



Australian Business Volunteers

Australian Business Volunteers' submission to the Department of Foreign Affairs and Trade: New International Development Policy

1. Summary of key recommendations

ABV's submission to the Government's new International Development Policy focuses on recommendations regarding key thematic priorities and our ways of working which will be critical to achieving impact in these areas.

The face of business has changed dramatically and 'business as usual' approaches will no longer serve in these unprecedented times. In order for Australia to be the partner of choice for the region, Australia needs to listen and be led by the needs identified by development partner governments and agencies themselves and funded in sustainable ways. As recognised by Minister Conroy at the Australiasian Aid Conference, we don't need to speculate on what the challenges are, leaders of the Pacific Island Forum and Southeast Asian leaders have already told us. It is our responsibility to harness Australia's 'natural assets' to engage in respectful, two-way relationships, to which ABV's recommendations offer a way forward.

Our key recommendations for inclusion in the new International Development Policy include:

Recommended actions

Ways of working:

1. Locally led development (including a First Nations approach):

- a. Recognising our shared challenges and risks in the region, particularly the ever increasing impacts of climate change, elevating First Nations' perspectives through locally led development helps address multidimensional vulnerabilities, building on the resilience of these communities over countless generations. Government to government partnerships and programs to include a minimum number of local level stakeholders across the public and private sectors as well as community organisations, recognising local networks/ organisations and their role in sustainable and inclusive development efforts (ecosystem approach), backed up by a collaborative ecosystem approach (G2G, multilateral programs, through to B2B and CSO engagement).

2. International volunteering:

- a. Continue to value Volunteering as a national strength and as an avenue to enhance the impact of our development program and further invest in new ways of working and fostering these people-to-people linkages in the region.
- b. Volunteer engagements must be designed and implemented in line with locally-led priorities, supported by a clear sustainability approach and plan to prevent volunteer dependence, whilst strengthening inter-regional ties.

Thematic priorities:

3. MSME development and support:

- a. Recognising that creating local jobs is the most direct economic contribution many of Australia's programs can make to communities, a focus on supporting individuals and enterprises driving innovation with appropriate assistance is required to enable them to grow and make the transition to scale their businesses.

4. Private sector development (focusing on local content):

- a. Working with agencies leading the way on developing trusted partnerships with the private sector to enhance Government investment, continue to support programs which enhance inclusive economic growth and sustainable private sector development.
- b. Entrepreneur supporting organisations working in partnership with in-country local partners need to be funded over the long term to build local capacity, networks and long-term sustainability, with a particular focus on women-led MSMEs and young entrepreneurs.
- c. Locally-led private sector development and investment need to be at the forefront of how economic growth is approached. Further support for existing locally led institutions, combined with mechanisms to help them network and collaborate across markets are required as these will benefit the growth and sustainability of the ecosystem overall.
- d. Investment also needs to be adapted to the local context. There is a need for long term risk capital which can respond to the growing pains of doing business in a nascent ecosystem. Investment readiness metrics that apply in other economies need to be adapted to the long growth curve and small scale of Pacific businesses.
- e. National Chambers of Commerce across the region are critical to private sector development and promotion and need their capacity built to support their entrepreneurs as well as to advocate to their own governments for changes to the business ecosystem in support of inclusive and sustainable economic growth.

5. Human capability and capacity:

- a. Develop more supported pathways for young entrepreneurs and women through locally led economic development programs which provide valued job opportunities for local people.
- b. Further support for the development of supply chains between businesses in the region, supported by local organisations such as national Chambers of Commerce and Business Councils.

6. Role of corporate in achieving Australia's development agenda:

- a. Continue to invest in and support global initiatives which support the Sustainable Development Goals such as the UN Global Compact and World Business Council for Sustainable Development as forums and mechanisms to support corporate actors to be responsible businesses who contribute to a better society through the work they do, and the approach they take to their responsibilities.

