

Key Policy in discussion	INTERNATIONAL DEVELOPMENT
Portfolio and or agency	DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
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Key Portfolio Issues

International development spending has nominally increased by \$117 million from last year to a total of \$4.768 billion, and the budget papers commit to nominal increases for the next 3 years before aid will be tied to inflation (estimated at 2.5 per cent) from FY2026-27 for the following decade. Due to an increase in Australia’s Gross National Income (GNI), our ratio of GNI to Overseas Development Assistance (ODA) has dropped to just 0.19 per cent - far below the globally agreed target of 0.7 per cent. By contrast, the Government will continue to beat their target for Defence spending, which increased to 2.04 per cent of GDP.

The budget papers outline a number of renewed or expanded gender equality programs, a promising investment in building the development capability of the Department of Foreign Affairs and Trade (DFAT) and a previously announced \$3.5 million fund for LGBTIQ+ rights – the first of its kind for DFAT. The papers also confirm DFAT’s landmark commitment in the October 2022 budget update that programs over \$3 million would be required to have gender equality as a principal or significant objective against the OECD Development Assistance Committee (DAC) Marker. Planning for implementation commenced at the point of announcement, and, if implemented robustly, this structural change has the potential to significantly increase the number of aid programs addressing gender equality, and thereby also the amount of Australia’s international assistance funding to gender equality. This would be transformative for Australia’s international development program.

Budget Measures

Australia’s international budget this year will be \$4.768 billion, an increase of \$177 million (or 2.5 per cent) from last year’s total. This nominal increase, however, does not keep pace with current levels of inflation, meaning it is a cut in real terms. Concurrently, the internationally standard assessment of aid generosity is a proportion of aid to Gross National Income (GNI); Australia’s GNI has risen leaving our GNI ratio at 0.19 per cent. This is a further decrease of our 2022/23 ODA/GNI ratio of 0.20 per cent, well below both the 0.7 per cent global target for developed nations agreed on at the United Nations and recommended by 2019 Parliamentary

[Inquiry into Australia's aid program](#). Modelling by the [ANU Development Policy Centre](#) indicates that this will drop to lower than 0.15 per cent in the 2030s.

Based on 2022 figures, Australia already ranked [close to the bottom of the table for OECD donors](#) on the ODA/GNI ratio measure, at 27 out of 30 donors. As the scale of development need has not diminished, there is ample scope for greater resourcing to enable the fullness of policy implementation from DFAT's focus on achieving a peaceful, stable and prosperous region, to the Minister's historic commitment of Australia to a First Nations Foreign Policy to the international development cooperation priorities identified in the forthcoming [International Development Policy](#).

The Budget also included Australian ODA forward estimates for the [first time since the 2015/16 Federal Budget](#), which is a measure to increase transparency that the Australian development sector has been calling for. However, increases year on year are below the rate of inflation, until 2027-28, when the Government has [committed to increasing the aid budget](#) each year for a decade past the forward estimates, in line with projected inflation, by 2.5 per cent per annum. We welcome the increased focus on transparency and the forward estimates provided in the Budget Summary.

The increased spending on the Pacific through Defence and the Australian Defence Force (ADF) raise concerns about the transparency of how those funds will be spent. [ADF-implemented development projects in Afghanistan](#) have been found to be inadequately evaluated in the past. DFAT should draw on previous lessons learned about the effectiveness of [whole-of-government approaches](#) to aid and ensure all development funding maintain the highest levels of accountability to safeguarding—the protection and upholding of child rights, prevention of sexual exploitation, abuse and harassment and so forth. The non-ODA spending in the Pacific signifies a shift from a human security focus (through aid funding) to a focus on militarisation and state security. The \$1.4 billion on Defence and ADP spending in the Pacific appears more driven by a securitisation of Australia's response to China rather than a holistic response focussed on human development.

The Pacific region remains Australia's primary focus in terms of ODA at \$1.433 billion in 2023-24, up by 3.27 per cent, reflecting the implementation of significant [ALP pre- and post-election spending commitments](#). Alongside ODA commitments, the Budget has set aside another \$1.4 billion dedicated to Pacific defence and police programs, \$114 million to the Pacific Island Forum and \$370 million improving and expanding the Pacific Labour Mobility Scheme. This additional, non-ODA spending is an indicator of the re-affirmation of the Pacific as Australia's closest neighbours and a region that is strategically important for Australia's security.

