

FINAL CONFERENCE REPORT

**ADVANCING INNOVATIVE DEVELOPMENT
AND AID STRATEGIES IN THE ASIA-PACIFIC:
ACCELERATING THE MILLENNIUM
DEVELOPMENT GOALS**

16 - 18 JUNE 2010, SYDNEY AUSTRALIA

PREPARED BY LISA ROBERTS AND DANIELLE CAVE

J U L Y 2 0 1 0

The Lowy Institute for International Policy is an independent international policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia’s international policy and to contribute to the wider international debate
- promote discussion of Australia’s role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences

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We wish to thank all distinguished speakers and participants at the conference for their valuable contributions to a most interesting and constructive exchange of ideas – such discussion is not heard enough in Australia. We would like to extend a special thank you to Dr Alison Evans from the Overseas Development Institute, UK, for moderating the ‘public discussion’ which was an additional component of the conference and focused on the impact of aid on development. In addition, we want to thank Dr Evans for concluding the conference together with the Lowy Institute’s Executive Director Dr Michael Wesley.

Lastly, we wish to extend our sincere thanks to Institute staff for their tireless efforts to ensure the conference was a not only a well-run event, but one which made a significant contribution to the Australian public debate on aid. Notably, Orietta Melfi for managing all conference logistics, and Annmaree O’Keeffe for being a continuous source of advice. A very special mention goes to the Myer Foundation Melanesia Program Director Jenny Hayward-Jones, who drove the entire process until May when she went on maternity leave.

EXECUTIVE SUMMARY

Progress towards the Millennium Development Goals (MDGs) in the Asia-Pacific region is mixed. Asia is generally progressing well while the Pacific is lagging behind, and in several cases countries are in fact regressing. Since the signing of the Millennium Declaration in 2000 there has been a lot of talk – many international commitments made – but achievements on the ground have been slow.

The MDGs are vulnerable to changing circumstances and there have been many global threats in recent years to their achievement - the energy and food crises, and more recently the financial and economic crisis. Climate change, fragile states and the impacts of natural disasters pose additional threats to progress.

The MDGs have provided the world with an important framework in which to measure progress towards poverty reduction, but a lot is missing from this framework. Factors such as inequity, empowerment, human security and economic development are all missing.

Donors and developing countries need to do things differently and better if greater progress towards the MDGs is to be achieved. A new development paradigm is urgently needed, one which embraces and includes a broader partnership base recognising the growing role of the private sector and philanthropy. These new stakeholders have access to significant budgets and technical skills and need to be included in the aid policy debate. The new paradigm needs to place people at the centre, reinforce country led development, and very importantly foster more inclusive models of economic growth.

Donors and the general public need to keep in perspective the contribution overseas development assistance can make, and the proportion of aid flows verses other financial flows into developing countries. In a majority of cases aid flows are dwarfed by other financial flows, for example, remittance flows to developing countries reached \$328 billion in 2008, up 15 per cent from \$285 billion in 2007. Five countries from the Asia-Pacific region are included in the top ten recipients of migrant remittances among developing countries, namely: India, China, Philippines, Bangladesh, and Vietnam. Two Pacific countries are included in the top recipients in terms of the share of remittances in GDP – Tonga and Samoa. While donors and developing country partners must not distract themselves from the challenges they face going towards 2015, they must start to focus on what the post 2015 ‘aid and development’ agenda should look like.

Areas for Action: The Way Forward

- Build a better narrative around why aid contributes to development, and campaign success stories to improve public support for overseas development assistance.
- Encourage the Australian general public to engage more in policy debates around ‘aid and development’.
- Focus more on evidence and impact, rather than the rhetoric of ‘aid effectiveness’, through investing more in country-level analysis of what interventions are the most valuable.
- Take equity seriously by fostering more inclusive models of economic growth so all sectors of society benefit from growth.
- Engage better with people and communities that are the constituents of development, and invest more in developing civil society capacities.
- Reinforce country-led development through donors and developing countries establishing genuine partnerships, in which they are jointly and mutually responsible for development results.
- Develop a better understanding about what good governance means and how it contributes to development. Donors need to identify and support institutions that are drivers of development in the interests of people.
- A greater focus on the micro-economy of households supporting increased access of the poor to financial markets and services.
- Capitalise on the power of transformative technologies to promote success stories, to mobilise resources, and to bring knowledge, technology and people together.
- Encourage public policy experiments supported by creative leadership which challenges the status quo, stimulates new ideas and supports proactive learning and adaptation.
- Move beyond an aid policy debate to a development debate, and embrace a new development pact which broadens our sphere of engagement, and encourages closer collaboration with civil society, the general public, private sector, philanthropists, government and non-government actors.

INTRODUCTION

The Lowy Institute for International Policy, through our Myer Foundation Melanesia Program, hosted a conference titled **Advancing Innovative Development and Aid Strategies in the Asia-Pacific: Accelerating the Millennium Development Goals** in Sydney from 16 to 18 June 2010. The conference brought together a vast array of decision makers from government, multilateral organisations, bilateral donors, private sector and civil society with an interest in the Asia-Pacific region.

