

## Australian aid: relevant, effective and innovative for a changing region

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As Australia's Prime Minister, Hon Malcom Turnbull MP, said recently to the United Nations General Assembly, "The tenor of our times is change. Accelerating with a pace and scale unprecedented in all of human history." In a matter of decades, billions have been lifted out of poverty and billions more enabled to connect to each other and to a world of knowledge and ideas in a manner barely imaginable a generation ago.

Traditional methods of aid delivery are no longer sufficient to address emerging development challenges and realise the aspirational goals articulated in the 2030 Agenda for Sustainable Development (which includes the Sustainable Development Goals and the Addis Ababa Action Agenda on Financing for Development). Development relationships are no longer characterised by the old donor/recipient paradigm. In developing countries around the world the private sector accounts for 60% of Gross Domestic Product, 80% of capital flows and 90% of jobs. Global remittances dwarf aid funding.

According to the World Bank, within the next 15 years, Asia will be home to at least half the world's middle class. The proportion of Australia's aid will diminish compared to spending by national governments. In contrast, Pacific island states have not experienced the same strong economic growth rates and reductions in poverty. The Pacific faces structural challenges including small populations (with a large youth bulge), geographic dispersion, remoteness from markets and higher risk of natural disasters. Recognising the different contexts in our region, Australia is transitioning to long-term economic partnerships with Asian neighbours heading towards middle income status and striking new development partnerships with Pacific island countries.

Australia's 2016 Defence White Paper identified the security and stability of Australia's neighbourhood as our highest strategic priority after the defence of Australia. Australia's aid policy with its focus on promoting prosperity, reducing poverty and enhancing stability, is well positioned to meet this changing context. The stronger alignment of our aid, trade and foreign policy agendas is ensuring we are able to assist our partner countries according to their different needs. Our partners are keen to harness Australia's policy expertise in areas as diverse as trade negotiations, private sector development, health and education. On my recent trip to Tonga, I signed the new Tonga-Australia Aid Partnership, focusing on what's practical and achievable to advance our joint efforts towards economic reform, skills development and better access to health services, including for people living with a disability.

We also know that stable countries are vital for both human development and private sector development. They provide services for their citizens, predictability and confidence for markets to function, and opportunities for businesses to invest in new companies and new ideas that provide jobs. Empowering men

and women across the region to participate in the labour market is a key to Australia's support for stability and growth in our region. But this strategy can only work if people are well educated, healthy and able to exercise their basic human rights; if markets are functioning (good governance, and stable political systems are key); and if countries have somewhere to sell their goods or services.

During my recent visit to Samoa, I had the pleasure of opening an Australian-funded road upgrade project, which has substantially improved links between Apia Port, the Central Business District and Samoa's main industrial zone. Our aid for trade investments like this one, our negotiations with Pacific partners on PACER plus, and our commitment to labour mobility, are helping to provide the platform for stability and economic growth in our region.

Investing in health, education and social protection for people in our region is important for our neighbours and for Australia. That's why, for example, Australia is a strong supporter of the Global Fund, which is on track to save 10 million lives in our region by the end of the year, through treating and preventing HIV, tuberculosis and malaria.

The risk of a new health crisis is high in Asia and transmission to the Pacific would challenge health systems. Preserving regional health security is of continuing importance. Ebola shows the potential for diseases to quickly overwhelm countries with inadequate health systems. The costs can move beyond the immediate impact of the physical disease to include the closure of schools, clinics, markets and workplaces.

We need to build on what has worked in the past and create new ways of delivering aid for the future. Innovations like the Government's Business Partnerships Platform promote important collaboration between business, civil society and others. Our partnership with Bloomberg Philanthropies, known as "Data for Health", is an innovative approach. It takes the strengths of the Bloomberg organisation of financial markets data collection, analysis and response, and adapts it to improve health data collection and policy responses in developing countries.

But, as our aid program also recognises, the stresses of climate change, lack of gender parity and issues like income inequality have the potential to derail the economic trajectories of many countries in our region.

Our region is home to 8 out of the top 11 very high disaster risk countries in the world. To assist developing countries, the Australian Government has committed \$1 billion to build climate and natural disaster resilience and reduce emissions over 5 years. In addition to our work in Asia, we are assisting Pacific countries to respond to these challenges. While in Pohnpei in September, Prime Minister Turnbull joined other Pacific Islands Forum leaders to endorse the framework for resilient development in the Pacific.

The interdependence of economic growth and strong human development indicators is undeniable. UN Women reports that closing the employment participation and wage gap for women has the potential to deliver a global benefit of up to \$17 trillion. Evidence has shown us that educating women and girls result in higher incomes for families, lower rates of maternal death and healthier children. You do not have to be an economist or a banker to see that advancing opportunities for women to participate in an equal way with men makes good economic sense.

Australia continues to empower women and girls through our foreign policy agenda and aid program. Building on our already strong record, we have created a new \$55 million Gender Equality Fund. Recognising the skills of non-government organisations in supporting social change, I recently announced a new \$10 million, Gender Action Platform for NGOs to promote women's economic empowerment, women's participation in leadership and peacebuilding and drive progress in ending gender-based violence in the Indo-Pacific region.

Australia's aid program is firmly positioned to support our partner countries to meet the challenges of the next 10 years and beyond. We will continue to tailor our assistance to individual country contexts and shared regional priorities. We will promote innovative approaches and creative partnerships with other donors, civil society and the private sector and remain a strong partner to meet the 2030 Agenda for Sustainable

Development.

Ultimately, by promoting sustainable economic growth and poverty reduction, we are promoting a more prosperous, stable and secure region.

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*Update 20-6-2016: Reference to the Pacific in the comparison between remittances and aid removed.*