

# Questions on Australia's 2011 Aid Review

by Bob McMullan

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Australia is committed to doubling its foreign aid budget by 2015. This is a commendable objective and one that bucks the trend among most other major aid donors.

In this context, Australian Foreign Minister Kevin Rudd has announced a review into 'the efficiency and effectiveness' of the Australian development assistance program. Ideally, this should be the last ad hoc review. Australia would be better served by a review model similar to the Quadrennial Diplomacy and Development Review (QDDR) process initiated by US Secretary of State Clinton.

The key big picture challenges for the panel are:

- to match their ambition to the future \$8 billion program, rather than being constrained by the more limited horizons of the current modest program;
- to identify realistic opportunities for Australia to play a global leadership role in the development area as we have done with regard to people with disabilities in developing countries; and
- to make clear the balance of risks in the difficult development business. In pursuit of efficiency and effectiveness the inevitability of some failures must be recognised and accepted.

There are a large number of specific issues that the Review will need to address, but in most cases the result is predictable because of the momentum already established and the clear national and global priorities.

Some key areas where the potential for conflicting arguments and competing ideas lie in:

- the geographic focus of the program;
- the issue of Pacific integration;
- the focus on security and governance;
- climate finance; and
- agriculture and resources.

## Security and governance

Too high a proportion of **Australian aid** in the past decade was targeted at a flawed model of assistance to improve governance. Good governance matters but long term improvement in governance is more likely to flow from an educated and aware population than from an outside government sending in 'experts.'

On the closely related issue of the security aspects of development, the Review needs to acknowledge that Australia should not apologise for recognising that its future security will be profoundly affected by the success of our development efforts. This is most obvious in Afghanistan but is also highlighted by **recent controversy** surrounding assistance to Indonesian schools. I have visited some of these schools and seen their importance to the development of Indonesia and for generating opportunities for the next generation of young Indonesians. But it is also profoundly in Australia's interests for Indonesian families to have an alternative education option to radicalising influences.

## Geographic focus

The point of contention over geographic focus is whether Australia can deliver assistance to Africa in a manner consistent with a commitment to efficiency and effectiveness. It is clear there is a case to do so as this is the part of the world where the commitment to the Millennium Development Goals is furthest from achievement. It is clear we will have resources to do so in an AU\$8 billion budget. AU\$500 million to Africa will leave AU\$7.5 billion to do what we now do with AU\$4 billion.

The question is: can the money be spent wisely and well?

Recent experience suggests that, with care and focus, it can. The current and prospective commitment to areas of Australia's special knowledge, expertise or experience suggests that if we proceed cooperatively with partner countries and other donors, we can meet our criteria.

The proposition that we should focus on relevant areas of Australian expertise, agriculture and water has been well received. Building on a history of support for maternal health with special emphasis on training midwives is well focused. In putting these priorities before representatives of African countries, I found they were almost universally keen to add a fourth: mining. In these areas, working with regional bodies like the African Development Bank, we can deliver value for money for taxpayers and impact on the MDGs in Africa. Longer term, perhaps in the big scale-up years of 2014 and 2015, I strongly believe we should build on this basis by joining the African Development Bank.

## **Pacific integration**

There are important issues about [aid to the Pacific](#) to be addressed. The Review has a strong basis to build on with the Partnerships model arising from the Port Moresby Declaration and the donor coordination based on the Cairns Compact. The key new questions to be addressed relate to broader issues of economic integration based on products, services, investment and labour flows and the remittances they generate. Another key to the future of the Pacific lies in the development of the tertiary education sector, at both university and technical levels.

Over the next decade climate finance will also have an increasing call on development spending and will need to be factored into planning.

## **Food and Resources**

This may not loom large for the Review Panel but is a big issue for the future. It is important, not only for the obvious reason that recurrent food price crises put the achievement of the MDGs under pressure. There are also important opportunities that looming shortages will present for developing countries to generate wealth from their underutilised agricultural and mineral potential. No developed country has more to offer than Australia in assisting countries to seize these opportunities.

## **Accountability**

As the program grows there will be a need to enhance its communication and accountability. Many worthwhile measures are in place but as a next step I believe the Panel should recommend that the Joint Committee on Foreign Affairs, Defence and Trade should establish a special sub-committee on aid and development.

## **Beyond 2015**

The Review should also start the process of looking beyond 2015. At the moment, the task of doubling the aid program by 2015 is daunting enough. By the time of the next Australian election, parties will be called upon to state their positions for a term that will extend to 2016. We need to start thinking what that will mean or we risk losing the vitality and momentum that the aid debate is just now starting to enjoy in Australia.

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