The aim of the conference was to enhance the quality of debate in the Asia-Pacific region on the effectiveness of foreign aid, and more specifically to examine ways of accelerating progress towards the Millennium Development Goals (MDGs) in the region. Further, the conference aimed to stimulate greater international attention on the development challenges of the region. Through attracting international participants from a variety of sectors and bringing them to Australia the conference provided a platform for injecting new voices and new perspectives into the Australian debate.

The outcomes from the conference are documented in this report and the Lowy Institute hopes the report will make an important contribution to international, regional and domestic debates around the MDGs, in the lead up to the Pacific Islands Forum Leaders meeting in August in Vanuatu, and the United Nations Leaders Millennium Development Goals summit in New York in September 2010.

The conference was officially opened by Australia's Governor-General, Ms Quentin Bryce AC, at an evening reception at Sheraton on the Park on Wednesday 16 June 2010. The Governor-General emphasised the need to advance the health related MDGs with a focus on child mortality and maternal health. The main content of the conference ran from Thursday 17 – Friday 18 June 2010.

Day one commenced with an opening address from Miss Helen Clark, Administrator of the United Nations Development Program. The day was divided into four sessions, and in the afternoon participants had the opportunity to attend and participate in one of three parallel panels, namely: Women's education and health; Food security and sustainable development; and Technology and micro-finance. These topics were chosen because they were identified during conference development as three key challenges in the Asia-Pacific region which were not receiving adequate attention.

Day two comprised two sessions in the morning focusing on aid relationships and new development partners. At lunchtime, a public discussion was convened and moderated by Dr Evans, Director of the Overseas Development Institute, exploring the impact of aid on development. The final session of the conference focused on what needs to happen to accelerate progress on sustainable development and the MDGs, followed by a conference conclusion.

The conference agenda was developed to allow for substantial interaction between participants to maximise knowledge transfer, and provide opportunities for participants to share experiences and to network.



MDG PROGRESS TO DATE

‘All the MDGs are inter-related; we need a holistic approach that employs capacity-building activities to address the challenges’ (Ms Erna Witoelar, UN Special Ambassador for the MDGs in the Asia Pacific 2003 – 2007)

In 2000, 189 countries adopted the Millennium Declaration which in turn gave birth to the MDGs. The MDGs have provided an important motivational force and measuring rod for progress against global poverty, but the report card is mixed. It is 10 years since the Millennium Summit and launching of the Millennium Declaration, and more than one in four people remain in extreme poverty in Asia. There have been some strong achievements in regions such as East Asia where economic growth has spurred quick progress in achieving the MDGs. The Pacific region, with its unique set of development challenges, has not recorded such high rates of success. Progress in most Melanesian countries has either regressed or stalled.

In the Asia-Pacific attention around the MDGs has tended to focus heavily on investments in the social sector. While this has paid dividends in some respects (more children in school, fewer under-five deaths) there are concerns about the sustainability of such public investments, particularly when heavily reliant on a narrow tax base or, more often, on aid. There is increasing interest in and recognition by development stakeholders in the need for a stronger emphasis on the contribution that economic growth, if coupled with pro-poor strategies, can make towards achieving and sustaining achievements of the MDGs.

It was frequently stated throughout the conference that ten years have passed since donors signed up to the MDGs and the global environment has changed. In recent years, the Asia-Pacific region, along with the rest of the world, has been assailed by a series of global crises, first the energy and food crisis, and more recently the financial and economic crisis – all of which have presented threats to development and the achievement of the MDGs. Prior to the economic

EIGHT PRIORITY AREAS FOR ACTION

- 1. Support country led development**
- 2. Foster more inclusive models of economic growth**
- 3. Improve opportunities for women and girls**
- 4. Target investments in health and education, clean water and sanitation and in the professionals who run these services**
- 5. Scale up social protection and employment programs and other targeted interventions**
- 6. Expand access to energy and promote low-carbon development**
- 7. Countries need to mobilise domestic resources to finance the MDGs**
- 8. The international community does need to deliver on the ODA commitments it has made and improve the predictability and effectiveness of aid**

Delivered by Helen Clark, UNDP Administrator - opening address at the conference 17 June 2010

crisis, Asia and the Pacific had been making some strong gains, although regional aggregates inevitably mask considerable variations between sub-regions and country groupings. A strong message reiterated many times during the conference by both speakers and participants was that uncertain economic forecasts for the next few years, and the serious challenge of climate change meant progress towards the MDGs will need to continue to be managed against a backdrop of crises. The developed world and donors need to deliver on their ODA commitments and provide financial predictability if developing countries are going to achieve the MDGs.

Donors and developing countries need to be aware that much is missing in the MDG framework and these things need to be kept in view, namely: inequity, empowerment, human security and economic development. Also, donors need to take better account of state fragility – states which are emerging from conflict and are vulnerable to external shocks.

SHARED PERSPECTIVES ON DEVELOPMENT

The Asian Development Experience

'Asia is good on growth, bad on MDGs.' (Professor Abhijit Sen, Member Planning Commission, Government of India)

Strong economic growth in India and China often hides the uneven spread of development in Asia. While countries such as Vietnam, Indonesia, Nepal, India, Cambodia have made considerable MDG progress, Philippines, Laos and Bangladesh remain thwarted by the MDG challenge.

