



WATCH
Action on Aid, Trade and Debt



ANNUAL REPORT

2016

AID/WATCH Inc.

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ABOUT AID/WATCH

Our Purpose

AID/WATCH is an independent membership-based watchdog on aid, trade and debt, working with communities in the Global South. We challenge practices which undermine the ability of communities to determine their own futures, and promote development alternatives based on social and environmental justice. We research and evaluate development policies and practices, and we campaign around these issues as part of the global justice movement.

Our Vision

A thriving global justice movement, based on mutual solidarity, and on social and environmental justice. A world free from structural inequalities, where people can determine their own futures within a global framework of mutual respect for the environment and for one another. A world where trade, aid and debt no longer exploit peoples, but instead promote environmental and social justice.

Our Values

We believe in solidarity not charity

We are committed to global justice and equality. We campaign as much for our futures as for the futures of others. We are respectful of the different approaches and views of others in the movement for global justice. We acknowledge and aim to strengthen the power and agency of communities.

We are independent and fearless

We are a member-based organization. We do not take funds from governments or corporations. We respect diversity of ideas. We are free to make critical comment and are uncompromising in advocating for social and environmental justice. We are principled and where necessary pugnacious. We are never afraid to say what we think.

We are informed and transformative

Our campaigns are grounded in experience and our research is thorough and constructive. We believe in building alternative futures, founded on experience and on community-level capacity. In this respect we are innovative and creative.

We are activist and movement-based

We are a member-driven activist organization, working as part of the wider global justice movement. Our campaigns provoke public debate to generate engagement with development issues, and to inspire public participation in efforts to transform development policies and practices.

CHAIR'S REPORT

2016 was election year in Australia, and AidWatch focused on creating a counterpoint to the increasingly claustrophobic orthodoxy in favour of a private sector focus for Australian aid. This new aid 'paradigm', has been imported from practice overseas, but with an ironic Australian twist.

Internationally there is a new belief that aid is best given to private companies. This extends the long-standing reliance on private-sector aid contractors as aid deliverers. Rather than just using private companies to deliver on public priorities, we are now channeling aid to directly subsidise the private sector. Under the new rhetoric of 'shared value', private priorities are now assumed to be public priorities – private profit by definition benefits the public (or so we are told).

'Profit for good' is the new slogan, and the Australian aid program has been rapidly reconfigured as a corporate slush-fund. Ironically enough, in the Australian context there appear to be very few private companies willing to soak-up the aid dollar. Despite much talk about the 'new paradigm' in aid, there is precious little to show for it. Large-scale initiatives are announced and lauded but not much appears to have happened in terms of actual corporate partnerships. Instead, aid has simply migrated into foreign policy, distributed by embassies, and increasingly under wraps, dubbed 'aid investment' for 'economic diplomacy' - not 'development assistance' for poverty reduction.

Responding to this agenda, in 2016 AidWatch issued a 'Report Card' on the Government's performance on aid, published in the run-up to the federal election. We also drew on the Australian Government record to publish a critique of the new direction in Australian aid, with our overview chapter in the 2016 Reality of Aid Report, published in November. In 2017 we plan to take this critique further, exposing the on-the-ground experience of Australia's private sector 'aid investments'.

Through most of 2016, though, AidWatch was internally-focused - rebuilding its organizational capacity. A number of key aspects of the organization were put in place, including in relation to our compliance with various charities governance requirements under the Australian Charities and Not-for-profits Commission, and under the NSW Department for Fair Trading requirements for Incorporated Bodies. We now have a very active Committee of Management, working with the part-time coordinator, Natalie Lowrey, who has a long history of involvement with global justice campaigns in the Asia-Pacific.

At the same time, as outlined in the financial reports for this year, we have cleared AidWatch's financial liabilities, leaving us in a much healthier financial state than in 2015. We have two funded projects in place for 2017, one on mining and aid, the other on land and aid, and with the new coordinator in place from late 2016 we have embarked on a series of initiatives, including a new collaboration with a range of global justice organisations in Sydney, to create a shared platform into the future. Already the organization is becoming much more publicly active.

