development where for-profits, not-for-profits, churches, universities, families and individuals can and are contributing to international relief and development in the developing world.”

Clear trends apparent in the research show the increasing impact and sophistication of philanthropic partnerships, including the use of cutting-edge, technology-based solutions. “This creativity is partly due to the increase in social entrepreneurs in foreign aid who are redefining philanthropy just as philanthropy redefined foreign aid.”

There is increasing recognition that the attributes fostered by private giving – results, transparency, grass-roots involvement, and creating lasting institutions – are being embraced by the international development community.

A clear international agenda for aid effectiveness has emerged and the Australian Government’s report An Effective Aid Program for Australia: Making a real difference – Delivering real results demonstrates this influence.

The Government confirmed that the fundamental purpose of Australian aid is to help people overcome poverty noting that this also serves Australia’s national interests by promoting stability and prosperity both in our region and beyond. The Government will focus our effort in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed.

One of the most striking changes over the past five years has been the dramatic rise in the proportion of the aid budget going through multilateral, NGO and government partners. In 2005, over 40 per cent of aid from AusAID was spent through contractors; now it is just over 20 per cent. The report notes that in several respects this shift has been highly successful, but there is scope to make better use of existing partnerships and include new partners, particularly the private sector and community groups.

A central feature of Australia’s aid program is the rapid growth underway in the aid budget. In 2010-11, this stands at approximately $4.3 billion, or 0.33 per cent of Gross National Income. This represents a doubling of Australian aid over the past five years in absolute dollar terms. The government’s commitment to reach 0.5 per cent of GNI by 2015-16 will, subject to future levels of economic growth, see the aid budget almost double again, to around $8 billion.

Gina Anderson is the Philanthropy Fellow at the Centre for Social Impact.

This article was first published on 8 July 8 2011 on the blog of the Centre for Social Impact www.csi.edu.au

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<table>
<thead>
<tr>
<th>Country</th>
<th>Total $</th>
<th>Philanthropy $</th>
<th>Remittances $</th>
<th>Overseas Development Aid (govt) $</th>
<th>ODA % of Gross National Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>$31.6 bn</td>
<td>$6.23 bn</td>
<td>$13.8 bn</td>
<td>$11.49 bn</td>
<td>0.52%</td>
</tr>
<tr>
<td>Canada</td>
<td>$17.5 bn</td>
<td>$1.34 bn*</td>
<td>$12.2 bn</td>
<td>$4.0 bn</td>
<td>0.30%</td>
</tr>
<tr>
<td>Australia</td>
<td>$9.1 bn</td>
<td>$0.67 bn*</td>
<td>$5.7 bn</td>
<td>$2.76 bn</td>
<td>0.29%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>$1.1 bn</td>
<td>$0.09 bn</td>
<td>$0.7 bn</td>
<td>$0.31 bn</td>
<td>0.28%</td>
</tr>
</tbody>
</table>

* incomplete data
Australia is still a lucky country. Our per capita income is higher than that of many affluent nations, including Sweden, Denmark and Britain. On the broader Human Development Index, which includes health and education levels alongside our material standard of living, we rank second, with a score nearly indistinguishable from that of the top-ranked Norway. We reside in some of the world's most liveable cities.

By contrast, the unluckiest billion people on our planet struggle to survive on the purchasing power equivalent of US $1.25 a day, or less. That's not the exchange-rate equivalent - it's whatever buys, in their currency, as much as you can buy for US $1.25. They are likely to go to bed hungry for at least part of the year. They can't afford even the most basic healthcare. Their children, who may not be able to afford to send to school, are likely to get ill because they don't have safe drinking water or sanitation, and they are not well nourished.

According to UNICEF, the United Nations children's fund, nearly 9 million children under five die every year from avoidable, poverty-related causes. That's more than 24,000 every day - a football stadium full of children dying every day, unnecessarily.