Asia's middle class is one of the fastest growing population groups in the world. According to the World Bank, the middle class of South and East Asia accounted for 1.4 per cent of the global population and 2.1 per cent of global income in 2000. By 2030, the World Bank forecasts that this same group will account for 8.9 per cent of the population and 7.7 per cent of global income. World Bank analysis also shows that as per capita incomes rise, there is a corresponding decrease in under-five mortality and increased access to clean water and sanitation. This analysis suggests there is a positive relationship between increases in per capita income and MDG progress. Overall, East Asia is on track to meeting the MDGs except in under-five child mortality.

An over-reliance on economic growth to progress the MDGs in Asia is dangerous as equality is critical too. Even though 900 million people have been lifted out of extreme poverty as a result of

strong growth, there remain high levels of vulnerability (people living on just \$2 a day). This was highlighted during the global financial crisis when 64 million people slipped back into extreme poverty. Growth needs to be inclusive, and there is a real need to promote more 'inclusive growth' models to address rising inequities in the region, and address country instability often rooted in inequity.

The Asian Development Bank presented three examples of where development partners can work better to support inclusive growth in the region: investment in maternal and child health, infrastructure to support health and education outcomes and working better with other donor partners and in-country partners.

Factors mitigating against MDG progress across the region include:

- State fragility (there are seven fragile states in the Asia-Pacific);
- The global economic environment (GEC and the financial crisis in Europe) having a knock-on effect into trade channels, especially in East Asia;
- Rising inequalities - inequality is not between but within rural and urban areas (especially Indonesia), except for the case of China where it is largely between rural and urban areas (the implication for policy is that donors need to encourage spatially blind institutions to allow for convergence);
- Environmental issues including urbanisation, climate change and vulnerability to natural disasters.

There will be an estimated 450 million additional urbanites in East Asia in the next two decades. The implications for policy are better management of land markets, improved connectivity and city services to decrease the formation of slums, scaling-up of mitigation and adaptation measures to address the consequences of climate change.

Following on from above, another factor contributing to poor MDG progress is poor governance and corruption, resulting in the redirection and leakage of financial resources. Donors need to remain mindful that the MDG goals are for people and not for countries. Donors need to listen to people, address issues of corruption and look for new ways to support good governance. For example, donors

should increase their investments in building the capacities of sub-national levels of government and civil society.

Speakers from India raised some very relevant points about India's development experience. Despite rapid growth in India, the country is not on track to meet many of the MDGs and reaching any of them is far from certain. The idea of inclusive growth arose because previous growth had been so unequal. There was an attempt to try and harness the 'fruits' of economic growth to address human development issues.

The Government of India is strongly promoting Public Private Partnerships (PPPs) to meet the demands for quality infrastructure to support continued high rates of economic growth. The rationale behind the PPP model is to encourage the private sector to invest in infrastructure - leaving more government money for social sector investment in education, health and social security.

One of the important parts of India's 11th five year plan is the inclusion of a set of rights to empower Indian citizens. The plan includes the right to information on government commitments, the right to education, right to employment, and, right to food. Individuals are encouraged to go to the courts and seek redress if their rights are not being met.

A key impediment to MDG progress has been social attitudes. Achievements in the case of India include 25 million more children going to school. But, at the same time child malnourishment has not changed. There is a need to change social mores and attitudes to the way people live their lives. For example, it is important to raise awareness that open defecation contaminates water sources, which in turn affects children's health.

The Pacific Development Experience

As a group, the Pacific Island Countries (PIC) have been unsuccessful – regressing or making no progress on the MDGs, and advancing only slowly for infant and under-five mortality. A great deal of work around aid effectiveness and coordination is underway in the Pacific. Recognising the PIC's generally poor performance on the MDGs, donors and developing country partners signed the Cairns Compact last year at the Pacific Island Forum Leaders meeting. The Cairns Compact is a unique regional initiative which aims to improve development effectiveness and accelerate MDG progress. Preliminary findings from a recent MDG tracking review suggest Polynesian countries are performing relatively well. Micronesian countries are struggling to retain earlier gains and most Melanesian

countries, especially fragile states recovering from conflict, have seen a reversal of gains. Vanuatu is an exception, and is on track to meet some of the MDGs including promoting gender equality and empowering women (MDG 3) and reducing child mortality (MDG 4).

One speaker argued there is a tension between social justice and economic development in the Pacific. The fragility of Pacific states is due to their reliance on western economic models which need to be revised in terms of their appropriateness to the Pacific.

It is important donors and Pacific governments recognise the unique role civil society occupies in PICs. Since the late 1990s there has been an explosion of civil society organisations in the Pacific, and yet civil society remains marginalised by donors and Pacific governments in progressing the MDGs. Donors and developing country partners use external consultants and not civil society to progress the MDGs. There is a need for a new partnership with civil society which uses their unique skills and relationships with communities. The role played by the church in Pacific Island countries should be better understood, and the central role that church plays in the lives of Pacific people should be harnessed to address issues of injustice and inequity. The promotion of women into leadership roles, and strategies to encourage women's participation in decision making processes is also very important in addressing issues of gender equity, and to date support in this area has been insufficient.