A primary focus of [DFAT's Development Budget Summary 2023-24](#) is the investment in enhancing capability to deliver an “effective, targeted, and responsible development program”. DFAT will invest \$36.8 million over the next four years to strengthen program design, procurement, monitoring and evaluation capabilities. This commitment includes a focus on improving the transparency of the development program and is a welcome change after a decade of cuts to development capability. Development expertise has been moving out of DFAT

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since the AusAid-DFAT merger in 2013, driving an increasing focus on external managing contractors to execute development programs. Rebuilding this capability inside DFAT is a high priority. Identifying the need for intersectional feminist analysis capability and correspondingly investing in growing that capability across all levels of the bureaucracy will be an important marker of how well DFAT will be poised to meet its development commitments, not only on gender equality but more broadly, including its commitment to [First Nations Foreign Policy](#).

Allocation to the central fund for Gender Equality, Disability and Social Inclusion (including LGBTIQ+), which supports a number of DFAT's targeted Gender Equality and Social Inclusion (GEDSI) programs, has increased from \$97.7 million to \$101.2 million. This \$3.5 million increase reflects the recently announced Inclusion and Equality Fund to "support LGBTIQ+ organisations to catalyse change in their communities." Spending and performance on gender equality across the whole aid portfolio is covered in the following section.

Other gender-related spending commitments include lifting the lending cap of Australia's Emerging Markets Impact Investment Fund (EMIIF) with a focus on investments in gender and climate, allocating an additional \$36 million through 2025 for Water for Women, and a new phase of Investing in Women (2023-2027) to advance women's economic empowerment and workplace gender equality in Southeast Asia. Other commitments in the Development Budget Summary are the development of various strategies; the International Gender Equality Strategy, an LGBTIQ+ human rights engagement strategy and a Disability Equity and Rights Strategy.

Background: current circumstances of women in this portfolio

The 2023-24 Federal Budget comes at a critical milestone for the global efforts towards gender equality. This year is the midpoint of the 2030 Agenda and Sustainable Development Goals in July, and the mid-point of the first phase of commitments to the Generation Equality Forum (which builds on the 1995 Beijing Platform for Action, the highwater mark in international agreements on gender equality) in September 2023. Australia will need to demonstrate progress for women in Australia and in terms of its contribution to global progress towards these commitments.

In the context of a global backlash to women and trans rights, advancing gender equality through our international development budget is more important than ever. In 2022, the World Economic Forum Global Gender Gap Report projected that the world would take another 132 years to achieve gender equality if change progressed at the current pace. In the Pacific, the region that is the biggest focus of Australia's aid, women face high rates of [gender-based violence](#)¹ and low participation of [women in national parliaments](#)². The Asia Pacific region has

¹ The proportion of women and girls that have ever experienced violence by a current or former intimate partner ranges between 13.7 per cent (The Cook Islands) to 34 per cent (Tuvalu).

² Ten out of 16 countries in the Pacific have less than 10 per cent of parliament seats filled by women.

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one of the youngest populations in the world – in Southeast Asia 42 per cent of the population is under the age of 24 and in the Pacific, 53 per cent. More than half of the world’s adolescent girls live in the Asia Pacific region.

Australia has historically underperformed in terms of spending on gender-focused ODA relative to its peers. The latest data released by the OECD shows that in 2020-21, Australia ranked 20th of out 29 DAC countries on the [percentage of ODA focused on gender equality](#), only a slight increase from the [2018/19 ranking](#) of 22nd out of 29. In 2020-21 Australia ranked better in terms of support for women’s organisations and institutions at 11th, noting that Australia allocated just 13 million USD to compared to 199 million USD allocated by the top donor, the Netherlands. In this context it is important that DFAT and Foreign Minister Wong have continually committed to the priority of advancing gender equality across the international development program; this is an area where ample growth is both possible and much-needed.

Gender implications of this budget measure

The 2023-24 Budget indicates some focus by DFAT on ensuring the aid program is working for women, LGBTQIA+ people and people with disabilities. However, the nominal increase in funding for international development, including gender equality, is concerning for a number of reasons. Increasing Australia’s contribution of ODA is vital to progressing structural and systemic change on gender equality. To quote DFAT, [“expanding opportunities for everyone”](#) requires adequate resourcing for the aid sector to address the challenges facing the region. As the Budget documents highlight, more than 380 million women and girls worldwide are living in extreme poverty.