James Goodman
Chair, AID/WATCH

PEOPLE AND PARTNERS

Staff

Natalie Lowrey, Coordinator (from 11/11/16)

Committee of Management

The Committee of Management is elected from the AID/WATCH membership. Throughout 2016, the following members gave generously of their time by serving on the AID/WATCH Committee of Management:

AID/WATCH Committee of Management:

- Matt Hilton
- Pooja Chowdhary
- Margaret Carey
- Katie Barry
- James Goodman
- Natalie Lowrey (to 10/16)
- Gareth Bryant
- Kate da Costa
- Ken Davis
- Giri Sivaraman

Our thanks go to all of them for their involvement, leadership and energy. A special thanks to Margaret Carey who dedicated her time and skills to support AID/WATCH's accounting and administration.

Networks

- PACTRADE – Pacific Trade Network
- Publish What You Pay
- Melanesian Indigenous Land Defence Alliance (MILDA)
- Reality of Aid Network
- Our World is Not for Sale
- Nature Conservation Council of NSW
- IBON Foundation
- Asia Pacific Research Network

Partners

The backbone of AID/WATCH's work are our partners in the global South. While not a complete list of all collaborators, special thanks to the below groups:

- Bismarck Ramu Group
- Lands Desk, Vanuatu Cultural Centre
- Act Now! PNG
- Pacific Action Network on Globalisation (PANG)
- GRAIN
- IBON Institute
- Focus on the Global South

CAMPAIGNS

Throughout 2016 AidWatch participated in existing networks and kept up the momentum on its campaigns. As part of the 'Aid for Trade' campaign we joined with the Australian Fair Trade and Investment Network to oppose the Trans-Pacific Partnership Agreement and the PACER-Plus Pacific trade agreement.

Through the 'Land is Life' campaign we became very engaged with an initiative to expose illegal evictions in PNG. In 2018 this led to the making of a Documentary, 'The Opposition', which has faced a number of legal hurdles, as those exposed by it have sought to block it.. We have supported the filmmakers and are developing a regional campaign against land-grabbing, focused on APEC 2018 which is to be held in Port Moresby.

Responding to the Government's new aid agenda, our 'Real Aid' campaign has become focused on the growing privatisation of aid. In June, in the run-up to the Federal election, we produced a 'Report Card' on the Government's new aid 'paradigm'. In November we published an in-depth critique of Australia's recent track record, in the 2016 international Reality of Aid Report. Also as part of this campaign in June New Matilda published a summary of our concerns. The article is copied below in full.¹



IMAGE SOURCE: <http://theconversation.com/australian-foreign-policy-needs-a-broader-conception-of-our-national-interest-42092>

'How The Coalition Made Foreign Aid All About Us'

The government has savaged Australian overseas aid by reducing its volume and radically altering its purpose. Beyond the debate about how much we give, something significant has changed in the way Australia delivers international aid. At its lowest level in relation to national income since the early 1970s, here's how the Coalition has, with virtually zero debate, comprehensively changed the game.

Prioritising National Interest Over Fighting Poverty

The Coalition has reversed the priority of Australian aid. Until 2013 the "fundamental purpose" of aid was "to help people overcome poverty"; aid also served "Australia's national interests by promoting stability and prosperity".

Today, the purpose of aid is to "promote Australia's national interests by contributing to sustainable economic growth and poverty reduction". The government says explicitly that "economic diplomacy" guides the use of aid. This breaches the OECD's insistence that aid be "administered with the promotion of the economic development and welfare of developing countries as its *main* objective".

1. New Matilda 27 June 2016, <https://newmatilda.com/2016/06/27/how-the-coalition-made-foreign-aid-all-about-us/>



Australia's contribution to the UN Green Climate Fund is derisory and cynical \$50m a year, with a few rebadged aid projects that "build on existing investments".