We truly are lucky to be Australians. The overriding reason each one of us is in little danger of slipping into extreme poverty is that we were born in, or able to migrate to, this country. Our abilities and our work ethic may help, but as the American billionaire Warren Buffett said, when told that it was his talent for picking stocks that had produced his wealth: "If you stick me down in the middle of Bangladesh or Peru, you'll see how much this talent is going to produce in the wrong kind of soil."

What is an ethical response to such good luck? Australia has an aid program, the website for which states, with commendable directness: "Australia gives aid because we want to help those less fortunate than ourselves." It adds that we also give aid because it helps our regional security, but our desire to help comes first, as it should.

But then the website tells us: "Every week, each of us puts in around $3.30 to pay for our aid program - about the cost of a cup of coffee." Is that how much we want to help the less fortunate? One cup of coffee a week?

I just pulled my local paper out of the letterbox, and it has an article on a company that wants to take you up in a plane and let you jump out, at a cost of $425 per jump. That kind of sum can save a child's life, or restore sight to people who have gone blind and cannot afford a simple operation that Australians take for granted.

How can we compare saving a life, or restoring sight to a blind person, with a brief thrill?

I shouldn't pick on skydivers just because the cost per minute is so high. Four days in a grandstand seat for next month's grand prix costs about the same, and a couple of concert tickets could too, or dinner and wine at a good restaurant, or some new clothes. I'm not saying that no one should be having any fun, either. I'm just reminding you how much we have, in comparison with the little we give.

This year, Australia's aid will amount to 0.34 per cent of our gross national income, or 34 cents in every $100 we earn. It's not quite half the target of 0.7 per cent that the United Nations General Assembly set in 1970, and which the British government has now pledged to meet by 2013. It is well below the average for developed nations, which is 0.48 per cent. It's barely a third of the 1 per cent that Sweden gave last year.

Let's give credit where it is due. In opposition, Kevin Rudd pledged to raise Australia's foreign aid to 0.5 per cent, and if he sticks to the government's forward spending estimates, that promise will be met in 2015.

Tony Abbott has said that he supports existing plans for foreign aid (thanks, Barnaby Joyce, for stimulating your leader to say that). Bipartisan support for the increase is something we should all be pleased about.

We should also be pleased that our government is getting serious about sponsoring research to evaluate the effectiveness of our aid. That's a risky political move, because no doubt some projects will be found wanting. But it's the only way we can learn what works and what doesn't, and fund the former not the latter.

Still, why are we planning to stop increasing official aid when we reach 50 cents in every $100 we earn? Even if we add the contributions many Australians make to Oxfam, World Vision, Care, and other non-government organisations, the total will still not reach 0.7 per cent and cost us less than two cups of coffee a week.

We are as rich as Britain and Sweden. We have millions of the world's poor closer to our borders than they do. Is there any reason why we cannot give as much as they do?

Peter Singer is laureate professor in the Centre for Applied Philosophy and Public Ethics at the University of Melbourne, and professor of bioethics at Princeton University in the US. His latest book is 'The Life You Can Save'.
EXPLORING
ISSUES

ABOUT THIS SECTION

‘Exploring issues’ features a range of ready-to-use worksheets relating to the articles and issues raised in this book.

The activities and exercises in these worksheets are suitable for use by students at middle secondary school level and beyond.

As the information in this book is gathered from a number of different sources, readers are prompted to consider the origin of the text and to critically evaluate the questions presented.

Does the source have a particular bias or agenda? Are you being presented with facts or opinions? Do you agree with the writer?

The types of ‘Exploring issues’ questions posed in each Issues in Society title differ according to their relevance to the topic at hand.

‘Exploring issues’ sections in each Issues in Society title may include any combination of the following worksheets: Brainstorm, Research activities, Written activities, Discussion activities, Quotes of note, Ethical dilemmas, Cartoon comments, Pros and cons, Case studies, Design activities, Statistics and spin, and Multiple choice.