One Pacific Island conference speaker referred to recent regional consultations with Pacific Island civil society leaders. At this consultation nine development challenges for the region for the next five to ten years were identified. The challenges are as follows:

- climate change;
- natural resource management;
- leadership crises;
- population growth;
- western models of economic growth unsympathetic to pacific approaches;
- the impact of HIV (particularly in Papua New Guinea);
- lack of livelihood opportunities;
- harnessing the power of church communities;
- increasing involvement of NGOs and civil society.

In the case of Samoa, changing cultural norms is very important to achieving the MDGs. One of the reasons for Samoa's relative success regarding the MDGs is the high value Samoans place on education. Samoa has had less success in meeting maternal mortality rates, as greater emphasis needs to be placed on educating women about issues of public health.

Micro-credit is another important factor in the Samoan development experience. Samoa's micro-credit agency has issued more than 30 million Tala in micro-credit over ten years (29,000 loans), with a default rate of less than 1 per cent. Microfinance has also played a significant role in supporting women to improve their individual situation and that of their families.

Engagement with local NGOs and civil society is vitally important to advancing the MDGs. Donors should allocate aid funds directly to NGOs without going through government, as local NGOs have the greatest capacity to understand the needs of local communities and help overcome community development challenges. But firstly there is a need to develop the organisational capacity of local NGOs and Civil Society Organisations (CSOs) to manage and acquit aid funds. As a first step, the Samoan Government has appointed an accounting firm to help NGOs meet donor accounting standards. This could be replicated by other PICs.

Corruption is a major issue across the Pacific and needs greater attention. To attract good business investment, governments and the private sector must be more transparent, as businesses will not want to operate in countries where there is a perception that corruption is rife.

Labour mobility for Pacific Island workers is very important, and labour mobility worker schemes can encourage much-needed remittances to flow into rural communities to fund children's education, improve housing and help start small businesses. Several conference participants questioned why the Australian government had made little progress on the proposed Australian Pacific Islander guest worker scheme.

KEY CONFERENCE THEMES

A better narrative is needed on why aid contributes to development

A better narrative needs to be established on why aid contributes to sustainable development, ultimately reducing poverty and increasing the resilience of the poor to manage future shocks. A stronger narrative is needed so aid donors better understand the impact of their contributions, and why effectiveness of aid matters. Although there has been some progress on improving effectiveness much more needs to be done. Statistics tabled from the OECD's Development Assistance Committee showed that aid fragmentation is an enormous problem with 50 per cent of aid relations representing only 5 per cent of aid. The conference agreed that the number of donor missions in some countries was alarmingly high, resulting in 'donor fatigue' by partner governments and poor absorption rates.

A better narrative is needed to improve public support for aid and ensure constituents in developing countries continue to pressure their governments to meet their ODA commitments. It was agreed that building a better narrative requires a greater focus on results. The impact of aid contributions needs to be better understood and documented. Several speakers called for the aid agenda to focus more on evidence and impact, rather than the rhetoric of donor contributions and aid effectiveness. A greater investment is needed in country level analysis of what has worked and what hasn't, and which interventions are the most valuable. Regional and sub-regional analysis was also recognised as critical to building a better understanding of the patterns of growth, and capturing lessons from strong performing regions.

Donors should do more to engage actively with the media, promote success stories through multimedia and explain to the general public why developed countries give aid. Donors should not be complacent on what hasn't worked, but should re-emphasise what has worked to ensure that public support for aid grows. Developed countries need to meet their foreign aid commitments to provide predictable aid finance to support continued efforts to progress the MDGs.

Reinforce country-led development

Ultimately development is the responsibility of partner governments, and national stakeholders are best placed to determine their own development priorities and strategies. It is the role of donors to support plans and systems of country partners. This requires a genuine commitment by donors to establish partnerships in which the donor and partner government are jointly and mutually responsible for development results. This is not easy as there are a range of tensions which need to be acknowledged in the developing country/donor partnership. A particular imperative for donors is to make their investment spending ‘visible’ to their domestic constituencies. Shiny new hospitals or schools provide photo opportunities that help to garner support back home for aid programs, ignoring the fact that there may be no doctors, nurses or teachers to manage them. These stand-alone projects do not tackle the root causes of poor service delivery, nor the structural changes necessary for development.

Following on from above, there is often a tension around donor priorities not aligning with priorities of the developing country partner. Donors need to acknowledge the partner’s priorities and work towards supporting them and the associated systems. At the same time, donors need to be responsible to their domestic constituents and ensure their money is spent effectively. Implementing their own projects may give donors a greater sense of control and with it, better accountability to their own parliaments and taxpayers for the use of public funds. But experience has shown that it does not produce the long-term impact needed on the ground.

Balancing these tensions is not easy, but greater efforts are needed by donors to shift from donor-driven programs to programs which reinforce country-led development. Where there is an absence of local commitment, ownership and accountability, donors will not be in a position to provide support. Donors, particularly bilateral donors, need to keep in perspective the proportionality of aid flows into partner countries. While foreign aid plays a role in financing development and building local capacities, it is easy to overestimate its importance in promoting widespread economic growth and poverty reduction.

At the country level bilateral aid often makes up only a small part of the equation. The latest figures from the OECD show that total official development assistance accounts for:

- 0.2 per cent of Indonesia’s GNI;
- 2.9 per cent of Vietnam’s GNI;

- 4 per cent of Papua New Guinea's GNI (where Australia is the largest donor);
- 9.5 per cent of East Timor's GNI (where Australia is the largest donor but more aid comes from other countries combined).

