The age of inequality

Evidence and practice in an age of inequality will be discussed and debated by international development leaders next week in Melbourne at the 5th annual ACFID University Network Conference.

Inequality comes in many forms and has many faces. It is enmeshed with issues of gender, disability, age, living with HIV and AIDS, sexual orientation, religion, and ethnic minorities.

Inequality is about the disproportionate distribution of wealth and the gap between those on the highest and lowest incomes.

While economic growth is a key component in tackling inequality, it has become clear that growth often doesn’t reach down far enough to lift up those living in absolute poverty.

The World Bank suggests that to make inroads into inequality, growth must be focused on fostering income growth and opportunities for the poorest 40 per cent of people in all countries, as well as those who live just above the threshold and are vulnerable to falling back into poverty.

ACFID has long argued that focusing on growth alone is not sufficient for poverty reduction. There are important enablers to growth that must to be addressed. Aid programs can play an important role in helping create enabling environments for growth – promoting peace and security, functioning states and civil society, and effective health and education systems.

Aid programs can also ensure that opportunities to participate in, and benefit from, growth are extended to marginalised groups: women; people with disabilities; the elderly; indigenous peoples; and ethnic and sexual minorities. Indeed,
opening up economic opportunities for these groups is one of the most effective ways to promote equality and alleviate poverty.

Tackling inequality requires a strong evidence base to devise policies and programs that deliver sustainable results.

Research helps us better understand the world’s most intractable problems, how or where we are best placed to respond, and who we should be working with in finding solutions. This is vital for strong societies but also for strong economies, with inequality stifling economic growth in the long run.

Researchers, aid and development practitioners, and international experts will be meeting in Melbourne next week to discuss how to combat inequality, how to define it, lock onto its causes and make inroads into it by working in partnership.

Over 40 learned papers as well as workshops and discussion panels at the 5th ACFID University Network Conference will examine a range of issues including: inequality and health; gender, disability, class and inequality; the private sector and economic inequality; and the importance of governance and security in combating inequality.

Entitled Evidence and Practice in an Age of Inequality, the conference will explore this evidence base, kicking off with keynote speaker Professor Martin Ravallion, Chair of Economics at Georgetown University, Washington.

Professor Ravallion has dedicated his life’s work to understanding pro-poor growth, measuring poverty, and understanding the effects of inequality on poverty reduction. He will discuss research showing that while on traditional measures there has been considerable progress against poverty in developing countries, new measures show
precisely the opposite – that the world’s poorest are being left behind.

More than ever, 2015 is a pivotal year for action to address inequality and conflict and build global prosperity. This year marks the end of the Millennium Development Goals and the beginning of a new sustainable development agenda.

In September, global leaders will come together to agree on Sustainable Development Goals that will apply to all nations, and will recommit to giving 0.7% of national income to aid. Then in December, countries will look beyond national borders to set a new international climate change agreement to limit global warming for the good of all.

It is in this global context that Australia has substantially diminished its contribution to aid and development. Australia has traditionally been one of the more generous OECD nations when it comes to helping countries at the lower end of the UN’s Human Development Index. But following the $1 billion cut to our aid program cemented in this year’s Budget, we will slip from 13th to 16th on the OECD ranking of generosity, despite being the 8th largest OECD economy.

We know this is at odds with the generosity of Australians and how we have always engaged with the world. Just over a month ago, the tragedy in Nepal led to an outpouring of generosity from the Australian public, with over $32 million donated to help those affected by the earthquake.

We urge the Australian Government to rethink its actions of the past two years and work to rebuild our aid budget – to drive evidence-based policies and programs that eliminate poverty and inequality in the interests of people from the poorest communities, but also in Australia and our region.

*The ACFID 5th University Network Conference will be held in Melbourne on 4-5 June, 2015. Register [here.](#)*
Effective Aid: How well is Australia tracking on its one year anniversary?

Unless you’ve been living under a rock, you’re likely aware that the Government commissioned an independent review of the Australian aid program in 2010 to examine its effectiveness and efficiency. The review and government response were released on 6 July 2011.