IMAGE SOURCE: <http://www.bhp.com/media-and-ir/sight-images-gallery/locations-and-operations/mt-erthur-coal-australia>

Abandoning Our Aid Target

The Coalition has broken the consensus that there be a target for aid spending of 0.5 per cent of national income. At the 2013 election the Coalition announced major aid cuts. Its Commission of Audit abandoned the aid target, arguing aid could only be justified "in terms of the overall fiscal context rather than to a set of funding targets". Since then, the Coalition has cut aid spending by a quarter, from \$5 billion in 2013 to \$3.8 billion in 2016.

Defending Fossil Fuels

On a per-person basis Australia is the highest emitter of greenhouse gasses in the industrialised world; exported coal almost triples this figure.² Last year Australia signed a UN commitment for a Green Climate Fund with \$100 billion a year by 2020 to help developing countries address the devastating impacts of climate change. Australia's contribution is a derisory and cynical \$50m a year, with a few rebadged aid projects that "build on existing investments". Meanwhile, the government's emissions reduction commitment is well behind the EU and the US. It instead promotes Australia as a fossil fuel "energy superpower".

Focusing On Policy Goals, Not Effectiveness

For the last decade aid policy has centred on "aid effectiveness" for developing countries. The Coalition only focuses implementing its own policy targets. The 2016 aid performance review assessed whether policy outcomes were "on track", not whether the outcomes contribute to development. Three out of four aid experts now think aid is less effective now than in 2013. Why? According to the report that made the finding,³ those experts believe that, in the current environment, "helping poor people in developing countries has become a less important goal".

2. <https://stats.oecd.org/>

3. <http://devpolicy.org/publications/reports/2015%20Stakeholder%20Survey/2015%20Australian%20Aid%20Stakeholder%20Survey%20Final%20Online.pdf>

Lauding Private Finance

The Government argues private investment is more important than aid. But aid makes up more than two thirds of external finance for least-developed countries, according to the OECD.⁴ In 2014 there was only \$35 billion in private “greenfield” investment going to developing countries outside China and Hong Kong; only \$1.5 billion went to the Least Developed Countries. In 2014 total global aid was \$147 billion, of which \$25 billion went to the Least Developed Countries. Clearly, aid is critical for development.

Aid As Investment

The Coalition has renamed Overseas Development Assistance as Aid Investment. But aid is not investment – it is a grant to assist development. The OECD states clearly that aid is not a loan, it is a “concessional” grant. Unlike private finance, aid is not invested for profit. Private investment creates debt; aid is a development grant.

Using Aid To Leverage Access

Australia has signed the OECD’s Accra Agenda for Action on aid effectiveness, which require donors to integrate aid into government spending by developing countries. Australia fails to meet its targets on this. Instead, the aid program downplays the role of the public sector, stating that “all new investments will... promote private sector growth”. One fifth of aid spending is now used for “aid for trade”, that’s \$748m to “encourage unilateral reform, promote open and transparent markets and deepen regional economic integration... as part of Australia’s economic diplomacy”.

Soft Cash For Corporates

Aid is a new source of “soft” public funding for private sector projects. The Innovation Xchange distributes \$140 million to the private sector and has a reference group of venture capital and corporate conglomerates. The Business Partnerships Platform, with \$350m, offers 50 per cent funding for any corporate initiative that can “deliver a combined social and financial return on investment”. Memoranda of Understanding (MOUs) have been signed with large corporations, including Westpac and ANZ, giving them competitive advantage in the Pacific.⁵ The Minister states this is “part of the Coalition Government’s economic diplomacy agenda”.