Foster more inclusive models of economic growth

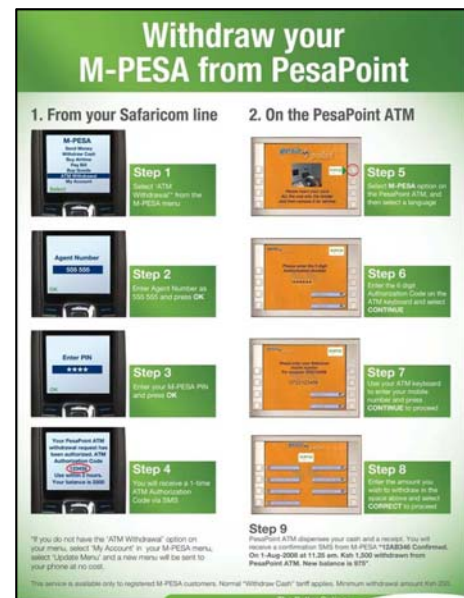
Between 1970 and 2005 there has been an overall pattern of progress in human development and nearly all the top performing countries are in the Asia-Pacific region – Nepal, Korea, Indonesia and China. Two countries which have regressed during this same time period are Mongolia and the Philippines. Nevertheless, there is mixed opinion about the correlation between economic growth and human development. Some claim a strong correlation exists between economic development and indicators of human development such as life expectancy, infant mortality, adult literacy, political and civil rights. The opposing opinion is that the correlation is weak. Trends in human development tracked by the United Nations since 1970 show human development can lag behind economic growth as shown in China, Botswana and Thailand.

The huge rates of economic growth since World War II, and the steady integration of the world economy masks large and growing disparities among many developing countries. It is evident that not all countries have been able to take advantage of the benefits of globalisation. As economic growth alone does not guarantee human development, donors and developing countries need to foster more inclusive models of economic growth. The pace and pattern of growth is critical to reducing poverty. The pace and pattern of growth needs to enhance the ability of poor women and men to participate in, contribute to and benefit from growth. Policies to tackle the multi-dimensional aspects of poverty should go hand in hand with economic policies. Further, policies and resources need to be directed towards helping empower the poor and expand their capacities to engage in economic activities.

Donors and developing countries need to do more to stimulate economic activity at the household level to improve sustainable development and achieve the MDGs. To date, there has been insufficient focus on the micro-economies of developing countries, which are often significantly un-integrated with the macro-economies. Progress around MDG goals initially takes place at the household level, rather than at the national level, and without better integration of the micro-economy into the macro-economy progress will be poor.

The poor need to have greater access to financial services, and in particular insurance to reduce their exposure to financial shocks. As many as 2.7 billion adults in developing countries, or almost three-quarters of the world's adult population, do not have access to financial services such as savings, credit, payment services and insurance. Access to financial services provides the poor with opportunities to set up small businesses, insure against crop losses and potentially save money for future endeavours. Significant technological advances are occurring in this area such as the mobile phone-based money transfer service called M-PESA in Kenya.

M-PESA is a branchless banking service, it is designed to enable users to complete basic banking transactions via mobile phones and other telecommunication-based technology without the need to visit a bank branch. It was originally designed to allow microfinance borrowers to conveniently receive and repay loans using a network of resellers. With the subsequent reduced costs of cash transactions, microfinance institutions have been able to offer more competitive loan rates to their users. There is potential to replicate this system in the Pacific. Small island states could benefit greatly from mobile banking services and from a greater investment by donors in micro-finance activities.



Source: www.safaricom.co.ke

Key messages:

- Pace and pattern of growth are critical for the achievement of the MDGs;
- Pace and pattern of growth should enhance the ability of the poor to participate in, contribute to, and benefit from growth;
- Policies to tackle the multi-dimensional aspects of poverty should go hand in hand with economic policies;
- Inequity of assets and opportunities hinders the capacity of the poor to participate in and contribute to growth;
- Policies and resources need to help expand the economic activities of the poor and promote more inclusive models of economic growth;

- The vulnerability of the poor to risk and the lack of social protection reduce the pace of growth and the extent to which it is inclusive of the poor;
- Donors need to focus more on areas important for pro-poor growth, such as private sector development, agriculture, infrastructure and risk and vulnerability.

Engage more with people and communities

There needs to be greater engagement with the constituents of development – the people and their communities. Donors are not immune to the tendency of structures and bureaucracies to lose sight of the people who are meant to benefit from aid programs. Donors have to work for the practical and direct benefit of the people in developing countries, and make sure the voices of the constituents of development are listened to and acted upon.

Areas that deserve immediate attention are:

- **Cultural identity** – aid donors need to look for ways to support local cultural practices that stimulate national unity and self confidence.
- **Women and gender** – greater investment should be made in encouraging the participation of women in decision-making roles. In the case of the Pacific, women make up an estimated 50 per cent of the population and more should be done to encourage female representation in Pacific parliaments. Women need positive role models.

