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Department of Foreign Affairs and Trade

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WWF submission on performance benchmarks for the Australian aid program

1. WWF-Australia welcomes the opportunity to make a submission on performance benchmarks for the Australian aid program.
2. This submission proposes performance benchmarks for Australian aid relating to infrastructure, mining, intensive oil palm/pulp and paper plantations, forestry operations and offshore and coastal fishing. These industries are all large-scale and national or locality specific, and there is body of well-developed performance mechanisms to achieve their economic, environmental and social sustainability. These are provided in summary form in this submission. WWF would be happy to expand upon all of them if required.

Performance benchmarks for sustainable¹ fishing industries

3. “Offshore” and “coastal” marine fisheries provide much of the income, food and livelihood of the 18 Asia Pacific-Indian Ocean countries that adjoin or are adjacent to Australia. Offshore fishing is undertaken by approximately 1,500 industrial fishing boats, mostly belonging to distant water fishing fleets which operate in national Exclusive Economic Zones and use purse seine, long-line, and pole-and-line gear to catch tuna. Small-scale commercial coastal fisheries – fisheries operating between the beach and the outer fringing reefs – supply both domestic and export markets. Subsistence coastal fisheries provide food and food security and are often a lynch-pin of informal economies.
4. Offshore and coastal fisheries raise different issues and different performance benchmarks are required for each.

Performance benchmarks for sustainable offshore fishing industries support

5. Recipient countries or industries should be able to show the adoption and implementation of a fishing rights-based governance and management program that:
 - a. Allocates fishing rights in a fair, equitable and transparent manner;

¹ More than half the world’s fish stocks (53%) were estimated to be fully exploited in 2008. This means that current harvests are at or close to their maximum sustainable levels and there is no further room for expansion. A further 32% were estimated to be overexploited. Only 15% of marine fish stocks were underexploited or moderately exploited in 2008: FAO Fisheries and Aquaculture Department, *State of World Fisheries and Aquaculture 2010*, FAO, Rome
www.fao.org/docrep/013/i1820e/i1820e.pdf.

- b. Institutes trading rules designed to meet societal and conservation goals (including recognizing the legitimate aspirations of other developing states to participate in the fishery);
- c. Adopts a science-based total allowable catch that improves and maintains the health of the fishery including by ending overfishing. The total allowable catch should include limit and target reference points for all key species, stock targets based on BMSY (at a minimum), minimal by-catch, no or low interaction with endangered, threatened and protected species and be subject to regular target and by-catch stock assessments;
- d. Implements monitoring, surveillance and compliance arrangements to ensure that licensed fishers stay within their allocated rights.

Performance benchmarks for sustainable coastal fisheries support

- 6. Recipient countries or communities should be able to show the adoption and implementation of a program that:
 - a. Adopts a science-based total allowable catch as similar as possible to that in 5(c);
 - b. Secures long-term fishing rights through a harvest share as the foundation for community-based fisheries management;
 - c. Identifies the sustainable community take for major categories of marine resources;
 - d. Includes measures to end unsustainable fishing activities (dynamite fishing, etc.) and, where benefits (funding, services, etc.) are provided in exchange for ending such activities, that the provision of benefits is conditional on meeting performance requirements (catch limits, etc.);
 - e. Builds community and provincial fisheries management capacity including by clarifying legal rights and responsibilities, and developing and mentoring community leaders to guide the management of coastal fisheries in the future;
 - f. Implements monitoring, surveillance and compliance arrangements.
- 7. The overall performance benchmark for the Australian aid program with respect to support for fisheries management should be for offshore and coastal fisheries supported by the Australian aid program to show measurable annual progress towards the above benchmarks and particularly towards compliance with science-based total allowable catches. The aspirational goal should be for all major offshore and coastal fisheries supported by the Australian aid program to be sustainably managed by (say) 2030.

