



New International Development Policy: Terms of Reference

1. Purpose

The Australian Government is preparing a new policy to guide our international development cooperation, a vital element of our support for a peaceful, stable, and prosperous Indo-Pacific.

The new policy will set the long-term direction for Australia's international development program. It will deliver on the Government's commitment to work in partnership with our neighbours in the Pacific and Southeast Asia to address shared challenges and achieve our shared aspirations. It will also see Australia contribute to a global system that can help meet present and future development needs.

2. Context

Australia's future is intertwined with that of our region. The development of our neighbouring countries is vital to our own security and prosperity. Australians want an effective development program that is grounded in the Sustainable Development Goals (SDG) and works with our neighbours to help lift them out of poverty. Supporting sustainable and inclusive development in our region is both the smart and right thing to do.

The world has taken great strides over the past 30 years in reducing poverty and raising incomes. In our region alone, more than 1 billion people have been lifted out of extreme poverty since 1990. Yet today there are still 700 million people surviving below the World Bank's extreme poverty line of US\$1.90 a day. Nearly half the world's population lives on less than US\$5.50 a day.¹

Our region is grappling with a range of risks, including those emanating from the triple challenges of climate change, COVID-19 recovery, and strategic contest. These risks have set back progress toward achieving the 2030 Agenda for Sustainable Development. For the first time ever, the global Human Development Index value declined for two consecutive years.²

Australia's region is on the front line of climate change. The World Economic Forum has identified extreme weather, climate action failure, human environmental damage, and biodiversity loss among the top 10 global risks.³ As the global population continues to grow there will be escalating pressures placed on finite resources.⁴ Climate and weather extremes

¹ World Bank, 2018, *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*, Washington, DC, pp 1, 7. The World Bank says that US\$5.50 a day is a level that defines relative poverty in a typical upper-middle-income country.

² UNDP, 2022, Human Development Report 2021-22: Uncertain Times, Unsettled Lives: Shaping our Future in a Transforming World.

³ WEF, 2022, Global Risks Report 2022

⁴ CSIRO, 2022, Our Future World, Global megatrends impacting the way we live over coming decades

are increasingly driving displacement, with Small Island Developing States disproportionately affected.⁵

The COVID-19 pandemic has returned another 97 million people to living in poverty.⁶ The pandemic will have long lasting social and economic impacts. It has revealed the impact of inadequate capacity of health systems - intensifying existing health challenges and inequalities within countries.

Disadvantaged and marginalised groups – including people with disabilities, Indigenous peoples, and people of diverse sexual orientation and gender identity – have been disproportionately affected by the pandemic’s health, economic and social impacts.

While economic production and international trade have broadly rebounded across Southeast Asia to pre-pandemic levels, the impact on the Pacific has been deeper and the recovery will take considerably longer.

The impacts of COVID-19 and climate change are exacerbating existing inequalities for women and girls and could reverse recent progress on gender equality and women’s rights. An estimated 47 million additional women and girls will be pushed into poverty by COVID-19. Women have absorbed a greater share of domestic responsibilities, and there has been a significant increase in women experiencing violence.⁷

The social and economic impacts of the pandemic have exacerbated existing vulnerabilities to all forms of modern slavery, with an additional 10 million people in forced labour or forced marriage in 2021 compared to 2016.⁸

Global economic and political power will continue to flow to the Indo-Pacific region but is coupled with an uncertain future characterised by disrupted patterns of global trade and geopolitical tensions.⁹ Russia’s illegal invasion of Ukraine has had far-reaching repercussions, including on food and energy security in our region. Geostategic competition is intensifying risks to security and stability and posing ongoing challenges to the international law and rules-based international order.

The world continues to face a range of urgent humanitarian needs, with 274 million people in need of humanitarian assistance in 2022¹⁰, stemming from both acute shocks in places like Sri Lanka, as well as protracted crises in places like Afghanistan and Myanmar.

Alongside these immediate challenges, the world is undergoing transformations that will shape our collective future. The pandemic has driven unprecedented digital transformation and

⁵ IPCC, 2022, Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change: Summary for Policymakers

⁶ World Bank, 2021, Updated estimates of the impact of COVID-19 on global poverty: Turning the corner on the pandemic in 2021?