‘Directing investment towards the economic and educational empowerment of women carries positive contributions towards communities, lifting the social indicators of countries.’ (Carol Bellamy, Chair, Education for All/Fast Track Initiative)

- **Youth** – recognising that youth make up an increasingly large proportion of many societies. Need to look for ways to engage with, and support access to education, healthcare and vocation training and job opportunities.
- **Rural populations** – there is often a disconnect between government decision-making and the needs of rural populations as government decision-making tends to be heavily centralised. It is important for the voices of rural communities to be heard by decision-makers, and there is a need for developing country governments and donors to directly engage more with rural populations to better understand their development needs.

Embrace a new and more inclusive development partnership that recognises and encourages the role played by the private sector and philanthropy in development

Aid flows are dwarfed by private sector international financial flows. Private sector operations in developing countries are attracting increasing attention and are under greater media scrutiny than ever before. It is certainly in the interests of the private sector to make a valuable contribution to advancing the MDGs and to sustainable development in general in the countries they operate in. There is huge potential to form stronger public-private partnerships that will prove mutually beneficial in terms of mobilising much needed financial resources and technical assistance.

The conference discussed the importance of private entities aligning business processes that are consistent with achieving the MDGs in the developing countries they operate in. Despite often having the corporate budget and availability of human resources, few private organisations are proactive in this space, highlighting the need for greater engagement from other development partners so that the private sector is stimulated into further and greater action.

As philanthropic organisations increase in scope, size and reach, they are rapidly becoming an important development partner. An organisation such as the Gates Foundation has the ability to mobilise large sums of money and attract significant attention to an issue. One speaker mentioned that if the Gates Foundation was a country and a member of the OECD DAC they would be rated as the sixth largest donor in the world. Philanthropic organisations are often relatively flexible and nimble partners and are highly skilled in engaging with the general public and often employ creative and innovative strategies to advance progress towards the MDGs. Stronger partnerships with philanthropic organisations would significantly benefit aid donors and joint projects between bilateral/multilateral donors and philanthropic organisations could significantly benefit the Asia-Pacific region. With the Gates Foundation having a large presence in India and growing presence in the Asia-Pacific region there is real potential for collaboration.

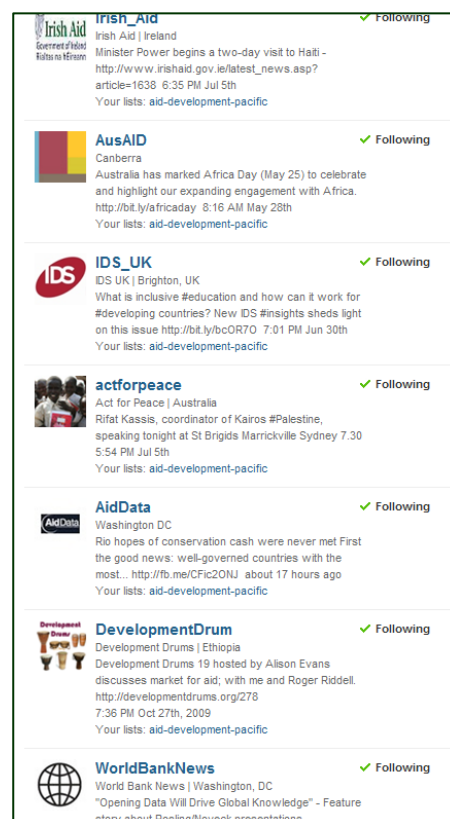
The aid architecture established to support donor coordination is outdated, and attention needs to be given towards bringing non-traditional development partners into the mix. The private sector, in particular, has to be proactively courted and brought into a new global partnership that is attractive to them. It needs to be recognised that the current aid environment will continue to change and the development community would benefit from proactively pursuing greater partnerships with these emerging and growing development partners.

Capitalise on the power of transformative information and communication technologies

Information and communication technologies (ICT) have long made important contributions to sustainable development and poverty alleviation throughout the world. However, these contributions are sporadic and not widespread across developing countries due to a lack of knowledge about which technologies are proving useful, where are they available and whether they are cost-effective.

Low cost ICT have the potential to completely transform the relationship between donors and recipients. SMS and web-based systems, the falling costs of smart and solar phones as well as mobile internet, open-source collaborative online platforms (i.e. wiki-based platforms) M-PESA (mobile phone-based money transfer), cloud computing (sharing resources, software and information on demand) and crowd sourcing (mobilising the general public and/or groups of experts to solve problems) are all examples of innovative ICT touched on by conference speakers. It was noted that a small number of philanthropic organisations and international NGOs, such as the Gates Foundation, are way ahead in implementing and funding the use of these technologies in development. David Ferguson from USAID and Clair Deevy from Microsoft discussed the importance of funding creativity.

