

*Australian Aid: Promoting Growth and Stability*  
*A White Paper on the Australian Government's Overseas Aid Program*

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The White Paper on Australian overseas aid was released by the Minister for Foreign Affairs on 26 April 2006 setting out the broad objectives and priorities for the aid program over the medium term (ten years). The White Paper is replete with the expected Catch-22 non-committal rhetoric and contains much of the (verbatim) content from the *Core Group Recommendations Report*. The Core Group Report was prepared from broad consultations in 2005. The White Paper emphasises “investing in people” through addressing the health needs of women and children, but unfortunately a strong focus remains on governance and security concerns.

The overarching objective for the aid program has been re-formulated from:  
*“Advancing the national interest by helping developing countries reduce poverty and achieve sustainable development”*

to:

*“To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia’s national interest”*

This juxtaposition of terms does not change the top down approach for our aid program to provide economic opportunities for Australia (rather than developing countries) and maintain stability in the region; stability that primarily benefits Australia politically and economically more than our partners.

It is admittedly difficult for an aid program to be everything to everyone, but there are some concessions in the White Paper; no doubt as a result of the negotiations and consultations with NGOs and civil society during 2005. These concessions do not weaken the underlying Bretton-Woods approach to aid and development as articulated in the White Paper and in its title; “Australian Aid: Promoting Growth and Stability”.

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<sup>1</sup> The views or opinions expressed in this document are solely that of the Author and do not necessarily represent those of ARHA.

### **Positive outcomes for the ICPD agenda :**

- Noting that *“gender equality is a consideration that will apply across all aspects of the strategic framework”* (p22)
- A commitment to increasing investments in primary health care and education, particularly for women and children. Specifically *“focusing on maternal health, sexual and reproductive health, access to safe and effective contraception based on informed choice, nutrition and education for girls and programs to combat gender-based violence”* (p22&49)
- While aid levels have increased in the past few years, these gains have been directed towards addressing governance and security, to the detriment of ‘traditional’ areas such as health, education, water and sanitation. The White Paper recognises the vital role health and education play in addressing gender inequality and maintaining social stability. Investments will be made to strengthen health and education systems, and provide services where this does not either supplant existing or excuse the local government from providing similar (p47&53).
- A doubling of the available of Australian development scholarships over the coming five years is positive, but appears to go against the ‘untied’ direction of the aid program and no mention is made of addressing gender equality through the scheme (p53).
- HIV/AIDS: Australia already has a fairly sound record of providing worthwhile assistance to large multilateral programs such as the Global Fund for AIDS, TB and Malaria. The White Paper identifies ongoing participation in large funds and foundations, the role of leadership forums, capacity building and enhancing partnerships (p50). The White Paper is a strategic document so it will be interesting to see how participation is operationalised, given the support for SRH-HIV integration comments made in the HIV/AIDS thematic paper.
- Following the Asian Tsunami and the Pakistan earthquake, many government departments outside of AusAID have seen the benefit of emergency preparedness. A range of new initiatives in how AusAID and the whole of government deals with emergencies has been announced. Existing arrangements will be enhanced through the use of state and federal resources, expanding stores used in rapid responses and applying innovative sciences (p45-46). These represent positive developments and ARHA has already undertaken considerable consultations with AusAID on this matter.
- For many years now, the *“internationally agreed development targets and objectives”* that are the Millennium Development Goals (MDGs)

have been described by AusAID as “ambitious goals” (Budget 05/06) and “reference points” (AusAID Information Kit 2005 pt 4) without any firm commitment to Australia advancing the MDGs along with the international community. In the White Paper, there is now a clearer articulation of the MDGs and Australia’s support of these goals and targets. It has taken some time for AusAID to realise that if the MDGs are at the core of all poorer nations development strategies, then our country assistance strategies should mirror these identified priorities. The White Paper states “this is why we have a strong and overarching commitment to long-term development and prosperity, and have placed our support behind the important global rallying call to increase efforts to achieve the MDGs” (p5)

