

FOREIGN POLICY WHITE PAPER

Submission by ChildFund Australia: 28 February 2017

For the attention of:

Committee Secretary
Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted by:

Larissa Tuohy, Head of Communications, ChildFund Australia
Level 8, 162 Goulburn Street, Surry Hills NSW 2010
Tel: 02 8281 3106
Email: ltuohy@childfund.org.au

About ChildFund Australia

ChildFund Australia is an independent and non-religious international development organisation that works to reduce poverty for children in the developing world. A member of the ChildFund Alliance – a global network of 11 organisations assisting more than 14 million children and families in 63 countries – ChildFund is a registered charity, a member of the Australian Council for International Development, and fully accredited by the Department of Foreign Affairs and Trade which manages the Australian Government's overseas aid program.

Introduction

ChildFund Australia welcomes the opportunity to provide a submission to the Department of Foreign Affairs and Trade as the Australian Government prepares its new *Foreign Policy White Paper*.

As an organisation that implements child-focused international development programs, provides humanitarian relief and promotes children's rights, we believe it is vitally important to have a foreign policy which increases Australia's international engagement, affirms international norms and prioritises growing prosperity and stability in the wider Asia-Pacific region.

This submission argues for the centrality of Australia's Overseas Development Assistance (Australian Aid) in the realisation of Australia's Foreign Policy objectives to increase security, uphold human rights and achieve equitable economic growth for all countries within our region.

Foreign policy: a statement of Australia's values

This submission recommends that Australia's foreign policy should be grounded in Australia's values, and be implemented as an expression of those values. Australia's international engagement should reflect our longstanding commitments to democracy, responsible global citizenship, cooperation, open economies, generosity and compassion.

Australian aid is a direct reflection of many of these values. Australia's history as a donor and partner has helped forge a reputation as a good neighbour, willing to contribute its fair share to international development efforts and humanitarian crises.

Australia also has a proud history of supporting and advancing international frameworks, standards and norms. At a time when global rules and conventions are heavily contested, it is even more important that Australia stand up and affirm its commitment to international obligations.

Australia sets an example as a democratic nation and has a key ambassadorial role, particularly within our region. Our future foreign policy objectives must ensure that we continue to lead by example, by promoting human rights, upholding international rules and working towards advancements in living standards both domestically and internationally.

Children's rights, as set out in the United Nations Convention on the Rights of the Child (CRC), are an integral part of the international normative framework. However, children's rights continue to be infringed or unrealised around the world, with numerous rights violations in Asia-Pacific nations. Australia's foreign policy should be sure to affirm, uphold and promote children's rights in the region as part of Australia's leadership role on human rights standards.

Australian aid: central to Australia's Foreign Policy

Australia is a wealthy country surrounded by developing nations and fragile states. Australia's prosperity and security depends, in large measure, on stability in the Asia-Pacific region and sustained, inclusive economic growth for low and middle income countries within that region. Australian Aid is one of Australia's most valuable assets in achieving these objectives.

The benefits of Australian Aid go well beyond poverty reduction. Through the implementation of international development initiatives, Australia is able to foster economic growth, create opportunities for poor communities, contribute to improved governance, build human capital and reduce the risks of conflict and displacement.

Internationally, Overseas Development Assistance (ODA), including Australian Aid, has contributed to the halving of child mortality rates since 1990¹, and has been a factor in reducing the number of people living in extreme poverty to less than ten percent of the global population.²

Since Timor-Leste attained independence in 2004, Australian Aid has been vital in assisting the country to maintain peace and to stimulate economic and human development.³ Over a much longer time period, the aid and trade investments in Korea and Vietnam have seen dramatic changes resulting in those countries now being amongst Australia's top trading partners.⁴

Australia's most recent contribution of \$220m to the Global Fund to Fight AIDS, Tuberculosis and Malaria has provided over 15m people with TB treatment, 9.2m with antiretroviral therapy for HIV and averted 146m new infections across HIV, TB and malaria.⁵ To date, 20m lives have been saved through this unique partnership between governments, civil society and the private sector.

As one of Laos' largest bilateral donors, Australia's flagship Basic Education Quality and Access in Laos (BEQUAL) program has prioritised access to basic education and improvements in literacy and numeracy levels through a broad range of interventions. This includes teacher training, student scholarships, upgrading of school infrastructure and the development of a new national primary curriculum. As a result, 28 per cent fewer children now drop out of school.⁶

Similarly, the Indonesian Schools Program had significant results in improving educational outcomes, and as a strategic initiative that helped to promote peace.

