

Australia's New International Development Policy

Palladium response

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1. Executive summary

Palladium is a global company which works with governments, businesses and investors to solve the world's most pressing challenges. In May this year, we became part of the Global Infrastructure Solutions Inc (GISI) group of companies. Palladium believes Australia is both in the midst of a challenging geopolitical period and that our country sits at a unique geographical and diplomatic junction between Asia and the Pacific's emerging interests. These two realities provide opportunities and threats to Australia's new international development policy goals.

We believe it is important for Australia to be certain of its international development policy philosophy. Put simply, is our aid investment 'poverty first', soft diplomacy or some fixed or flexible combination of the two? If the latter how are these competing priorities funded, delivered and their effectiveness measured? In our opinion, we believe the need for emphasis on the latter has increased significantly in recent times. Thus, our response is framed in this context.

We suggest the new policy needs to balance both; and thus be a combination of immediate 'tactical' responses and durable policy actions which achieve long-term sustainable change in the three priority areas regularly discussed by DFAT: gender equality, disability and social inclusion (GEDSI); climate change; and localised vocational skills and education.

These should be long-term objectives and be integrated into most investments.

Through the new policy consultation processes and the new Government's policy platform¹ we note a clear focus on the Pacific and Southeast Asia, which we support. We believe the Pacific policy should include a strong focus on freedom of movement (of both capital and people).

We also encourage the new policy to focus on 'double dividends' where multiple objectives are achieved from program design. For example, responding to climate change as a policy priority, could represent both an Australian need to offset as well as a potential economic benefit to the Pacific, creating a double bond.

Importantly, we believe Australia (sitting at the unique junction) possesses three significant features which both define our values and provide uncontested opportunities to strengthen our partnerships within the new development policy. Unlike others who seek to contest our regional relationships, Australia can:

1. provide accredited education and training in English language;
2. offer transparent migration pathways to permanent residency in a democracy; and
3. facilitate open employment and trading opportunities in a first world market economy.

We appreciate the opportunity to provide this response and look forward to continuing to work with the Australian Government and its agencies, particularly the Department of Foreign Affairs and Trade, in the future operationalisation of the new international development policy.

Yours sincerely,



Christopher Hirst
CEO and Managing Director
30 November 2022

¹ [Labor will rebuild Australia's international development program - Devpolicy Blog from the Development Policy Centre](#)

2. Discussion

Palladium understands the complex nature of the challenges facing the Asia Pacific and that potential solutions to these must be comprehensive and multifaceted. We are aware that this will not be a single-term policy fix and there needs to be a renewed and reinvigorated focus on the methods of implementation in a tangible way. We believe the 'Future of Work' (FoW) should also inform development objectives. FoW is the rapid changes in our environment impacting the way we connect and the way we interact. FoW is a broad concept that encompasses demographic and social changes (including inroads to equality and inclusion), technological advancement, resource scarcity and climate variability, shifts in global power and rapid urbanisation.

There are two major FoW risks for prosperity in our region: (1) the impact on labour and (2) wealth distribution. Education should be a cross cutting theme to address FoW, as large numbers of people need to retrain both formally and informally. Inequality and disparity in wealth distribution will be intensified. Those living at the bottom of the pyramid are less likely to have digital literacy, infrastructure access and digital exposure. Widespread changes in the labour force, through job displacement from automation, will drive increased migration globally. Climate variability, resource scarcity, water shortages, environmental impact, food security, and labour oversupply will create predictable challenges. As populations relocate at the same time as global focus on environmental protection, there will be a trade-off between doing what's best for communities and the environment. Nature-based solutions (NBS) will become critical.

DFAT: What key trends or challenges will shape Australia's engagement in our region and globally over the next five to 10 years? What risks and opportunities does this present for Australia's development assistance?

We believe there are three primary program foci to support the region to recover from COVID-19, to rebuild communities, economies and trust, and to ensure humanitarian and further disaster risk forms part of everything we do – GEDSI, climate change and skills and education.