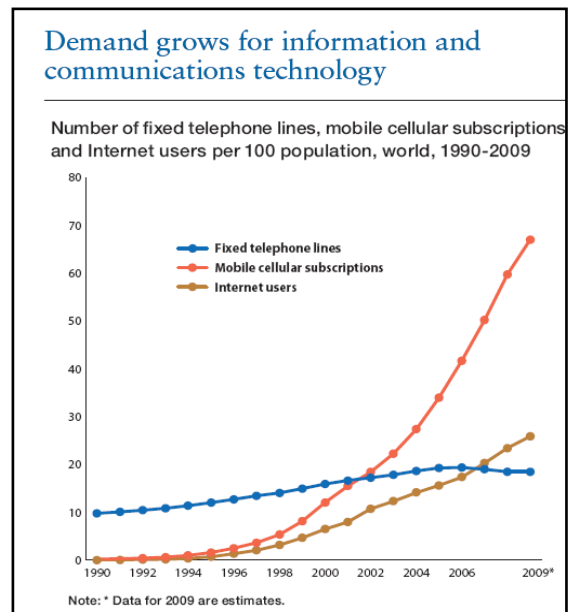
Several speakers noted the power of social media and the ability to use this tool to support a range of development outcomes including offering a level playing field for all perspectives on ‘aid and development’ to be heard. Advantages of social media include public engagement with, and access to stakeholders, relationship building, network widening, the promotion of transparency, transfer of knowledge and the ability for donors to develop a feedback loop with recipients. Social media presents an easily accessible point of contact that can facilitate immediate dialogue from anywhere in the world. Through this line of instant communication, taking into consideration the availability of information, development partners can establish a feedback loop by which recipients can report back through more informal and direct means, providing updates, linking in with relevant information and communicating developments as they occur.



Screenshot of a *Twitter* account

This example lessens the burden on aid recipients and allows them the freedom to communicate progress openly as opposed to dealing with multiple points of contact within a large donor organisation and substantial reporting processes that often hamper the progress of small recipients in developing countries.

Donors can utilise the potential of ICT to reduce their own costs and waste, minimise aid duplication while capitalising on innovative strategies and programs proving successful in other parts of the world. Technological advancements are not being successfully leveraged by development partners, particularly in the Asia-Pacific region, and a stronger partnership with the private sector would assist in bringing development partners ‘up to speed’ and increase their understanding of the value of such advancements so that rapid (and informed) application of such technologies can occur.



Source: *The Millennium Development Goals Report 2010*, UN

Utilising advancements in ICT can increase accountability and transparency and completely re-structure the way in which aid programs are implemented, monitored and evaluated. This changing landscape referred to as ‘networked development’, needs to be taken up by development partners, particularly bilateral and multilateral donors.

CONCLUSION

Progress towards the MDGs in the Asia-Pacific region is mixed. Asia is generally progressing well, while the Pacific is lagging behind. Although solid achievements have been made, there is a sense of diversity and unevenness in our success. The MDGs are vulnerable to changing circumstances, and the world has seen many changes in last ten years since donors signed up to the MDGs. In recent years, the world has been assailed by a series of global crises, first the energy and food crises, and more recently the financial and economic crisis all of which have presented threats to development and the achievement of the MDGs. The emerging threat of climate change and threats of state fragility as well as natural disasters are additional impediments to MDG progress. Several conference speakers reminded participants that although the MDGs are a useful code for development much is missing which is relevant to human development, namely inequity, empowerment, human security and economic development.

The conference agreed the Australian public needs to be encouraged to participate more actively in policy debates concerning Australia's role in international aid and development, including how Australia's aid contributions can be better used to accelerate progress towards achievement of the MDGs. To encourage the public into the development space the Australian Government needs to build a better narrative around why aid contributes to development, and they need to do this as a matter of urgency. Changing global conditions and a wider range of development partners has resulted in the need for a new development paradigm which is broader in scope and more inclusive than the current one.

A new paradigm will need to reinforce country-led development, foster more inclusive models of economic growth, scale up social protection programs, place people at the centre, and capitalise on the power of transformative technologies to engage with all development stakeholders in developed and developing countries.

Although conference participants agreed that donors and developing countries must not be distracted from the challenges they face going towards 2015 they must start to focus on what the post 2015 'aid and development' agenda should look like.

A number of conference sessions were recorded and are available for video and audio download on the Lowy Institute website www.lowyinstitute.org. In addition, conference background information and PowerPoint presentations that were shown have also been posted on the Lowy Institute website.



ABOUT THE AUTHORS

Lisa Roberts is the Interim Program Director for The Myer Foundation Melanesia Program at the Lowy Institute for International Policy. Lisa has a Bachelor of Laws, a Bachelor of Arts with first class honours, and postgraduate qualifications in law. Lisa has over thirteen years' experience working on international and domestic development issues for the Australian Government, United Nations and international NGOs. Lisa has worked in the Middle East, Asia and the Pacific and was awarded a Humanitarian Overseas Service Medal by the Australian Government in 2005.

Danielle Cave is a Research Associate in The Myer Foundation Melanesia Program at the Lowy Institute for International Policy. In this role, Danielle conducts research focused on the Pacific Islands region, as well as on aid and development issues. Prior to joining the Lowy Institute at the beginning of 2009, Danielle worked for two years as Editorial Coordinator for the Sydney bureau of the *Yomiuri Shimbun*, Japan's largest daily newspaper. She has a masters degree in international security from Sydney University and a bachelor degree in business from the University of Technology, Sydney.