We know women are some of the most marginalised when it comes to the geopolitical threats outlined by DFAT, such as climate change. [Women are at higher risk from climate change](#) due to existing gender norms and low levels of decision-making, and women and girls are often responsible for household good, water and fuel. As these become more scarce, women and girls must spend more time on unpaid domestic labour at the expense of education or paid employment; and it leaves them exposed to environmental hazards. The Budget’s commitments to funding initiatives at the intersection of gender equality and climate (such as the Water for Women program and EMIIF) are a welcome focus. It will be important that the Government continues to treat these programs as more than one-off initial investments but rather as levers in driving systemic change. We hope the forthcoming International Development Policy and International Gender Strategy will shed light on this broader and strategic approach.

The Development Budget Summary states that [“unequal power systems and structures hold us all back, compounding global development challenges”](#). We welcome this language that acknowledges systems of power and their impact on the most marginalised groups. DFAT commits to placing “gender equality, disability and social inclusion at the centre of Australia’s

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development program”. This focus on systems of power is in line with an inclusive and feminist approach to development assistance, advocated by the Australian Feminist Foreign Policy Coalition, and others. It is indicative of DFAT’s focus increasingly moving away from gender equality solely on the basis of national interest, or through a protection lens.

Further, we encourage DFAT to apply to language around systems of power in a meaningful way. Applying feminist power analysis to an issue such as climate change makes the case for greater investment in ODA clear. Australia has long benefited from resource extraction and built our wealth on a strong global demand for commodities such as iron ore, natural gas and coal. At the same time, Australia has some of the highest per capital emissions of carbon dioxide and other greenhouse gases, thus contributing strongly to the existing reality of climate change in Asia-Pacific. Taking this systemic approach would support stronger financial commitments in terms of the aid budget towards climate finance, climate adaptation and mitigation measures, as well as more ambitious commitments in our domestic approach to climate mitigation. The raising of the financial cap of the EMIIF, with a focus on climate and gender, is an early sign that DFAT recognises the intersection of climate and gender; however it must be supported by holistic and systemic measures across international development and other portfolios in order to achieve transformational change.

The Budget Summary particularly highlights gender equality investments in South East Asia which use alternative models of development finance. The EMIIF and Investing in Women are examples of a blended-finance model that uses public investment to encourage private capital through concessional investment. This is done through the ‘financial and impact additionality’ tests to ensure that public investment will drive additional investment and impact, that the private sector otherwise would not have contributed. This approach is common among OECD countries, although the impact of investments can be difficult to track. More than 30 per cent of blended finance mechanism dedicated to gender equality studied by the OECD do not report transparently on the impact of their investments. An increased focus on blended finance models as part of Australia’s ODA will require adequate scrutiny over its transparency and impact. DFAT should also be cautious of relying on loan-based finance as they have been shown to perpetuate inequality and should never replace grant financing.

Previous Investing in Women projects have worked with young people on gender norms as part of its Influencing Gender Norms Strategy. Continuing to work with adolescents and young people should be a critical part of Investing in Women. Adolescence is a time in which gender roles and norms intensify, and therefore an opportune period in which young men can be engaged to address harmful gender norms and promote gender equality, alongside adolescent girls.

While we welcome a focus on driving investment to the Majority World / Global South, it is important that programs and investment continue to focus on gender equality for the most marginalised. The profit-driven nature of private sector investment in the Majority World mean they may focus on middle-class women and small business owners, rather than reaching those most marginalised in the ‘last mile’. DFAT’s EMIIF focusses on financing small-medium enterprises (SMEs) by de-risking investments with public funds, and has to date invested in a

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venture capital fund and start up, among others. Although the Fund helped [women scale their businesses](#) since securing capital is more difficult for women-led businesses, these investments do little to disrupt existing exploitative systems of power. DFAT should continue to ensure that the most marginalised, including migrants, garment industry and sex workers, are also a consistent focus in Australia's development programs.

The forthcoming strategies foreshadowed in the Budget Summary will shed further light on how DFAT's approach to aid will address the needs of women, LGBTIQ+ people and people with disabilities. The LGBTIQ+ engagement strategy will be the first of its kind. DFAT should ensure sufficient engagement with the sector and experts in the policy development phase and keep an eye to the interdependence of the strategies from an intersectional perspective. An explicitly feminist approach to the International Gender Strategy would align with DFAT's goal of prioritising gender equality in its approach.