⁷ UN Women, 2022, COVID-19 Rebuilding for Resilience

⁸ [ILO, Walk Free, IOM, 2022, Global Estimates of Modern Slavery: Forced Labour and Forced Marriage](#)

⁹ CSIRO, 2022, Our Future World, Global megatrends impacting the way we live over coming decades

¹⁰ [Global Humanitarian Overview 2022 | Global Humanitarian Overview \(unocha.org\)](#)

changed the way we connect and work.¹¹ Global efforts are driving new ways to achieve carbon neutrality, address environmental degradation and waste, and adapt to climate change.¹²

3. Scope

The new development policy will aim to reinforce the foundations of a peaceful, stable, and prosperous Indo-Pacific, with a focus on:

- building effective, accountable states that can sustain their own development
- enhancing states and community resilience to external pressures and shocks
- connecting partners with Australia and regional architecture, and
- generating collective action on global challenges that impact our region.

The development program will support our efforts to build stronger partnerships in our region founded on mutual trust and respect, and shared values of fairness and equality. We will listen to our partners in the Pacific and Southeast Asia and seek their ideas on how we can face shared challenges together.

We will work together with multilateral institutions, civil society organisations, the private sector, and other donors to strengthen our reach and impact.

The policy will be whole-of-government and outline the use of Official Development Assistance (ODA) and non-ODA to advance a peaceful, stable, and prosperous Indo-Pacific, alongside Australia's diplomatic, economic, defence, and security engagement.

The Government has also commissioned a [Development Finance Review](#) to examine existing sovereign and non-sovereign mechanisms used by the Government and draw on regional and global innovative approaches to development finance. It will examine blended finance mechanisms where government financing instruments such as grants and loans are used in combination with, and to leverage, private sector and philanthropic investment. The development policy will incorporate findings from the review as appropriate.

Our approach will be guided by Australia's strengths – the power of our economy, institutions, culture, expertise, regional ties and the quality of our engagement and partnerships.

The policy will be guided by Australia's First Nations approach to foreign policy. It will be underpinned by the Government's commitment to ambitious climate action, poverty reduction, human rights, and gender equality, disability and inclusion (GEDSI).

The policy will also set accompanying delivery, performance, and accountability systems, reflecting the Government's emphasis on transparent and effective development assistance.

4. Timing, Consultation and Governance

The new development policy will be released ahead of the 2023-24 Federal Budget (May 2023).

¹¹ UNCTAD, 2022, Recovering from COVID-19 in an increasingly digital economy: Implications for sustainable development

¹² CSIRO, 2022, Our Future World, Global megatrends impacting the way we live over coming decades

There are multiple ways for the public to engage in the process.

Written public submissions are invited until 30 November 2022. The call for submissions and guidelines can be found on the [DFAT website](#).

A series of consultations will be held following the 2022-23 Federal Budget (October 2022) and will include a broad spectrum of stakeholders in Australia and internationally.

Further information on the consultation process and how to be involved will be made available on the DFAT website in due course.

The consultations will be guided by a series of key questions to focus discussion on the immediate challenges and longer-term trends in our region, as well as risks and opportunities for the Australian development program.

- 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?
- What development capabilities will Australia need to respond to these challenges?
- How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?
- 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?
- What lessons from Australia's past development efforts should inform the policy? What is Australia seen to be doing comparatively well?
- How should the performance and delivery systems be designed to promote transparency and accountability, as well as effectiveness and learning in Australia's development assistance?
- How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?

An External Advisory Group (EAG) will be established to provide strategic guidance on the new development policy.

The EAG will provide critical input and advice to DFAT throughout the consultation, drafting and finalisation of the new policy.

Members will serve in a voluntary and personal capacity. The EAG's composition will be gender-balanced, diverse and include representatives from key stakeholder groups, such as: civil society organisations; universities and think tanks; business and the private sector; and include representation from First Nations Australians and the Pacific and Southeast Asia.

Further information on the membership of the External Advisory Group will be released in due course.

DFAT's Development Policy Division, Development Strategy Branch, will lead the process on behalf of the Australian Government. Further information can be found on the [DFAT website](#).