¹ State of the World's Children 2016, UNICEF. www.unicef.org/publications/files/UNICEF_SOWC_2016.pdf

² Policy Research Note No.3: Ending Extreme Poverty and Sharing Prosperity: Progress and Policies 2015, World Bank. www.worldbank.org/en/research/brief/policy-research-note-03-ending-extreme-poverty-and-sharing-prosperity-progress-and-policies

³ Overview of Australia's aid program to Timor-Leste, Department of Foreign Affairs and Trade. <http://dfat.gov.au/geo/timor-leste/development-assistance/Pages/development-assistance-in-timor-leste.aspx>

⁴ Australia's trade in goods and services 2015-16, Department of Foreign Affairs and Trade. <http://dfat.gov.au/about-us/publications/trade-investment/australias-trade-in-goods-and-services/Pages/australias-trade-in-goods-and-services-2015-16.aspx>

⁵ The Global Fund Impact and Results 2016 – Summary. www.theglobalfund.org/en

⁶ DFAT Aid Program Performance Report Laos 2015-16. <http://dfat.gov.au/about-us/publications/Documents/laos-appr-2015-16.pdf>

In Cambodia, the Australian Government has completed the first phase of the Cambodia Agriculture Value Chain Program which has resulted in an almost five-fold return on Australia's original investment, and increased rice production by approximately USD\$43m per year. This not only ensures improved food security, but greater access to jobs and higher incomes for the 80 per cent of the population reliant on agricultural activities.⁷

These few examples serve to highlight that Australian Aid not only benefits people living in poverty in countries within our region, but is beneficial to Australia's interests. Increased prosperity in our region creates new trading opportunities, thereby supporting continued growth of the Australian economy. Stable societies with improved opportunities for children and families within our global neighbourhood reduces the risks of conflict, insecurity and displacement.

Risk mitigation in the face of global and regional challenges

Australia's foreign policy is now required to respond to heightened global uncertainty – protracted conflict in the Middle East, economic volatility, tensions in the South China Sea, unprecedented numbers of displaced people, rising inequality, and the increasing severity and frequency of natural disasters. Free market economies have become more vulnerable to pressure to increase protectionism and economic nationalism.

These issues pose risks to vulnerable communities and increase the likelihood that some may back-slide into poverty. They also have the potential to negatively impact on economic and political stability domestically.

In these circumstances Australia's international engagement becomes even more important. Diplomacy and overseas development assistance play an even more strategic role in strengthening Australia's influence in inter-governmental relations. This embodiment of 'soft' diplomacy allows Australia to build strong, productive and mutually beneficial relationships with its neighbouring countries.

Redefining ODA to better serve Australia's foreign policy objectives

Changes in Australia's aid policy direction⁸ in recent years have seen economic growth, private sector involvement, large scale infrastructure funding and aid for trade become central to the Government's ODA program. Aid objectives have also been muddled by tying ODA funding to refugee resettlement programs, such as those in partnership with Cambodia, Nauru and Papua New Guinea.

⁷ DFAT Aid Program Performance Report Cambodia 2015-16. <http://dfat.gov.au/about-us/publications/Documents/cambodia-app-2015-16.pdf>

⁸ Australian Aid: Promoting prosperity, reducing poverty, enhancing stability, June 2014. <http://dfat.gov.au/about-us/publications/Pages/australian-aid-promoting-prosperity-reducing-poverty-enhancing-stability.aspx>

With our foreign policy objectives now under revision, ChildFund Australia believes that the Government should refocus the primary, and overriding, objective of Australia's aid program on human development. As recommended by the Independent Review of Aid Effectiveness⁹, Australian aid should put *people* first: "The essential test is that there must be a credible pathway to helping people to overcome poverty. This should be the fundamental objective of the Australian aid program."

It is clear that economic growth is a necessary condition for poverty reduction. However, on its own it is not sufficient. Economic growth without attention to inclusion and equity fails to reach the poorest. For example, Papua New Guinea, which has benefited from billions of dollars in private investment in its resource sector, is a stark reminder of how an increase in GDP growth does not always result in a generalised improvement to living standards. For economic growth to be effective in reducing poverty, it must be sustainable, inclusive and equitable.

Australia's future foreign policy, as expressed through Australian aid, requires a broader human development approach¹⁰ that addresses poverty reduction, equitable economic growth and the protection of human rights.

Putting children at the centre of Australian Aid

Children make up a substantial proportion of the population within the Asia-Pacific region. East Asia and the Pacific are home to more than one-quarter of the world's children – around 580 million.¹¹ The Asia-Pacific region is also home to two thirds of the world's poor, with over 700 million people living on less than US\$1.25 a day.¹²

The world is rapidly changing for children. While great progress has been made in reducing child poverty, less tangible manifestations of child poverty are becoming more significant. Inequality and exclusion have grown, often based on ethnicity, gender, class, location, disability, and caste. Marginalised groups are not benefiting from the growing prosperity in their country and region. In some countries experiencing high levels of economic growth, pockets of extreme poverty persist.