2. ABV's perspective on the immediate challenges and longer-term trends in our region + risks and opportunities for Australia's International Development engagement

Ways of working

Locally led development – is not just a convenient term for diplomatic dialogue. It is a critical principle and core way of working to build stronger partnerships in the region. It is an approach which needs to be supported and embedded in policy approaches.

Whilst strong government to government partnerships are essential to a peaceful, stable and prosperous Indo-Pacific, the capability and capacity of Governments to deliver on programs and projects is not always sufficient.

ABV have observed, through our locally based staff in the region that government to government programs often start and end there. Broader engagement is required. Recognising our shared challenges and risks in the region, particularly the ever increasing impacts of climate change, elevating First Nations' perspectives through locally led development helps address multidimensional vulnerabilities, building on the resilience of these communities over countless generations.

Key Recommendation:

- ABV recommend that government to government partnerships and programs include a minimum number of local level stakeholders across the public and private sectors as well as community organisations, recognising local networks/ organisations and their role in sustainable and inclusive development efforts, backed up by a collaborative ecosystem approach (G2G, multilateral programs, through to B2B and CSO engagement). Consultation doesn't go far enough, local stakeholders should be part of a co-design process in order to adequately address local development priorities and

increase buy-in and collaboration. Relationship and trust building is foundational and takes time, requiring longer term inputs and processes that support and encourage this.

International volunteering remains an important way to improve and maintain people-to-people links, diplomacy and greater understanding of our regional partners.

ABV is not a traditional, volunteer sending agency, our Skilled Business Professionals are embedded in our Programmatic work as part of our team, alongside our locally based staff who bring their deep contextual knowledge of doing business in different settings across the Region to help ensure our volunteers' technical skills and experience have the greatest positive impact. With the advances in video conferencing, internet connectivity and digitalisation, our volunteers now not only contribute face to face, but also remotely via online communication channels facilitated by our local staff.

Key Recommendation:

- ABV recommends the International Development policy continue to value this national strength as an avenue to enhance the impact of our development program and further invest in new ways of working and fostering these people-to-people linkages in the region.
- Volunteer engagements must be designed and implemented in line with locally-led priorities, supported by a clear sustainability approach and plan to prevent volunteer dependence, whilst strengthening inter-regional ties.

Thematic priorities

MSME development and support – fostering local entrepreneurship, in particular women and youth

New and growing businesses represent the primary sources of job creation and innovative activity in an economy, two factors that generally result in improved standards of living for all. According to the Duke University Centre for International Development, entrepreneurship is one of the most effective drivers of economic growth and development, spurring innovation, creating jobs, driving investment, and lifting the quality of life for entire economies. By leveraging the positive feedback loop between innovation, entrepreneurship, and economic development, countries can build pathways to sustainable growth (UNCTAD, 2021).

SMEs account for 90% of businesses worldwide, contribute 50% of global employment and make up 40% of GDP in emerging economies (World Bank, SME Finance). However, the growth and expansion of innovative enterprises in many countries in our region are constrained by financial, technical, and resource challenges.

In times of an economic downturn, global studies have shown the value of entrepreneurship. Entrepreneurship can help businesses and individuals rebound from crisis by utilising the knowledge of entrepreneurs and innovation across multiple sectors. For MSMEs and local entrepreneurs to thrive, they need a clear strategy and operational resilience, during times of economic disruption. The Global Banking Alliance for Women states that “The way to reach and keep women consumers is not to treat them the same as men, but to take women as seriously as men by integrating their specific financial needs, preferences, attitudes and behaviors into banks’ business models.” A key focus for ABV’s Business Hubs is to support and champion women-led businesses and women’s economic empowerment, understanding the complexities of running family-owned businesses, managing household and business finances, and decision-making between family members.