One year on, one has to ask the question: How is Australia tracking in making aid more effective? ACFID’s First Anniversary Progress Statement aims to provide independent and evidence-based analysis to anyone interested in keeping track of the Government’s progress in implementing key recommendations from the aid review.

So what’s been achieved so far?

One of the key recommendations emerging from the aid review was for the development and implementation of a Cabinet-endorsed four-year strategy for the entire aid program, in order to improve clarity and predictability of policy and funding, and to increase accountability.

In keeping with this recommendation, the Government developed a four-year Comprehensive Aid Policy Framework (CAPF) and released it with the 2012–2013 Federal Budget. The 2012-2013 aid budget measures are the first steps in implementing this
plan. The focus on numerical targets in key areas for the measurement of the aid program’s achievements is a politically realistic tool to justify to a busy Cabinet why taxpayers’ dollars are being spent on aid, but the complexity and on-the-ground reality of the development process is ignored by the goals’ simplicity. Targets will need to be augmented by in-depth evaluation to understand whether people are really being helped to overcome poverty. Satisfactory delivery of outputs does not mean human development has occurred, as development workers know first-hand.

The Aid Transparency Charter is also a great initiative and should make it much easier for people in partner countries, researchers, pesky journalists and the Australian public to find out what is happening in the field. Hopefully the short term risks of being transparent, such as the occasional florid tabloid headline, will be offset by greater public awareness and support for the aid program’s achievements at a country level over time.

ACFID also welcomed the new AusAID Civil Society Engagement Framework which means AusAID’s overall approach and interactions with civil society in Australia and in developing countries should be much more coherent, consistent and strategic. Australian political scientist John Keane argues in his magnum opus, The Life and Death of Democracy that since 1945 many societies are transitioning from representative democracy to what he labels ‘monitory democracy’. Keane writes that:

“…in the age of monitory democracy, assembly-based and representative mechanisms are mixed and combined with new ways of publicly monitoring and controlling the exercise of power. Representative forms of government do not simply wither, or disappear…for a variety of reasons related to public pressure and the need to reduce corruption and the abuse of power, representative forms of democracy are coming to be supplemented (and hence complicated) by a variety of
democratic procedures that are applied to organisations underneath and beyond states.”

AusAID now recognises the development of civil society as a development outcome in itself to be supported by the aid program, but a challenge will be moving beyond support for CSOs as service providers to a conceptually more sophisticated model where CSOs are agents for accountability and change in their societies.

**What needs work?**

A big challenge for AusAID will be undertaking meaningful evaluations of Official Development Assistance (ODA) across the whole of government. There is a new Whole-of-Government Branch in AusAID, but they have their work cut out for them in dealing with much larger and more powerful segments of the Australian Public Service. The cautionary tale of ADF-led aid in Uruzgan in Afghanistan, intent on winning hearts and minds but leaving white elephant aid projects, has been documented in the media and [by ACFID](https://www.acfidi.org.au) and illustrates the challenge AusAID will have in turning some arms of Government around. The current Government push to use the aid program as a political sweetener as part of a Pacific Solution Mark II is another example which would distort the overall purpose of the revamped aid program.

**What are the challenges in implementing the Aid Review?**

The main challenge is political. The review panel set out ‘hurdles’ to be met by the aid program and there has been some debate about what the hurdles should be, whether they will be met each year and how this will be demonstrated. In ACFID’s view, the 2011–12 hurdles set by the review panel have been
met. Generally, it appears that AusAID’s results set out in the CAPF represent a much more ambitious plan than the hurdles set out by the panel.

Cabinet will see how well this is implemented by the first Annual Review of Aid Effectiveness to be completed in October 2012, but will have a better picture in 2013 as subsequent information is made public. However, the fact that questions continue to be raised in Parliament about ‘the hurdles’, including in the most recent Budget Estimates session (June 2012) means that there is still some residual uncertainty and a lack of bipartisanship about what the hurdles should be and what the aid program is attempting to achieve. We want the political arguments to focus on the substance of whether we are helping people to overcome poverty.