Performance benchmarks for mining support

- 8. The overall performance benchmark for the Australian aid program with respect to support for mining projects or infrastructure should be for all supported programs and projects to demonstrate industry leading practice – particularly in relation to community engagement, occupational health and safety and the minimisation of environmental impacts – with an aspirational goal that this will influence host and neighbouring countries to adopt leading (or very good) practice. The numerical performance benchmark should be the number of countries and mining companies, exploration companies, junior miners and mining houses, complying with industry leading/very good practice, in absolute numbers and as a proportion of industrial scale operations in the region.
- 9. Recipient countries should be able to show the adoption and implementation of a program that includes:

- a. Legal processes to identify and consultant with those people who have legal rights to use the land proposed for mining operations (including, where applicable, under traditional or customary law) and the capacity to implement those processes;
 - b. Fair and transparent mechanisms to ensure that benefits of mining are shared equitably, especially with those who may be adversely affected by mining operations;
 - c. Laws to promote occupational health and safety and assess and the capacity to implement those laws;
 - d. Laws to assess and minimise the impact on the environment and the capacity to implement those laws, and in particular to avoid impacts on areas of natural significant (such as World Heritage Areas or primary forests) and avoid the disposal of mine waste into rivers or the ocean;
 - e. Laws to prevent bribery, money laundering and financing of terrorism and the capacity to implement those laws.
10. Recipient firms (if any) should be able to show that they have standard procedures in place to comply with the above together with standard procedures to:
- a. Promote the economic and social development of local communities in which they operate;
 - b. Implement industry best practice mining operations and infrastructure development and operation;
 - c. Implement industry best practice occupational/local community health and safety (including through training and the provision of information about risks and controls to relevant employees and contractors in an appropriate language and form of communication);
 - d. Assess and minimise the environmental impact of mining operations and infrastructure development and operation;
 - e. Ensure that their workers, suppliers and neighbours are treated fairly and transparently;
 - f. Avoid the use of chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence or bioaccumulation, irreversible ecological impacts, or depletion of the ozone layer.
11. Organisations such as the Responsible Jewellery Council provide standard and certification schemes that incorporate performance benchmarks similar to those above. Encouraging certification against these standards would be an efficient way of incorporating benchmarks into the Australian aid program.

Performance benchmarks for intensive oil palm/pulp and paper plantations and for sustainable forestry operations

12. The overall performance benchmark for the Australian aid program with respect to oil palm/pulp and paper development and sustainable forestry operations should be to demonstrate best practice oil palm/pulp and paper and sustainable forestry development and operations. An aspirational goal should be that this influence host and neighbouring countries to similarly adopt best practice. A numerical benchmark could be the annual increase in area of best practice operations.
13. Recipient countries should be able to show the adoption and implementation of a program similar to that proposed for mining above (legal processes to identify and consultant people with rights to use

the land, equitable sharing of benefits, occupational health and safety, assess and minimise impact on the environment and capacity to implement).

14. Firms (if any) that benefit from the Australian aid program should be able to establish that:
 - a. They have the legal right to use the land proposed for development;
 - b. In the case of forestry, they have assessed and adopted a science-based sustainable yield and implemented a harvesting strategy to comply with that sustainable yield;
 - c. In the case of intensive oil palm/pulp and paper plantations, they have standard procedures to avoid harm to people and the environment from pesticides and other chemicals;
 - d. In the case of forestry they have standard procedures in place to implement reduced impact logging and other industry best practice;
 - e. Any new intensive oil palm/pulp and paper plantations are located on existing cleared/degraded land and natural forests are not converted to plantations (or other uses);
 - f. They have standard procedures in place to assess and minimise the environmental impact of the proposed development including to identify and avoid deforestation or harvesting of streamside vegetation, groundwater recharge zones, steep sloping land and other highly soils, habitat for endangered species and other High Conservation Value vegetation;
 - g. They have standard procedures in place to ensure that their workers, suppliers and neighbours are treated fairly and transparently.
15. Organisations such as the Roundtable on Sustainable Palm Oil and Forest Stewardship Council provide standard and certification schemes that incorporate the performance benchmarks similar to those above and a system of inspection and tracking products. Encouraging certification against these standards would be an efficient way of incorporating performance benchmarks into the Australian aid program.