2.1. GEDSI

GEDSI should be a fundamental human rights principle in the delivery of all DFAT investment. The new policy should consider an intersectional approach to addressing inequalities and systemic biases in gender, disability, and social inclusion. Palladium recognises that GEDSI will need to be addressed at a **systemic level**. The key principles that should underpin policies and processes include:

Commitment to intersectionality: Intersectionality is a critical framework that provides a nuanced understanding of how aspects of an individual's political and social identities intersect to create differing modes and intensities of discrimination and privilege.

Voice and participation: By working in a genuinely participatory and culturally located way, the perspectives of those with whom the investment engages will inform the way that strategies and priorities are set and implemented and will contribute to the measurement and interpretation of results and lessons learned.

Localisation to the country context: Each partner will interpret their own strategy by setting their own context-specific priorities and implementation plans for GEDSI.

Whole of organisation approach: Implementation must be embedded into the managing contractors' and programs' culture, structure and attitudes of staff through policies and systems and by ensuring accountability.

Accessibility: Practical access is a critical enabler of participation and must be planned for and resourced with a dedicated budget.

Ongoing improvement: The planning and implementation of high-quality inclusive practice will be underpinned by evidence and based on robust context-specific research and monitoring, evaluation, research, learning and adaptation (MERLA) data.

Do no harm: The 'do no harm' approach ensures that strategies to promote inclusion will not adversely affect those that the investment aims to include, or the quality and reputation of the program.

Policies and processes will need to undergo a refresh to support equity and combat gender stereotypes especially in education, healthcare, economic access and during humanitarian crises. This may mean a deliberate approach to improving the political participation of women or creating meaningful dialogue to encourage participation of women, people with disabilities and marginalised groups in national dialogue and decision-making. Palladium's own in-house inclusion practice, MAVEN, also employs and builds the capacity of people with disability, who provide specialised services to fulfil access and inclusion goals at both the corporate and program level.

Examples of our best practice include:

- Building the capacity of program staff through tailored training to ensure access and inclusion is embedded at each stage of the program cycle;
- Specialists with lived experience providing the inputs into GEDSI actions;
- Developing accessible digital assets and communications;
- Providing 'help-desk' support for programs to encourage an inclusive workforce;
- Developing MERLA systems and frameworks to ensure intersectional disaggregation of performance indicators; and
- Working closely with gender and social inclusion specialists to create a consistent approach, ensuring all are working towards a common goal.

First Nations peoples have unique ontologies, epistemologies, cosmologies and perspectives on both domestic and foreign policy. To fully realise a GEDSI-informed, intersectional foreign policy, while continuing to make inroads for the *decolonisation of the aid agenda*, First Nations opinions and approaches should be integrated into the Australian policy space. Grounding Australian Indigenous engagement and First Nations Foreign Policy in the new aid policy is critical to ensuring we visibly and tangibly reflect our national values. Targets and quotas for Indigenous engagement within programs would create an impetus for achieving strengthened engagement. The new policy should be nuanced to reflect the maturity of Australia's bilateral relationships in the region, with an emphasis on peer-to-peer dialogue and engagement, co-creating, co-planning and co-delivering, and co-evaluating programs, rather than the former donor-recipient dynamic.

2.2. Climate change

Climate change hinders development progress and exacerbates global inequities via numerous impacts, including (but not limited to) rising sea levels, land desertification, more frequent droughts and climate refugee crises through displacement. Furthermore, the immediacy of response after more frequent natural disasters as a result of climate change in our region will be critical. The tsunami in Samoa, the landslide in Hela in PNG, and the more recent volcanic eruption in Tonga has demonstrated this. Australia is strong in immediate response to the region's humanitarian needs after disaster. However, this could be further strengthened with warehousing and supplies on the ground in vulnerable communities in our region. Australia can play a key role in mitigating climate change and providing support that can protect critical ecosystems, developing renewable energy infrastructure and sustainably managing adaptation approaches contextualised to the partner country. Climate change needs to be mainstreamed in project design and should be part of every development program.

Disaster risk management needs to be not only reactive, but proactive, and include mechanisms aimed at strengthening regional diplomacy. Pre-emptive risk assessments of displacement of people are more important than a disaster risk response and there should be a focus on this in the humanitarian space. Australia is primed to deepen localisation by training more people more frequently (for example, through short term learning-by-doing, twinning, tours) in Australia, so that they can lead and implement lessons in their home countries faster. Palladium's Australia Pacific Climate Partnership (APCP) program is already providing support and expert technical advice to Pacific partners undergoing such activities.