Further, the Government’s Budget-night decision to delay the scale-up of aid to 0.5% of Gross National Income (GNI) by one year to 2016–2017 caused a major setback to ODA this year and, more significantly, the bipartisan commitment to reach 0.5%. The Coalition has said that the delay places them in an impossible fiscal position, if they were to win power, to implement the 2015 promise in the first budget in 2014 – but has set no target of its own.

The delay and the back-loading of funding could also have a serious impact on the implementation of the aid review’s recommendations if promised budget increases are not forthcoming next year. The Government needs to meet its forward estimate of increasing from the current 0.35% of GNI this year, to 0.37% next.

So?

Overall, ACFID believes the Australian aid program is certainly making steady progress under tight deadlines and intense scrutiny from Parliament and the public. There has been a massive organisational effort by AusAID in terms of
changes in policies and processes which is still under way. After only one year, it is too early to see new and firm results in developing countries as a result of the implementation of the review. What achievements that exist are results of the current progress of the aid program but the coming years should reveal more as the new Independent Evaluation Committee – another welcome initiative – starts to oversee the work of the Office of Development Effectiveness and more evaluations are released.

Read ACFID’s full First Anniversary Progress Statement and tell us if you think the Government is getting it right….

Marc Purcell is Executive Director for the Australian Council for International Development, the peak body for not for profit aid agencies in Australia.

Busan – a new global divide on aid?

More than 3000 people from donor and recipient governments, UN and other development agencies, Civil Society Organisations (CSOs) and the private sector signed off on the Busan Declaration on Aid at the High Level Forum on Aid Effectiveness in Busan, South Korea, yesterday.

The Forum revealed a lot about the emerging geopolitics of aid, including a new form of ‘South-South cooperation’. Australian NGO representatives Marc Purcell, Ian Wishart and Glen Bond attended the Forum (as did Kevin Rudd, Hillary Clinton and UN Secretary General Ban Ki-moon). Here they attempt to make sense of the trends and tensions revealed in Busan, as well as examining what the Forum means for NGOs
working in international development. They also give their
take on the good, bad and ugly of the Busan Declaration
itself.

A new geopolitics of aid?

After three days of at times heated negotiations, the
international aid community came to an agreement on a new
international architecture for aid that will take the world up
to 2015 – the year the Millennium Development Goals are meant
to be achieved.

The agreement reveals a tenuous deal between the traditional
donors of the OECD, including Australia, and the ascendant new
donor economies of China and India.

New ‘southern’ donors including China, India and others – most of whom are not OECD members – will have the option of
‘voluntarily’ working towards the commitments in the Busan
Declaration which are a ‘reference’ for them.

The ‘donors club’ of the OECD appeared divided on their
approach to China at times. The UK Secretary of State Andrew
Mitchell, fresh from Beijing, urged that China should not have
to adhere to mandatory commitments. Kevin Rudd and Hillary
Clinton differed from this view, urging that there should be
no watering down of commitments and arguing for greater aid
transparency for all.

The final outcome, allowing nations such as China to
voluntarily adhere to their commitments, recognises the
geopolitical reality of a two track approach between OECD DAC
members, with their rules-based approach, and the ascendant
economies of ‘donor/recipients’ like China. These nations
appear to have one foot in both camps, with no requirement to
make firm commitments. Time will tell whether they take any
concrete steps towards untying aid, introducing transparency
on aid flows and working through developing country systems.
The traditional OECD donors want greater transparency, untying of aid, and country led plans for poverty alleviation as well as mutual responsibility for results. They achieved modest advances in these areas under a ‘new deal’ that builds on previous aid agreements at Global Forums in Accra in 2008 and Paris in 2003.

South-South cooperation

A new language of ‘South-South’ cooperation was championed at Busan, reflecting a growing form of economic cooperation between middle income countries and poorer states. Some argue this trend is down to the drive of the new cashed-up superpowers, who engage as aid donors at the same time as they secure markets and resources for themselves in developing countries. Their use of aid and soft loans with few overt strings attached, as a lubricant to this commercial end, has been controversial in some developing countries, including Zambia.