ANNEXURE: CONFERENCE AGENDA

Advancing innovative development and aid strategies in the Asia-Pacific: Accelerating the Millennium Development Goals

Wednesday, 16 June

1900-2100 **Opening Reception**

Her Excellency Ms Quentin Bryce AC, Governor-General of the Commonwealth of Australia

Thursday, 17 June

0830-0840 **Welcome and Overview**

Dr Michael Wesley, Executive Director, Lowy Institute for International Policy

0840-0845 **Welcome to Country Ceremony**

0845-0900 **Opening Address**

Miss Helen Clark, Administrator of the United Nations Development Programme
[By video-conference from New York]

0900-1015 **Session 1: **MDGs & sustainable development in the Asia-Pacific****

Chair: Mr Peter Baxter, Director-General, Australian Agency for International Development (AusAID)

Speaker: Ms Carol Bellamy, Chair, Education for All/Fast Track Initiative

Speaker: Dr Jeni Klugman, Director of UN Human Development Report, United Nations Development Programme

Speaker: Mr Vikram Nehru, Director, Poverty Reduction, Economic Management and Financial Sector Development and Regional Chief Economist, East Asia and Pacific Region, World Bank

Speaker: Ms Erna Witoelar, UN Special Ambassador for the MDGs in the Asia Pacific 2003-2007

1015-1045 Morning Tea

1045-1200 **Session 2: **Asian perspectives on development****

Chair: Mr Vijay Mahajan, Founder and Chairman, BASIX

Speaker: Mr Xianbin Yao, Director-General, Regional and Sustainable Development, Asian Development Bank

Speaker: Professor Abhijit Sen, Member Planning Commission, Government of India

- Speaker: Dr Matthew Clarke, Director of International & Community Development Program, Deakin University
- Speaker: Professor Solita Collas-Monsod, Professorial Lecturer, Development Economics, University of Philippines
- 1200-1315** Buffet Lunch
- 1315-1430** **Session 3: Pacific Island perspectives on development**
- Chair: Mr Jack de Groot, Chief Executive Officer, Caritas Australia
- Speaker: Mr Feleti Teo, Deputy Secretary General, Pacific Islands Forum Secretariat
- Speaker: The Hon. Powes Parkop, Governor of Port Moresby (*cancelled*)
- Speaker: Ms Emele Duituturaga, Interim Executive Director, The Pacific Islands Association of Non Governmental Organisations
- Speaker: The Hon. Misa Telefoni Retzlaff, Deputy Prime Minister, Samoa
- 1430-1530** **Parallel Panel: Innovative strategies in advancing development**
- Each parallel panel to be led by 2-3 experts (outlined below) who will lead their panel and then conduct a 10-15 minute report-back to the conference*
- Women's education and health
 - Food security and sustainable development
 - Micro-finance and technology
- 1530-1600** Afternoon Tea – served in the Parallel Panel rooms
- 1600-1700** **Session 4: Report-Back from Parallel Panels**
- Chair: Ms Erna Witoelar, UN Special Ambassador for the MDGs in the Asia Pacific 2003-2007
- Women's education and health
Ms Carol Bellamy, Chair, Education for All/Fast Track Initiative
The Hon. Dame Carol Kidu DBE MP, Minister for Community Development and Women, Government of Papua New Guinea
 - Food security and sustainable development
Dr Glenn Denning, Professor of Professional Practice, School of International and Public Affairs, Columbia University
Dr Siosiua Halavatau, Participatory Extension Officer/Crop Production Coordinator/Advisor Secretariat of the Pacific Community
 - Micro-finance and technology
Mr David Roodman, Senior Research Fellow, Centre for Global Development
Ms Vijayalakshmi Das, CEO of Friends of Women's World Banking, India

Friday, 18 June

0900-1015	Session 5:	Relationships between donors and developing country partners
	Chair:	The Hon. Dame Carol Kidu DBE MP, Minister for Community Development and Women, Government of Papua New Guinea
	Speaker:	Mr David Roodman, Senior Research Fellow, Centre for Global Development
	Speaker:	Mr David Ferguson, Director of Development Commons, USAID
	Speaker:	Ms Marjolaine Nicod, Senior Policy Advisor on Aid Effectiveness, OECD
	Speaker:	The Hon. Bob McMullan MP, Parliamentary Secretary for International Development Assistance, Australian Government
1015-1045	Morning Tea	
1045-1200	Session 6:	New development partners – private sector, philanthropy and new funding models
	Chair:	Mr Mark Ingram, Chief Executive Officer, Business for Millennium Development
	Speaker:	Professor Peter Singer, Ira W. DeCamp Professor of Bioethics, Princeton University
	Speaker:	Mr Frank O'Carroll, Business Development Director, Digicel Group
	Speaker:	Ms Clair Deevy, Regional Director Community Affairs Asia, Microsoft Corporation
	Speaker:	Mr Dennis Whittle, Chief Executive Officer and Co-Founder, GlobalGiving
1200-1245	Buffet Lunch	
1245-1345		Public Discussion: Impact of aid on development
1400-1530	Session 7:	Going forward – accelerating progress on sustainable development and the Millennium Development Goals
	Chair:	Ms Wendy McCarthy AO, Chair of Pacific Friends of the Global Fund
	Speaker:	Mr Vijay Mahajan, Founder and Chairman, BASIX
	Speaker:	Dr Mark Suzman, Acting President of Global Development, Bill & Melinda Gates Foundation
	Speaker:	Mr Minar Pimple, Regional Director, UN Millennium Campaign, Asia and the Pacific
1600-1645	Conclusion	
		Dr Alison Evans, Director, Overseas Development Institute
		Dr Michael Wesley, Executive Director, Lowy Institute for International Policy

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