New risks and threats to children have emerged or grown stronger, and include severe weather events, increased mobility and displacement, urbanisation, exposure to risk through new technologies, global economic crises, family and community violence, and loss of traditional culture. Civil unrest, armed conflicts and natural disasters are having severe impact on children in all regions of the world.

With marginalised groups of children missing out on the opportunities that a rapidly changing world offers to the majority, Australia's Foreign Policy, particularly Australian Aid, should focus more directly on initiatives and investments that benefit children. Improved education, health, protection, economic opportunities and active citizenship will reap returns in low income countries and will benefit the region, including Australia.

⁹ Independent Review of Aid Effectiveness, April 2011. www.aidreview.gov.au

¹⁰ What is human development? United Nations Development Programme. <http://hdr.undp.org/en/humandev>

¹¹ <https://www.unicef.org/eapro/about.html>

¹² Redefining Poverty in Asia and the Pacific: ADB's Take. www.adb.org/features/redefining-poverty-asia-and-pacific-adbs-take

For example, research shows that:

- Investment in girls' education results in educated women, who are healthier, participate more in the formal labour market, earn higher incomes, have fewer children, marry at a later age, and enable better healthcare and education for their children. These factors combined help lift households out of poverty.¹³
- Investments in child health lead to an increase in child survival, a reduction in family size and an increase in the proportion of the population that survives to working age, thereby contributing to economic growth. Between 30-50 per cent of Asia's economic growth between 1965-1990 can be attributed to favourable demographic and health changes, which were largely due to reductions in infant and child mortality, fertility rates and improvements in reproductive health.¹⁴

Conversely, a failure to address child poverty results in significant costs. Historical evidence points to the long-term financial burdens that arise where children's health and development are not supported:

- The International Labor Organization estimates that 45 per cent of the productive potential of Asian women is untapped, due to a lack of education, which results in losses of US\$42 to US\$47 billion within the Asia region annually.¹⁵
- Research undertaken by the Overseas Development Institute¹⁶ finds that physical, psychological and sexual violence perpetrated against children costs governments globally up to \$7 trillion per annum.

Foreign policy commitment to the Sustainable Development Goals

Significant progress for children has been achieved in the last decade, with Australia making an important contribution to the Millennium Development Goals – child mortality for under-fives has been halved, rates of extreme poverty have been drastically curtailed, and more children now attend school than at any time in history.

In Vietnam, almost 60 per cent of the population was living below the poverty line just two decades ago. This has now fallen to less than 20 per cent.¹⁷ Aid interventions managed and funded by Australia have made an important contribution to these positive results.

¹³ The World Bank. www.worldbank.org/en/topic/girlseducation/overview#1

¹⁴ *Investing in maternal, newborn and child health: the case for Asia and the Pacific*, World Health Organization. www.who.int/pmnch/topics/investinginhealth.pdf

¹⁵ *Women and labour markets in Asia: Rebalancing for gender equality*, Asian Development Bank. www.adb.org/publications/women-and-labour-markets-asia-rebalancing-gender-equality

¹⁶ *The costs and economic impact of violence against children*, Overseas Development Institute.

www.childfund.org.au/sites/default/files/blog_post/ODI%20Report%20-%20cost%20of%20violence%20against%20children.pdf

¹⁷ *Poverty Reduction in Vietnam: Remarkable Progress, Emerging Challenges 2013*, World Bank.

www.worldbank.org/en/news/feature/2013/01/24/poverty-reduction-in-vietnam-remarkable-progress-emerging-challenges

The Sustainable Development Goals (SDGs), which Australia has committed to, will build on this progress for children, families and whole communities. Importantly, and for the first time in history, we have in place global targets which focus on issues of child protection – ending violence against children, the provision of safe learning environments, elimination of the worst forms of child labour and universal birth registration.

While child violence is often hidden or unreported, it has been estimated that as many as 150 million girls are subject to sexual violence each year.¹⁸ ChildFund's research, conducted among 1,349 children in 41 countries,¹⁹ found that the top three forms of violence and exploitation identified by children were sexual violence, child labour, and physical and humiliating punishment.

The overarching goal of the SDGs is an end to extreme poverty. It is not possible to end child poverty while violence persists. Children who are subject to abuse or neglect are more likely to underachieve at school, or drop out and miss out on an education entirely. Neglect in early childhood can lead to increased risk of poor health, developmental delays and learning difficulties.²⁰ Not only does violence perpetuate poverty, but poverty can be a trigger for violence, and can create the conditions for child exploitation to flourish.