It was clear too at Busan that many developing countries have embraced this modality and rhetoric, seemingly keen to compete for the investment and aid of these emerging powers (including India and China) and welcoming their focus on building infrastructure projects.

The aid provided by these new economies is significant. China’s aid alone is estimated to be $30 billion per annum and is focused on mining and infrastructure, while India is taking its IT know-how to Africa.

The ‘South-South’ rhetoric pushed by some at Busan both describes the reality of a certain type of economic development cooperation and is also reminiscent in tone of the ‘Asian values’ bullishness spruiked by Lee Kuan Yew in the 1990s.

The significance of the Busan Declaration
Despite all the drama of geopolitics and a clearly shifting aid landscape, the Busan Declaration includes some solid achievements. Some of these (with relevant paragraph numbers) are noted below.

- **Accountability to citizens (11)**

  This paragraph about the catalytic role of development cooperation mentions human rights and significantly introduces the language of ‘beneficiaries and citizens’. It elevates people as recipients of aid. Previous aid conference statements have focused on donors and recipient governments only.

- **Democratic ownership of development policies and processes (12)**

  Historically the focus has been on governments in this area also, but this paragraph has a wider notion of ownership – implying that people or their parliaments control development.

- **Reducing gender inequality (20)**

  Busan recognised the need to redouble efforts on gender inequality and this issue is put forward as an end in its own right. The need to have disaggregated data in government budgets and targets and to address inequality in all aid efforts, including peacebuilding, is new in DAC.

- **Civil society and Istanbul principles (22)**

  This acknowledgment of the significant role of Civil Society Organisations (CSOs) is more prominent since the last conference in Accra in 2008. Our key role as development actors is recognised. Acknowledged too is that donors have a responsibility to promote what CSOs have called an ‘enabling environment’ in the [CSO Istanbul principles](#). It acknowledges that CSOs help people claim their rights.

- **Transparency (23)**
Time bound requirements are included for transparency and the International Aid Transparency Initiative (IATI). Hillary Clinton committed the US to signing on also, which represents a large proportion of global ODA.

Weaknesses:

The Busan Declaration misses the centrality of human rights to effective development and the responsibilities of private sector actors were pulled from the final statement. Civil society concerns about the risks that some private sector actors bring to development though the absence of social and environmental safeguards fell on deaf ears.

Issues for NGOs working in International Development

Busan poses a number of challenges for non-governmental actors such as aid and development NGOs and academics in this new global aid environment.

Hillary Clinton called on NGOs to work more clearly through country systems and country development plans. What do we think about this? Should we align with governments? Or is our first allegiance to the people? Or do we innovate at the edges?

The time bound commitments of OECD DAC donors for greater transparency by 2015 are also a point where NGOs need to reflect. NGOs need to look at how they can become more transparent, because government encouragement and public expectations will grow in this area.

The Declaration focuses clearly on aid achieving results and perennial ‘value for money’ language re-appears, indicating that this is a global political push by governments. This will give weight to AusAID’s new emphasis on this area. Value for money still appears to be primarily shaped by a narrow desire to get quantitative results, i.e. the number of KMs of road built, or the numbers of beneficiaries receiving bed nets.
Using economics to obtain a broader understanding of medium to long-term developmental outcomes does not seem apparent. NGO- and university-based developmental efforts will increasingly be seen through this lens and the qualitative areas we prioritise, for example, participation and reduction in gender inequalities, do not lend themselves on first glance to easy economic analysis. Some collective work will need to be done on defining the outcomes we want to see from our programs and applying an economic analysis so as to have clear information on the economic value of our approaches to development.

It was also clear that while the private sector was thin on the ground at Busan, governments from all countries prioritised the primacy of economic growth, the importance of foreign direct investment and the private sector as engines of growth. A lot of store was placed in new forms of collaborations between business, governments and CSOs. For example, the developmental power of the spread of mobile phone technology was highlighted by AusAID’s Peter Baxter, the head of a US mobile company, and the head of USAID in a new joint venture.