Restoring natural environments helps to combat climate change, store and sequester more carbon and enhance biodiversity. Palladium's Revere program in the UK enables land managers to restore and protect natural environments over the long-term. Revere provides nature restoration at scale through the catalytic relationship of private/public finance and expertise, which aids in our global transition to net zero. Revere also represents a concerted effort (from both Palladium and UK National Parks) to create a sustainable and equitable financial model for the restoration of nature. Such programs could be part of a new Pacific policy.

Australia could further instil confidence by supporting the private sector to invest in the development market. Palladium's Partnerships for Forests program, which catalyses finance into businesses that ensure deforestation commitments are met, and our Mentari program supporting low carbon energy transition in Indonesia, are two examples of private sector partnerships making enduring and critical contributions to the global transition to renewable energy.

2.3. Education and skills

The new international development policy needs a combined approach to human development and economic prosperity and we believe this focus should be on localisation of skills development and educational progression. Broadly, ODA human development policy supports economic growth by focusing on "improving the lives people lead rather than assuming that economic growth will lead, automatically, to greater

opportunities for all. Income growth is an important means to development, rather than an end in itself². According to Nobel laureate Amartya Sen, economic growth is a crucial means for expanding the substantive freedoms that people value. There is an intrinsic ‘micro’ link between growth and human development, whereby growth raises the incomes of poor people and thereby increases their ability to pay for activities and goods that improve their health and education. Education and developing vocational skills are key elements both for private sector development and for creating more income-earning opportunities. Australia has a national interest in ensuring its nearest neighbours and the region are not left behind and to avoid the deepening of dependency on aid. Through innovations within its primary education, scholarships, skills training and labour mobility programs, the aid program has an opportunity to contribute to future proofing Pacific countries’ workforce skills. Consideration should be given for whether training interventions include analysis of future skills, or if they are focused on short term/immediate skill requirements. In the same way that Grameen Shakti helped rural and remote Bangladeshi communities and SMEs leapfrog directly to solar power, without ever having grid power connections, Australia has the opportunity to help countries in its region build the skill base for the work of the future, without fully meeting the requirements of today first. Our stakeholders tell us there is an underinvestment in education (not Australia Awards) but school education and pathways to vocational and higher education options. Technology education and skilling should be an obvious focus.

3. Localisation and capacity building

DFAT: How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?

Future localisation calls for a need to shift power—recognising that it is local actors that should drive development priorities and define what it means to succeed. At a policy level, the localisation agenda will need to recognise the existing capabilities and strengths of local actors. We believe the new development policy could be complemented by additional focus on economic growth in order to ensure domestic demand matches Pacific supply. We further suggest DFAT needs to define and frame localisation. The understanding of localisation remains imprecise. With flexible models to embrace localisation, DFAT will also need to consider the *compliance gap* risks with local partners. This may mean allowing for more resources on frequent external reviews to support the transition to strengthening local capabilities. We suggest localisation of capacity development as one of the core deliverables in investments valued at more than \$10 million or long-term investments that covers at least options for 4+4 years of implementation. Tenders could include a localisation assessment in the first year of implementation. All relevant designs should explore localisation analysis.

We understand that development policy is not separate to geo-politics. Understanding the strategic consequences related to the geo-political competition is critical. Australia as a long-standing development partner for the APAC region, should sensitively and strategically utilise its national strengths and influence in the region. Australia’s capabilities should be aligned to meet regional priorities. This includes:

1. Offering more mobility and flexibility on skills pathways (to and from Australia);
2. Expanding Australia’s soft power across the 3Ds (defence, diplomacy and development) by embedding development in DFAT employment competencies, selection, and rotation processes; and
3. Engaging with partner states in the Pacific and Asia formally through regular open development conferences. It could also be more directly integrated within formal trade dialogue.

The prestige of the Australia Awards program is an Australian strength. There is an opportunity to re-engage with alumni whose qualification are in the more distant past. For example, all alumni in a particular country that studied Master of Public Health could be offered a short course that helps future proof and refresh the currency of their previous Australia Awards-supported qualification.