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WORKSHEETS AND ACTIVITIES

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Brainstorm, individually or as a group, to find out what you know about Australia’s aid program.

1. What is the purpose of overseas aid?

2. What is bilateral aid?

3. What is multilateral aid?

4. What is emergency humanitarian relief?

5. What is the role of non-government organisations (NGOs) in delivering aid?
Complete the following activities on a separate sheet of paper if more space is required.

1. How much aid does Australia give? Provide a monetary figure for the most current level of Official Development Assistance (ODA), and the ratio of Australia’s ODA to Gross National Income (ODI).

2. What are the top 10 recipient countries for Australian Government aid (2011-2012) and the amounts involved (in millions of dollars)?

   1. 
   2. 
   3. 
   4. 
   5. 
   6. 
   7. 
   8. 
   9. 
   10. 

3. What factors make aid delivery effective?
DISCUSSION ACTIVITIES

Complete the following activities on a separate sheet of paper if more space is required.

1. Every week, around $3.30 in taxes from each Australian pays for our aid program – about the cost of a cup of coffee. This is around 1 per cent of Australian Government expenditure, compared to the 33 per cent spent on social security and welfare. Discuss.

2. The fundamental purpose of Australian aid is to help people overcome poverty (AusAID, p.25). Discuss the Australian government’s 5 core strategic goals, and its 10 individual development objectives.
EXPLORING ISSUES worksheets and activities

MULTIPLE CHOICE

Complete the following multiple choice questionnaire by circling or matching your preferred responses. The answers are at the end of the next page.

1. Australia’s foreign aid level (as at 2012) equates to ...
   a. 0.10% of Gross National Income (GNI)
   b. 0.25% of Gross National Income (GNI)
   c. 0.35% of Gross National Income (GNI)
   d. 0.75% of Gross National Income (GNI)

2. Australians are generous aid donors to non-government organisations (NGOs). In 2010 Australians donated around ...
   a. $300 million
   b. $500 million
   c. $800 million
   d. $900 million

3. Which of the following are not considered to be key areas of contribution in Australia’s aid program partnerships with developing countries:
   a. Economic growth
   b. Health
   c. Education
   d. Rural development
   e. Food security
   f. Social welfare
   g. Environment
   h. Disability
   i. National defence
   j. Governance
   k. Human rights
   l. Humanitarian aid
   m. Gender equality

4. Respond to the following statements by circling either ‘true’ or ‘false’:
   a. AusAID works with developing countries to identify their needs and develop the most effective ways of addressing them.
   b. Australia is not one of the 189 member states of the United Nations that pledged to work to achieve the Millennium Development Goals (MDGs) to halve extreme poverty by 2015.
   c. Poverty remains a global challenge with 1.4 billion people still living on less than $1.47 a day.
   d. Australia gives aid to other countries because it improves Australia’s regional security.
   e. Australian taxpayers contribute around 30 cents per week each to Australia’s aid program.
   f. Australian Government aid is most strongly focused on Africa.
   g. The United Nations has set a target for developed countries to contribute 7% of their Gross National Income in aid to developing countries.
   h. The Australian Government directs around 75% of its aid budget to nearby countries including Papua New Guinea and East Timor, with 11 per cent going to Africa.
   i. The Australian Government currently spends about $5 billion a year on aid but that is expected to jump to more than $8 billion by 2016.
MULTIPLE CHOICE

Complete the following multiple choice questionnaire by circling or matching your preferred responses. The answers are at the end of this page.