ABV’s core MSME development curriculum, developed over more than 20 years through deep engagement between Pacific entrepreneurs and our network of Skilled Business Professionals, is being leveraged to meet the needs of a diverse range of regional partners. Whether they be a corporate looking to support greater financial independence (Newcrest-ABV Apeketon Business Hub in Lihir, PNG), a financial service provider looking to contribute to greater access to finance for MSMEs and build a stronger portfolio of resilient MSMEs (BSP-ABV YES GROW in PNG, commencing in Fiji in 2023), or a business network helping to foster a network of well-equipped MSMEs and act as a voice for sustainable and inclusive private sector development (Nauru Chamber of Commerce-ABV Private Sector Roadmap and Business Hub); ABV co-creates practical and impactful programs with our local partners. Importantly, in each program ABV champions local staff to drive and shape our programs, valuing their contextual knowledge and stakeholder management expertise to help deliver best practice business training, coaching and mentoring in culturally appropriate ways. Our local team are key relationship holders and expert facilitators, able to guide and channel our volunteers’ technical expertise for maximum positive impact.

Key recommendations:

- ABV recommends the International Development Policy focus on supporting individuals and enterprises driving innovation with appropriate assistance to enable them to grow and make the transition to scale their businesses. Effective implementation requires co-designed and collaborative strategies that provide a roadmap to guide projects and activities to achieve policy objectives. ABV's programs and their competitive advantage are one way to bridge these gaps.

Private sector development:

Intrinsically tied to the need to support MSME development in the region is the support for private sector development, improving the business environments within which MSMEs and entrepreneurs operate, thereby contributing to the promotion of a sustainable and inclusive economy.

While entrepreneurship has received a big push in the Pacific to generate employment for its predominantly young population, it has not yet developed structures and processes which can further facilitate the growth of entrepreneurship and entrepreneurs themselves. Regulations have not kept pace with the growing interest and updates in entrepreneurship and tend to be unclear and open to misinterpretation resulting in confusion for entrepreneurs. There needs to be greater engagement with entrepreneurs to create policy mechanisms which are favourable for entrepreneurship.

The small size of Pacific markets presents another challenge to private sector development. Due to the remote geographic location of the ecosystem, many entrepreneurs are trapped doing business only within that geography. The markets within the ecosystem are, however, quite small, and tend to be dominated by a handful of established businesses. Looking beyond the local ecosystem brings to play the challenges and costs of international shipping over significant distances.

Working through local partnerships, ABV is contributing to national sustainable development strategies through inclusive private sector initiatives in PNG and Nauru. Closer ties between Australia and the Pacific serve to create new opportunities for ABV's model to support regional dialogue and offer practical examples of locally-led, equitable partnerships designed and driven by local businesses and communities and supported through ABV's development expertise and our diverse network of SBPs. ABV's work with the Nauru Chamber of Commerce has brought about a 'gear shift' in Nauru's approach to private sector development, developing a shared framework through the Private Sector Development Roadmap and generating greater insights into MSME development as well as network building and advocating for inclusive and sustainable economic development. To date, more than 75% of participating MSMEs have been women owners/managers, with spouses encouraged to attend individual coaching sessions to share learning and work together on business planning. The value of this approach has been demonstrated by 50% of MSMEs progressing from an 'emerging' to 'growing' level of development in just a couple of months of targeted engagement and support.

Key Recommendations:

- Working with agencies leading the way on developing trusted partnerships with the private sector to enhance Government investment the International Development Policy should continue to support programs which enhance inclusive economic growth and sustainable private sector development.
- Furthermore, entrepreneur-supporting organisations working in partnership with in-country local partners need to be funded over the long term to build local capacity, networks and long-term sustainability, with a particular focus on women-led MSMEs and young entrepreneurs..
- Locally-led private sector development and investment need to be at the forefront of how economic growth is approached. Ecosystems in the Pacific have relatively few local institutions fully-led by Pacific Islanders. Further support for existing locally led institutions, combined with mechanisms to help them network and collaborate across markets are required as these will benefit the growth and sustainability of the ecosystem overall.
- Investment also needs to be adapted to the local context. There is a need for long term risk capital which can respond to the growing pains of doing business in a nascent ecosystem. Investment readiness metrics that apply in other economies need to adapt to the long growth curve and small scale of Pacific businesses (UNCTAD, 2021).