Finally, Australia is seen as a consistent bilateral partner and the infrastructure Australia has provided, particularly in the Pacific, is high quality compared to other foreign governments who have provided infrastructure that is now rapidly deteriorating. Taking advantage of climate-resilient infrastructure expertise will be important for Australia to maintain its position in the region.

DFAT: What development capabilities will Australia need to respond to these challenges?

As aforementioned, the FoW brings a new set of challenges and thus a new set of essential development capabilities. Digital policy engagement (including skills in digital diplomacy) will be required to collaborate effectively across the region on critical transformation and workforce planning and development, particularly

² [What is Human Development? | Human Development Reports \(undp.org\)](https://www.humandevelopment.org/what-is-human-development/)

in strategic areas such as clean energy, digital business, and health innovation. Moreover, digital literacy and pipeline planning for FoW training will become a cross-cutting theme within all programs, particularly those centred on capacity development, education and workforce mobility.

Natural disasters in our region are becoming increasingly more frequent and damaging. Accordingly, Australia and its regional partners must ensure preparedness and readiness to respond. NBS that achieve positive outcomes for both communities and the environment, alongside climate and disaster-resilient hard infrastructure investments that foster equality and social inclusion, will become central to the success and sustainability of Australia's development assistance. This will also require both an increased focus on the intersection of equality, inclusion, and climate, as well as an openness to private-public-civil engagement and increased leveraging of blended finance, particularly as these relate to critical themes such as maternal health outcomes and food security.

4. Multilateral relationships

DFAT: How should the new policy reflect the Government's commitments to build stronger and more meaningful partnerships in our region, founded on mutual trust and respect and shared values of fairness and equality? DFAT: How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?

As a long-standing development partner in the Pacific, Australia plays a critical role as both a facilitator and mediator to ensure effective harmonisation of the flow of funds and investments through ODA, non-ODA, OOF (Other Official Flows), multi-laterals to private sector investment. The aid budget is finite and insufficient to address the wicked and emerging challenges of our region. The opportunities that engagement with the private sector and civil society present for development impact is substantial. Increased use of blended finance and more innovative contract delivery mechanisms would raise new capital and new avenues for social development investments. Moreover, it is critical that we build on the lessons learned from the local communities of at-risk regions. They provide vital insights on how to secure a prosperous future for the region. Methods of achieving this can include (but are not limited to):

- Investing in long-term projects aligned with the partner government's national goals;
- Ensuring local voices including local government and civil society are part of the design of new development investments;
- Leveraging established partnerships in the region, particularly cross-sector partnerships; and
- Working collaboratively and harmonising efforts with other key players such as MFAT, WB, ADB, USAID, etc. to bring efficiency and impact at scale.

The sharing of intelligence and security data within the region is significant to furthering Australia's national interest and the national interest of partner countries. This should feature in the new aid policy as a safer, more secure region allows for equality, inclusion, social development and economic prosperity in the region.

5. Performance and outcomes

DFAT: How should performance and delivery systems be designed to promote transparency, accountability, effectiveness and learning in Australia's development assistance? What lessons from Australia's past development efforts should inform the policy? What is Australia seen to be doing comparatively well?

A structured and flexible approach to monitor, evaluate and integrate adaptive learning in program design and implementation can ensure consistency and accountability in Australia's investments. A focused learning agenda should be at the forefront of measuring our progress and informing our critical program/design decision making. The progress of the investments will need to be measured not only through quantitative data but also through intersectional qualitative lens. DFAT's program monitoring, performance reporting, and independent reviews could create additional learning value through enhanced transparency and a culture of sharing results more openly with the range of stakeholders involved in delivery. It is important for learning, performance and transparency within the sector that there are transparent and open-source approaches to learning.

Due to the contracting nature within the aid program and the intensity of delivery timelines, often programs in the same country are not meeting to share learning and knowledge. Formal mechanisms delivered by Posts that engage programs across different contractors in structured sharing and learning sessions would foster greater transparency, accountability and learning.

In cultures where it's not okay to make mistakes, it is difficult to openly talk about lessons learned. As the long-term trusted partner of the region, Australia plays a guiding role in creating a culture of collaboration and partnership. Encouraging meaningful dialogue and learning with partner governments and broader stakeholders will pave the way for lasting positive impact.