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Ian Wishart is CEO of Plan Australia and Vice President of ACFID.
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Aid to schools in Indonesia
This is a guest post by Marc Purcell, the Executive Director of ACFID – the peak council for Australian aid and development NGOs, whose members work in over 100 countries.

Dewi was one of millions of Indonesian boys and girls who cannot go to schools each day because there are no schools nearby, and their parent can’t afford basic costs due to living on less than $2 a day. In Dewi’s case, there was an additional impediment – her parents wouldn’t let her attend school because there are no girls’ toilets and she shares the embarrassment of her other female colleges in having to share facilities with the teenage boys. Now, as a result of living near one of the 2000 new schools built with Australian aid, including with separate male and female toilets, Dewi now has a chance to attend class consistently.

Robert Cannon’ opinion piece (‘That’s no way to aid Indonesia’ 10/1) asks some suggestive questions about the $500 million Australian aid package, the Basic Education Program, for schooling in Indonesia. However, he essentially compares apples with oranges in contrasting the domestic stimulus package for Australian schools in response to the GFC with the developing bilateral aid relationship with Indonesia.

The scale and purpose of aid to schools in Indonesia is vastly different from the Building Education Revolution. Australia spent $62 billion on schools in Australia last year, while we spent $500 million in aid investment in Indonesia. This equates to 20 cents in aid to Indonesian schools for every $100 spent in Australia schools. The total Australian aid program of $4.3 billion comprises about 1% of the annual Australian budget.
The aid relationship with Indonesia has changed dramatically since the tremendously generous public and Government response to the Asian Tsunami five years ago. Bilateral cooperation systems designed initially to manage and monitor the $1 billion of official aid to the Tsunami response has burgeoned from $159 million in ODA in 2003/4 before the Tsunami to $442 million in 2008-9. It requires a detailed system of planning, implementation and evaluation between the two countries and other donors like the World Bank.

If listening to what the Indonesians want is ‘ideology’ as Cannon asserts, and then it is an ideology of blinding common sense. If getting the most marginalised children into school is an Indonesian priority, we should support it. Indonesia is currently meeting its constitutional commitment to spend 20 per cent of its national budget on education (about $26 billion in 2010).

Barack Obama says that education is the best anti-poverty vaccine. International evidence shows that a better educated population has better human development outcomes over time. As a result of attending school for an estimated nine years, a child like Dewi can expect to have longer life expectancy, better health and a fair chance at a higher income.

Indonesia’s GDP is growing but there is still great inequality across the vast archipelago. Of Indonesia’s population of 240 million people – around 110 million Indonesians live on $US2 or less per day. All the Australian investments in schools have been made in provinces with the worst human development indicators – Sulawesi, Kalimantan and Nusa Tenaggara.

The $222 million Australia is allocating to school construction has focused on disaster proof construction to prevent the loss of life experienced in the disastrous earthquake in Sumatra last year. Supporting the building of schools, enables Indonesia to free up funding for better
training of teachers so the quality of education can be improved.

More than 130,000 students have enrolled with girls accounting for more than half because Australian built schools include separate toilet facilities for girls and boys. These schools are trying to integrate students with disabilities (2% of enrolments). Much more could be done by Australia in disability-inclusiveness, including teacher-training around physical and learning disabilities.

More than half of Australia’s funding supports improving the quality and management of the education sector, with school construction will make up around 45 per cent of funding in coming years. Indonesia plans to build 4700 more schools over the next five years to meet demand for junior secondary school places, and asked Australia to help fund it because of past success.

The real debate here lies not in whether we should be supporting getting kids into schools in Indonesia, but in the how. But more technical assistance in solely the form of highly paid (some would argue overpaid) consultants, as Cannon proposes, is not the answer.

The evidence shows that funding and empowering Indonesian civil society, like parent’s groups, to monitor education services and hold their government to account is the best way to counter corruption. This where our current program can focus. All new schools built by Australian aid have blackboards out the front where communities can raise concerns about spending or quality for all to see. If there is a lesson for the Australian government here, it is that a similar technique might be applied in Australia!

Marc Purcell is Executive Director for the Australian Council for International Development, the peak body for not for profit aid agencies.