- National Chambers of Commerce across the region are critical to private sector development and promotion and need their capacity built to support their entrepreneurs as well as to advocate to their own governments for changes to the business ecosystem in support of inclusive and sustainable economic growth.

Human capability and capacity

The impacts of Covid-19 are layered upon, and, in many cases exacerbate, existing vulnerabilities of workers in the Pacific Islands region, including to climate change and to the uptake of Fourth Industrial Revolution (4IR) technologies. Most workers in the region are employed in the sectors at greatest risk of climate impact – agriculture, fisheries, and tourism (ILO 2019a), with those in tourism already reeling from the economic impacts of Covid-19. As the pandemic accelerates the use of technology for communication and home-based work, women and young people risk being left behind due to a lack in requisite skills, the retraditionalization of jobs and norms that preference men for paid work outside the home, or because their jobs are automated altogether (The Asia Foundation, 2021).

Avoiding or delaying automation is not the solution. Adopting technology and successfully transitioning workforces means more meaningful, engaging and rewarding work for individuals, as well as more prosperous businesses and societies. Of course, the challenge is to ensure that people, businesses, industries, and nations are well prepared to adapt. APAC is home to 60% of the global workforce and the world’s largest developing economies, making the region a clear priority. There is a raft of initiatives already underway to smooth the adjustment path for industries and societies in adopting new technologies. One area that is increasingly being prioritised by employers and employees alike is reskilling and upskilling.

Human capability and capacity remain a significant challenge in the region, with high youth populations, and ‘brain drain’ as many leave the region to seek employment in Australia or New Zealand. This often makes it difficult for local entities to find and retain highly skilled labour. In addition, whilst many grant and micro funding opportunities are made available through multilateral and other institutions, take up of these opportunities is low, partly due to the departure of educated, skilled people, and a lack of value placed on local know-how and connections.

Key recommendation:

- ABV recommend developing more supported pathways for young entrepreneurs and women through locally led economic development programs which provide valued job opportunities for local people.
- Provide further support for the development of supply chains between businesses in the region, supported by local organisations such as national Chambers of Commerce and Business Councils.

Role of corporates in achieving Australia’s development agenda

Environmental, social, and corporate governance (ESG) metrics are increasingly being used alongside traditional economic measures to assess organisational performance. The adoption of ESG is driven by government legislation and pressure from consumers. The World Business Council for Sustainable Development identified the climate emergency, loss of nature and growing inequality as the top issues on their radar. While ESG has a long history, its significance has been magnified by COVID-19 and ESG is now a key consideration for global investors. As more organisations look to improve their ESG performance, demand for R&D into solutions to ESG challenges will likely follow (CSIRO, 2022). Furthermore, the convergence of mobile, social, cloud and big data technologies has expanded consumers’ access to information and shifted the balance of power from sellers to consumers. The convergence of mobile, social, cloud and big data technologies has expanded consumers’ access to information and shifted the balance of power from sellers to consumers.

Corporates have a significant role to play in achieving Australia’s development agenda, due in part to the influence they have on the macro-exterior ecosystem. Corporate social responsibility however takes this further to engage in efforts to solve the systemic problems and concerns of their stakeholders.

Key recommendation:

- The Australian government should continue to invest in and support global initiatives which support the Sustainable Development Goals such as the UN Global Compact and World Business Council for Sustainable Development as forums

and mechanisms to support corporate actors to be responsible businesses who contribute to a better society through the work they do, and the approach they take to their responsibilities.