Given the high levels of family violence in our region (over 40 per cent of women in South-East-Asia and 60 per cent of women in the Western Pacific have experienced gender-based violence²¹), Australia has the opportunity to play a leading role in initiatives which prevent and respond to violence.

International development initiatives can play an important role on two levels: (i) at the local, grassroots level through community awareness, survivor support, community-based services, attitudinal change and improvements to healthcare; and (ii) at a national level, Australia can improve the governance and operation of law and justice systems, and support the development of coordinated, programmatic responses to violence.

Achieving equitable development in the Asia-Pacific region

During the last two decades several countries in our region, including Vietnam, Indonesia and the Philippines, have graduated to the rank of 'lower middle income' economies and recorded substantial progress in human development. For many children and families, this now means better access to education and healthcare, fewer child deaths and improved standards of living.

Growing economic activity across the region has been crucial, as has been the creation of new infrastructure – roads into remote communities, schools, district hospitals, etc – as well as access to markets, incentives for economic activity and job creation.

¹⁸ World Health Organization: Follow up to the UN Secretary-General's Study on Violence against Children. http://www.who.int/violence_injury_prevention/violence/activities/followup_activities/en/

¹⁹ *Children speak about being free from violence and exploitation*, ChildFund Alliance. <https://childfundalliance.org/resources/publications/1210-children-speak-about-being-free-from-violence-and-exploitation>

²⁰ *Hidden in Plain Sight: A statistical analysis of violence against children*, UNICEF. www.unicef.org/publications/index_74865.html

²¹ Global and regional estimates of violence against women: Prevalence and health effects of intimate partner violence and non-partner sexual violence, World Health Organization, 2013. <http://apps.who.int/iris/handle/10665/85239>

However, these macro changes have not always translated into improvements and opportunities for many of the most vulnerable children and their families – ethnic minority populations, the extreme poor, remote communities, people with disabilities, slum residents and displaced persons.

In addition, GDP growth can be the spur for a rise in internal migration, leading to greater inequalities and having little impact on the living standards of the poorest and most vulnerable members of the population.

In countries such as Papua New Guinea and Cambodia, we are now witness to rural communities where only the very young and elderly remain, while adults have moved to seek better paying work in urban centres. These small villages and rural provinces are left with significant skills and human resource shortages, with grandparents often responsible for the care of young children when parents relocate. Alternatively, the larger towns must grapple with the challenges of unplanned-for expansion – which can often result in exploitative employment, housing shortages and slum developments, high living costs and a range of social issues.

As such, it is vital that small businesses are given the opportunity to grow, gain access to assets, have connections to markets, are provided with safe environments to operate, receive support and incentives. Most of the world's poorest families are dependent on small scale business enterprises, such as street vending, small scale agriculture and livestock management. If attention is not given to the micro-economies in poor countries, impoverished communities risk being left out of the economic growth cycle altogether.

Ultimately, if economic growth is to be regarded as successful in reducing poverty, it must be sustainable, responsible and equitable. ChildFund endorses ACFID's recommendation for a benchmark on inclusive growth²² within its foreign policy strategy: "Aid targeting the poorest 40 per cent of people in middle and low income countries. Creating opportunities for all including women's empowerment, disability inclusion and other vulnerable and marginalised groups."

This industry standard supports the World Bank position that economic growth must be focused on fostering income growth and opportunities for the poorest 40 per cent of people in developing countries, as well as those who live just above the threshold and are vulnerable to back-sliding into poverty.²³

²² *Benchmarks for an Effective and Accountable Australian Aid Program*, ACFID.

https://acfid.asn.au/sites/site.acfid/files/resource_document/Benchmarks-for-an-Effective-and-Accountable-Australian-Aid-Program_January2014.pdf

²³ End Extreme Poverty and Promote Shared Prosperity, World Bank. <https://openknowledge.worldbank.org/handle/10986/20138>

Summary

Our region faces challenges on many fronts – health epidemics that threaten to cross borders, political instability leading to rising nationalism, unprecedented waves of human migration, climate-induced impacts which risk the stability of food and water supply chains, and growing income disparity in poor and wealthy countries alike.

Australia's new foreign policy strategy must plan for, and effectively tackle, these challenges, not only on behalf of Australians, but the region as a whole. The Australian Aid program works in union with Australia's initiatives in trade and defence, and gives us the opportunity to lead by example within our region - putting human development above economic growth, and ensuring that the rights of all individuals, particularly children, are protected, enforced and upheld.