5. Match the following terms to their correct definitions:
   a. Aid effectiveness
   b. Bilateral aid
   c. Developing countries
   d. Development assistance
   e. Fragile states
   f. Humanitarian/emergency assistance
   g. International aid
   h. Millennium Development Goals
   i. Multilateral aid
   j. Non-government organisations
   k. Official development assistance

1. Aid given from the government of one country to the government of another country.
2. Classification describing countries that suffer from conflict or very weak governance.
3. Assistance provided in times of conflict and natural or other disasters to protect the lives, health, subsistence and physical security of vulnerable populations.
5. Development commitments for 2015 agreed to by the world’s nations following a summit in 2000. Targets include halving extreme poverty, getting all children into school, closing the gender inequality gap, saving lives lost to disease and lack of available health care, and protecting the environment.
6. Aid which is given by the governments of many countries and distributed through international organisations such as the United Nations, the World Bank, the Asian Development Bank and the World Food Programme.
8. Not-for-profit groups organised on a local, national or international level and dedicated to a cause.
9. Assistance delivered through the Australian Government’s overseas aid program, administered by the Department of Foreign Affairs and Trade or the Australian Agency for International Development (AusAID).
10. Effectiveness of development aid in achieving economic or human development, or development targets.
11. Low-income and middle-income countries in which most people have a lower standard of living and access to fewer goods and services than do most people in high-income countries.

MULTIPLE CHOICE ANSWERS

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Child sponsorship organisations are popular amongst the Australian public. (p.1)

In 2008, 61% of donations from the Australian public to international donors went to religious-based groups. (p.1)

Australia committed $1 billion through a partnership with the Australian Red Cross to aid communities affected by the 2004 Indian Ocean tsunami. (p.4)

Australian aid provides teacher training for over 7,500 teachers. (p.39)

The Federal Government currently spends about $5 billion a year on aid but that is expected to jump to more than $8 billion by 2016. (p.29)

In the 2010-11 financial year, the estimated potential loss due to fraud was 0.021% of AusAID’s appropriated funds. (p.31)

Beyond the Asia-Pacific, 14% of our aid goes to South and West Asia – principally Afghanistan and Pakistan, but also Bangladesh. (p.33)

Australia has volunteered deployed in 33 developing countries around the world. (p.34)

There are currently more than 90 federal and state departments and agencies that deliver Australia’s aid. (p.35)

Australia is the twelfth biggest donor of official development assistance, punching above its weight as the world’s seventeenth biggest economy. (p.37)

Life expectancy in Papua New Guinea has increased from 47 years in 1975 to just over 61 years in 2009. (p.37)

18 of our 20 closest neighbours are developing countries, with some of the highest rates of child malnutrition and maternal deaths in the world. (p.39)

Australian aid provides high-quality learning materials to over 100,000 students in the Pacific annually. (p.39)

Australian aid provides teacher training for over 7,500 teachers. (p.39)

Just $2.50 pays for a birthing kit which can save a mother’s life and less than $3 immunises a baby against child malnutrition and maternal deaths in the world. (p.39)

Australian aid provides teacher training for over 7,500 teachers. (p.39)

Just $2.50 pays for a birthing kit which can save a mother’s life and less than $3 immunises a baby against life-threatening diseases. (p.39)

Australia has responded to 18 international natural disasters over the last 2 years alone. (p.40)

Over the last 20 years, aid money has helped save about 14,000 lives per day. (p.40)

Aid has helped to eradicate polio in the Pacific and decreased the overall number of mothers dying during childbirth by 40%. (p.40)

Norway, which is ranked as the number one donor, gives $1.10 out of every $100 of its national income to aid. (p.43)

Australia earns an estimated $130 billion in export dollars from countries that receive aid. (p.45)
Aid effectiveness
The effectiveness of development aid in achieving economic or human development, or development targets. Aid agencies and governments often explore new ways to improve aid effectiveness, such as through conditionality, capacity building and support for improved governance.

Altruism
The principle or practice of unselfish concern for the welfare of others.

Bilateral aid
Aid given from the government of one country to the government of another country.

Bilateral donor
A donor that provides funds on behalf of a country government.

Concessional loan
A loan provided by multilateral development banks and some bilateral donors, with lower interest rates or longer grace and maturity periods than market-based loans. To be counted as Official Development Assistance a concessional loan must be at least 25 per cent cheaper than market-based loans.