Performance benchmarks for sustainable infrastructure development

16. Major infrastructure should have strong and transparent economic/financial, environmental and social benefits and equally strong and transparent measures to minimise direct and indirect economic/financial, environmental and social costs. Where infrastructure development requires trade-offs between costs and benefits, the trade-offs and mitigation measures should be clearly identified. Mitigation measures should eliminate (as far as possible) costs/impacts through fair and transparently calculated compensation, structural adjustment, community development and environmental offset programs. This will ordinarily require the completion of a thorough benefit-cost analysis at a very early stage in the development of the project.
17. The financial elements of the benefit-cost analysis should ordinarily be based on whole-of-life, value-for-money methodologies².
18. As major infrastructure developments involve a large cost to the public – either in expenditure or foregone revenue – has a long life and is often irreversible after construction has commenced (even if it is clear that errors have been made), major infrastructure developments should be subject to benefit-cost analysis and due diligence well before any decision to proceed is made. This may also allow mitigation strategies (if relevant) to be planned and implemented before adverse impacts are

² Burger P and Hawkesworth I. How to attain value for money: comparing PPP and traditional infrastructure public procurement. OECD Journal on Budgeting. 2011/1: <http://www.oecd.org/gov/budgeting/49070709.pdf>

felt. Benefit-cost analysis, due diligence and mitigation strategies should be made available for public comment in a timely fashion.

19. Recipient countries should be able to show in respect of each major infrastructure project:
- a. A thorough economic/financial, environmental and social benefit-cost analysis based on whole-of-life, value-for-money methodologies;
 - b. Transparent measures to measures to minimise economic/financial, environmental and social costs and impacts including through adequately funded compensation, structural adjustment, community development and environmental offset programs;
 - c. Opportunities for the public to comment on benefit-cost analysis, due diligence and mitigation strategies before major decision points are reached;
 - d. Legal processes to identify and consultant with those people who have legal rights to use the land that will be affected (including, where applicable, under traditional or customary law), together with the capacity to implement those processes and evidence that they have been or will be implemented;
 - e. Strong local community support for the proposed infrastructure;
 - f. The fair and equitable sharing of its benefits (including by employment during construction);
 - g. The use of zero and low greenhouse pollution sources of energy (as far as possible) to contribute to the deep cuts in global emissions to hold the increase in global temperature below 2 degrees Celsius agreed by nations in the Copenhagen Accord³;
 - h. The use of industry best construction practices (including in relation to the disposal of waste).
20. A failure to show the above should generally lead to the project not being supported.

Consultation Paper: Performance Benchmarks for Australian Aid

21. Responses to particular issues raised in the Consultation Paper.

3. Level at which performance benchmarks developed	Infrastructure and natural resource industries and developments are generally large-scale and country or locality specific. Accordingly, as nation states and their constituent provinces and localities are in a position to exercise a high degree of control over such activities and the firms that generally undertake them, benchmarks should generally be at (III) partner government and/or implementing organisation level and (IV) project level. Offshore fishing often relies on cooperation between nation states so it may also be appropriate to develop performance benchmarks at a “program” level though performance failure by one state should not lead to termination of support for other states which have satisfied them.
4. Consequences of performance benchmarks for the scale of the aid program	WWF believes that there is a very significant opportunity for the Australian Government to support the development of sustainable natural resource industries in the Asia Pacific-Indian Ocean region (and that doing so would serve the national interest as well as assisting our neighbours). If sound performance benchmarks are adopted, and time is allowed for the new system to settle in, WWF believes that it is comparatively unlikely that the scenario outlined in paragraph 4 will come to pass at any very large scale.
5. Measurement of results at country program level	In the context of Australian Government support for sustainable natural resource industries, WWF supports both major approaches proposed.

³ <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>

6. Linking country program performance and budgets	While this approach is not unattractive at first sight, it is not in Australia’s national interests to refrain from attempting to assist neighbours even if – at certain points in the political cycle or generally – they have difficulty satisfying performance benchmarks. For example, virtually all Solomon Islanders (population 580,000) depend on fish and other marine resources for food and yet coastal fisheries in both the Solomon Islands (and Papua New Guinea – population 7 million) are projected to fail to supply the fish needed for <u>current levels</u> of domestic demand by 2030 ⁴ . It would be desirable for the Australian Government to continue to work with those countries – and ones in a similar position – to place their industries on a sustainable footing even in the face of difficulty satisfying performance benchmarks.
7. Performance at individual project level	Generally supported subject to the comments above.
8. MELF for Australian NGOs	There are significant opportunities to reduce the complexity and improve the effectiveness of the MELF.

Should you require further information on this submission, or would like to discuss any of its contents, please contact:

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⁴ Bell JD, Kronen M, Vunisea A, Nash WJ, Kreeble G, Demmke A, et al. *Planning the use of fish for food security in the Pacific*. Mar Policy 2009; 33: 64-76.