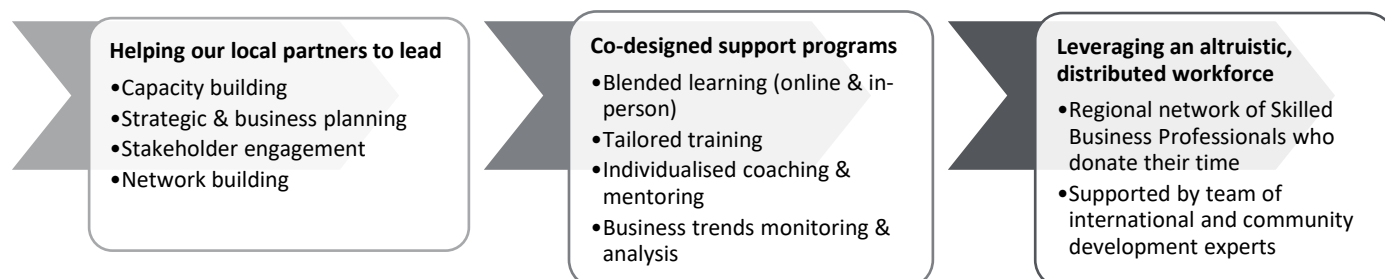
3. Overview of ABV and our work

Australian Business Volunteers is an international development not-for-profit with over 40 years of experience across Australia and the Asia Pacific region dedicated to promoting economic development to ‘unlock’ the future of the Pacific and recognising the vital role volunteers play in recovery and resilience building.

ABV has a long history in community, Micro, Small and Medium Enterprise (MSME) and private sector development over the past 40 years and has deployed hundreds of volunteers across the Pacific region as well as in Australia. ABV is supporting locally-led private sector development across the region through our private sector partnerships. We are unlike a typical volunteering organisation in that we do not simply match volunteers to assignments – **we co-design long term, multi-faceted programs with our partners that focus on delivering practical business outcomes, supporting broader economic growth that is both inclusive and sustainable.** Our successful model has been recognised by our private sector partners – from large corporates to individual MSMEs – by delivering practical results through genuine partnerships and a commitment to locally-led development. We are the only organisation facilitating large and influential corporates across the Pacific, such as Newcrest Mining and BSP Financial Group, to strengthen communities through pragmatic business training, mentoring and coaching to MSMEs and entrepreneurs.

We are getting practical, measurable outcomes because we are taking a locally-led, focused approach. This is in line with the Australian Government’s engagement principles of prioritising quality and local outcomes, without imposing solutions. ABV is committed to ‘walking alongside’ our local partners as they drive their own sustainable development and resilience building, fostering close ties between business people across Australia and the region and championing inclusive business and women’s leadership.

Our locally-led, partnership capacity building approach is characterised by the following:



ABV has become a leader in pragmatically mentoring and coaching small businesses across the Pacific including through practically-focused business hubs strengthening small businesses to become sustainable and grow. We are unique in our offering in that we co-design programs with corporate and community partners and then draw on our highly skilled business professionals who, instead of consulting, choose to altruistically donate their time, working with our world-class international development specialists, to collectively deliver highly tailored and cost-effective programs for private sector development in our region.

Our comprehensive small business support programs are tailored to each country-context, are gender and disability inclusive and range from sole traders to firms of half a million in revenue. We also tailor the program so that our corporate partners’ business needs are met whilst addressing immediate and medium/longer-term capability development priorities for their staff, clients, members and/or community stakeholders. Our model means that we are able to expand outreach rapidly across the Pacific. We are continuing to build our SBP volunteer network not only in Australia through our community and corporate networks, but also throughout the Pacific by engaging with the Pacific diaspora business community.

Over the next 3 years, our goals are to:

- Build a network of Small Business Hubs, inclusive of sole traders and micro-businesses, delivering practical support and strengthening private sector networks, expanding pathways for women and young entrepreneurs.

- Build local capability through our corporate partner staff to deliver ABV's signature training programs, supported by our network of business coaches and mentors.
- Support national and regional private sector roadmap development and implementation, including:
 - Supporting our partner, the Nauru Chamber of Commerce to implement the Private Sector Development Roadmap.
 - Continuing to develop the Apeketon Business Hub in Lihir PNG in partnership with Newcrest mining.
 - Deepening our relationship with BSP to deliver sorely needed MSME training, coaching and mentoring to Pacific businesses.
 - Supporting our partner Newcrest on developing a regional economic development roadmap in New Ireland Province, PNG.

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