Development assistance
Development assistance is distinguished from humanitarian aid by focusing on alleviating poverty in the long term, rather than a short-term response.

Direct aid program
A flexible fund used to support small, community-based development activities in countries that are eligible for Official Development Assistance. The Direct Aid Program is managed by Ambassadors and High Commissioners at Australia’s overseas posts.

Disaster risk reduction
This entails reducing vulnerability to disasters and improving the resilience of communities and countries to disasters.

Fragile states
A classification used to characterise countries that suffer from conflict or very weak governance.

Grant
A grant is a transfer made in cash, goods or services for which no repayment is required.

Gross national income
GNI measures economic performance in terms of a country’s income. It is equal to GDP (economic performance in terms of a country’s production), less incomes payable to non-residents plus incomes receivable from non-residents.

Humanitarian and emergency assistance
Development assistance provided in times of conflict and natural or other disasters to protect the lives, health, subsistence and physical security of vulnerable populations.

International aid
Also called ‘development assistance’, ‘development aid’, ‘development cooperation’, ‘development assistance’, ‘technical assistance’, ‘overseas aid’, ‘official development assistance’, and ‘foreign aid’. It is the financial aid given by governments and other agencies to support the economic, environmental, social and political development of developing countries.

Microfinance
Microfinance attempts to address lack of access to financial markets. It focuses on providing microcredit – small, collateral-free loans – to the very poor for self-employment. It also provides other financial services such as savings and insurance.

Millennium Development Goals
Development commitments for 2015 agreed to by the world’s nations following the 2000 Millennium Summit. MDG targets include halving extreme poverty, getting all children into school, closing the gender inequality gap, saving lives lost to disease and lack of available health care, and protecting the environment.

Multilateral aid
Aid which is given by the governments of many countries and distributed through international organisations such as the United Nations, the World Bank, the Asian Development Bank and the World Food Programme.

Multilateral development banks
Institutions that provide financial support and professional advice for economic and social development activities in developing countries. The main multilateral development banks are: the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the African Development Bank.

Non-government organisations
NGOs are not-for-profit groups organised on a local, national or international level and dedicated to a cause.

Official development assistance
ODA is assistance delivered through the Australian Government’s overseas aid program that is administered by the Department of Foreign Affairs and Trade or the Australian Agency for International Development (AusAID).

Paris Declaration on Aid Effectiveness
Endorsed by the international community in 2005, the Paris Declaration commits donor governments and developing countries to work together to make aid as effective as possible, in an attempt to reform how aid is delivered and managed.

Partner government
The government of an aid recipient country.

Philanthropy
Altruistic concern for human welfare and advancement, usually manifested by donations of money, property, or work to needy persons, by endowment of institutions of learning and hospitals, and by generosity to other socially useful purposes.

Technical assistance
The knowledge, services, skills and technology provided to a partner country through personnel, training and research as well as the funding for associated costs. Also known as ‘technical cooperation’.
Websites with further information on the topic

Actionaid Australia  www.actionaid.org.au
Aid Watch  http://aidwatch.org.au
Alternatives for Women in Development  www.awid.org
AusAID  www.ausaid.gov.au
Australian Development Gateway  www.developmentgateway.com.au
Australian Council for International Development  www.acfid.asn.au
Center for Global Development  www.cgdev.org
Department of Foreign Affairs and Trade  www.dfat.gov.au
Giving One Percent  www.givingonepercent.org.au
Global Education  www.globaleducation.edna.edu.au
Office of Development Effectiveness  www.ode.ausaid.gov.au
Oxfam  www.oxfam.org.au
Red Cross  www.redcross.org.au
Foundation for Development Cooperation  www.fdc.org.au
United Nations Development Programme  www.undp.org
United States Office for the Coordination of Human Affairs  www.unocha.org
World Vision  www.worldvision.com.au

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