- As demonstrated in the *Community Engagement* analytical paper, the importance of Parliamentary groups has been re-emphasised in the White Paper (p43). This engagement is intended to improve regional government performance and help develop future leadership. Specifically “The growing engagement of parliamentarians and political parties in Australia with their counterparts in the region will continue...A particular focus will be given to strengthening the regional network of female parliamentarians and leaders”. This bodes well for increasing engagement of PGPD group members with their counterparts and civil society in the Asia-Pacific region.
- AusAID have announced the setting up of the Office of Development Effectiveness (ODE) (p59-60). This section has been tasked with reporting on, being a resource, evaluate implementation, review performance, build capacity and advise the government on the delivery of the overseas aid program. Reporting directly to the AusAID Director General, the ODE will participate in the government’s Development Effectiveness Committee, with Deputy Secretaries from key federal government departments. It is hoped that this section will provide a layer of transparency needed in the Whole of Government approach to aid.
- The White Paper briefly touches on the links between a large youth demographic in the Asia-Pacific region and security concerns (p12). Some of the worst case scenario outcomes of this ‘youth bulge’ are highlighted, but there is little discussion on strategic steps that could be taken by an aid program to address this. Investment in education is not the answer to this issue. Neither is GDP growth for the sake of ‘growth’, without a concurrent expansion of technology, investment and domestic industry base.

- The White Paper Focus has raised the issue of imbalances in funding for the Asia region, given the high population and high rates of poverty. Indonesia and the Philippines have been identified as countries where immediate specific support will be targeted (p27). This initiative is welcome
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### **Other issues**

- While aid harmonisation and avoiding duplication is an amiable approach, the White Paper sets out that it will achieve this through working more closely with International Development and Financial Institutions such as the World Bank and UK's DfID. While the benefits of coordination may seem to be numerous, this will require considerable resources to align existing development plans. National (or 'country owned') plans such as the PRSP are intended to set the priorities for development. AusAID's own country assistance strategies will have to be aligned with this document, as will other donors plans/strategies for successful coordination and cooperation to occur.
- Developing nations will now have to demonstrate 'performance' through reducing corruption, budget allocations and other agreed indicators to obtain increases in their aid allocations (p44). While limiting potential for 'leakage', this initiative has the potential to unfairly limit increases in aid allocations due to circumstances beyond the recipient government's control – such as ineffective foreign Technical Assistance. The White Paper states "there must be no misunderstanding of the Government's commitment to the principles of aid effectiveness, good governance and reduced corruption as the basis for allocations of additional aid resources" (p4)
- While ensuring that aid dollars are spent in the most effective manner is applauded, the White Paper rightly argues that "insufficient domestic demand for better performance or reform is one of the most important obstacles to institutional development in poor countries" (p43). Reflecting the top down approach to aid again, it is proposed that corruption issues are tackled through "support [of] strategic partnerships [such as the OECD, UN, Transparency International] to help augment domestic reform and accountability" (p43), "law and justice... and economic and fiscal management" (p61-62). Very little discussion is had about the benefits and impact an engaged and adequately resourced NGO and civil society sector can have on 'driving demand'.

- Underscoring the Bretton-Woods approach to development, statements are made over the benefits of trade over aid (p6). These statements are backed up with the usual caveats of nations need to create an enabling environment where investment and economic incentives exist. But the White Paper does not really tease out the impact a de-regulated trade regime or GDP growth has had on the livelihoods of the poor in primarily agrarian or subsistence economies. Subsequently the paper does not discuss or makes no provision for safeguards and measures that would reduce the burden of liberalisation on the poor, particularly women.
- While untying all Australian aid is a positive step, this action is proposed with the consideration that this *“will therefore have the added benefit of allowing access for Australian firms and individuals to the massive European Union aid procurement market of about \$12.7 billion per year”* (p23)
- The White Paper states *“Our aid program...is a clear statement of Australia’s values... We are a country founded on individual human rights and equality of opportunity... These values extend beyond our shores and are clearly reflected in our aid program”* (p5). This statement again reflects the Australian government’s commitment to individual human rights, as articulated by individuals, but stops short of committing to a human rights approach to aid.
- At the 2005 UN World Summit the Prime Minister announced a doubling of the aid budget by 2010 to A \$4 billion. This is not a doubling in real terms as it will only raise the percentage of Gross National Income (GNI) Australia distributes as aid from the current level of 0.28 to 0.36. This is still far below the Development Assistance Committee (DAC) of the OECD recommended minimum level of 0.5, the UN target of 0.7 and 2004 average DAC member effort of 0.42. Australia currently ranks in the bottom half of DAC members in terms of their generosity. If Australia is serious about demonstrating real leadership in the region, then 0.7 of GNI should be the goal and this increase should not be directed towards governance and security issues alone.