ODA to the Pacific is significantly higher per capita than any of Australia's other investments.³ Although it is needed, Australia should consider channelling a larger portion of this funding directly to constituency-based community organisation, such as women's rights organisations. In the latest available data, DFAT provided [\\$15.7 million directly to women's equality](#) organisations and institutions in the Pacific (including PNG), just 4.3 per cent of total funding to the region. The absorptive capacity of the Pacific may be limited if money continues to flow through Pacific governments, small regional institutions and private sector organisations.

[Analysis by the Development Policy Centre](#) indicates that almost 20 per cent of aid program implementing partners are currently private sector partners – an amount that has grown significantly since the DFAT-AusAid merger in 2013. Constituency-based organisations are more likely to understand the development needs and priorities of local communities and [achieve better outcomes for development](#). However, in order to work effectively with local partners and civil society more broadly, DFAT must reassess its restrictions on [administrative fees and move away from a one-size fits all approach to compliance](#) to ensure they can build long-term, flexible partnerships that covers the core costs of driving systemic change.

The 2022 October budget saw a promising new commitment that all programs over \$3 million must have gender equality as either a principal or significant objective, as defined by the OECD's [Development Assistance Committee \(DAC\) minimum criteria](#). This commitment signifies a significant shift in the Government's approach to gender equality as a central tenant of Australia's approach to aid. This target sits alongside and does not replace the target that 80 per cent of development programs effectively address gender, reinstated by the Australia Labor Party as a [pre-election commitment](#). The 2023-24 Budget Development Summary re-confirms both these commitments and represents a structural improvement to programming related to gender equality. If implemented robustly, these targets should see the focus on gender equality shift significantly over the coming years as new large projects are required to build gender equality objectives to their design, and are also assessed on their performance on gender issues

³ Over 40 per cent of Australia's ODA will go to the Pacific in 2023/24, down only slightly from 2022/23. This is about \$97.48 per capita (including PNG) in the Pacific, compared to \$0.88 per capita in Southeast Asia.

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in implementation. We look forward to DFAT reporting on how it is tracking to meet those targets in upcoming annual reports and OECD reporting.

There was no further funding for the Humanitarian Emergency Fund in this year's budget, despite the increasing number of people globally who need humanitarian assistance and the disproportionate impact of these crises on marginalised people, including [women and girls](#). These impacts include child marriage, which each year condemns 12 million more girls to a daily existence of intimate partner violence, coercive control and marital rape; early pregnancy, period poverty; female genital mutilation; lack of adolescent-responsive sexual and reproductive health information and services; and withdrawal from education at higher rates than their male peers. As one of the most disaster-prone regions globally, Australia's relationships will benefit from a greater ability to be responsive to humanitarian need as it emerges.

Recommendations

NFAW recommends that the Australian Government

- commit to ongoing and increased funding in real terms for the international development budget, including gender equality programming, to meet our international commitments and avoid a backsliding in our ratio of Gross National Income to Overseas Development Assistance (ODA/GNI) ratio as Australia's GNI continues to grow;
- increase funding to constituency-based organisations, such as women's right organisations to 5 per cent of Overseas Development Assistance (ODA); and continue to listen to the priorities of local women in determining development investment;
- continue to improve the transparency of the aid programs and Development Budget Summary by providing further broken down data on gender, disability and social inclusion spending and reporting at least annually on gender equality commitments (\$3 million and 80 per cent targets) and DAC gender equality policy markers;
- ensure non-ODA commitments in the Pacific are held to high standards of performance, transparency and safeguarding;
- ensure new roles established through the allocation of new funding to DFAT capability include a focus on building on intersectional power analysis, First Nations and gender expertise, as well as development program design, procurements and monitoring and evaluation;
- require feminist analysis of all development finance mechanisms including non-ODA finance to understand the potential flow on impacts on those experiencing inequality and marginalisation;
- ensure that DFAT takes an intersectional feminist approach to the International Gender Strategy to highlight the centrality of gender equality to all areas of foreign policy,

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including international development and foreign policy which is grounded in First nations values and worldviews; and

- build on and apply language around systems of power to invest in development programs that collectively drive systemic change towards gender equality.

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