Killing Off AusAID

AusAID was Australia’s development agency, dedicated to effective aid. On the day he was sworn-in as Prime Minister, Tony Abbott announced it would be closed down. No-one voted to close AusAID – it was not mentioned in the Coalition’s 2013 election campaign, nor in its manifesto. Aid now flows through embassies, and is openly part of Australia’s diplomacy. The development mandate for Australian aid administration has disappeared.

4. <http://www.oecd.org/dac/stats/development-aid-stable-in-2014-but-flows-to-poorest-countries-still-falling.htm>

5. <http://devpolicy.org/should-australia-partner-with-coke-in-the-pacific-20150714/>

Undermining Aid Transparency

There is now almost no comprehensive public information on projects financed by Australian aid. We only get highlights. DFAT states project information is available through the AusTender website, which offers next-to zero information: hundreds of millions of dollars are allocated to individual projects under generic titles. Australia's aid is off-limits for public scrutiny. Only one in five freedom of information requests to DFAT are ever granted in full – a quarter are outright refused. Leaks become the only source: it was Wikileaks that revealed DFAT was arguing that the Trans-Pacific Partnership Agreement should allow companies to sue developing country governments for lost profits.

The Diplomatic ATM

As predicted by a former AusAid deputy in 2013, aid has become a “diplomatic ATM”. Three-quarters of Australians support aid for humanitarian objectives; but only one out of 10 support the use of aid to promote Australian interests. The Coalition has mobilised populist anti-aid rhetoric, eroding public confidence. Aid is now a soft target, with little political pain in cutting it. In 2015 only a third opposed the 20 per cent cut in the aid budget.

WHAT CAN BE DONE

Restoring public confidence in aid, and creating a new public support for real aid, is an urgent priority. This can only happen by transforming what aid is spent on.

The peak aid group, the Australian Council for International Development (ACFID), has campaigned against aid cuts, but broadly accepts the “new paradigm” of national interest and private finance. Australia desperately needs an independent and fearless voice on aid, able to challenge the new orthodoxy. We need a new aid agenda founded on global justice and climate justice to address the pressing problems of growing inequality and climate change. Aid is for partnership, not for market ideology, and for real development, not for narrow Australian interests.⁶

6. New Matilda 27 June 2016, <https://newmatilda.com/2016/06/27/how-the-coalition-made-foreign-aid-all-about-us/>

FINANCIAL REPORTS

AID/WATCH's financial year runs from January 1st to December 31st. These reports cover the timeframe from January 1 2016 to December 31 2016.

Statement by the Committee of Management of AID/WATCH Incorporated

In the opinion of the Committee:

- a) The attached financial report presents fairly the financial position of AID/WATCH Inc. as 31 December 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
- b) At the date of this statement, there are reasonable grounds to believe that AID/WATCH Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee of Management of AID/WATCH Inc. and is signed for, and on behalf of, the Committee by the chairperson of AID/WATCH.

Declaration by the chairperson of the Committee of Management of AID/WATCH Inc.

In my opinion,

- a) the attached accounts give a true and fair view of all income and expenditure during the year ended 31 December 2016 with respect to fundraising appeals;
- b) the Balance Sheet as at 31 December 2016 gives a true and fair view of the state of affairs of AID/WATCH Inc. with respect to fundraising appeals;
- c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by AID/WATCH Inc.; and
- d) the internal controls exercised by AID/WATCH Inc. are as appropriate and effective as is practicable in accounting for all income received and applied by AID/WATCH Inc.

James Goodman
Chair, AID/WATCH
27 June 2017

TREASURER'S REPORT 2016

AidWatch completed the 2016 financial year in a healthier state than 2015. Whilst we did not receive any new grant income this year and activities were more limited due to the lack of full time staff, we concentrated on reducing unnecessary expenditure and building up our reserves to enable us to pay some contractors in the new financial year.

There are virtually no outstanding debts to be paid, and unspent grant income has been held in reserve until spent. Accordingly AidWatch is now in a financially sustainable position.

Margaret Carey
Treasurer
7th May 2017

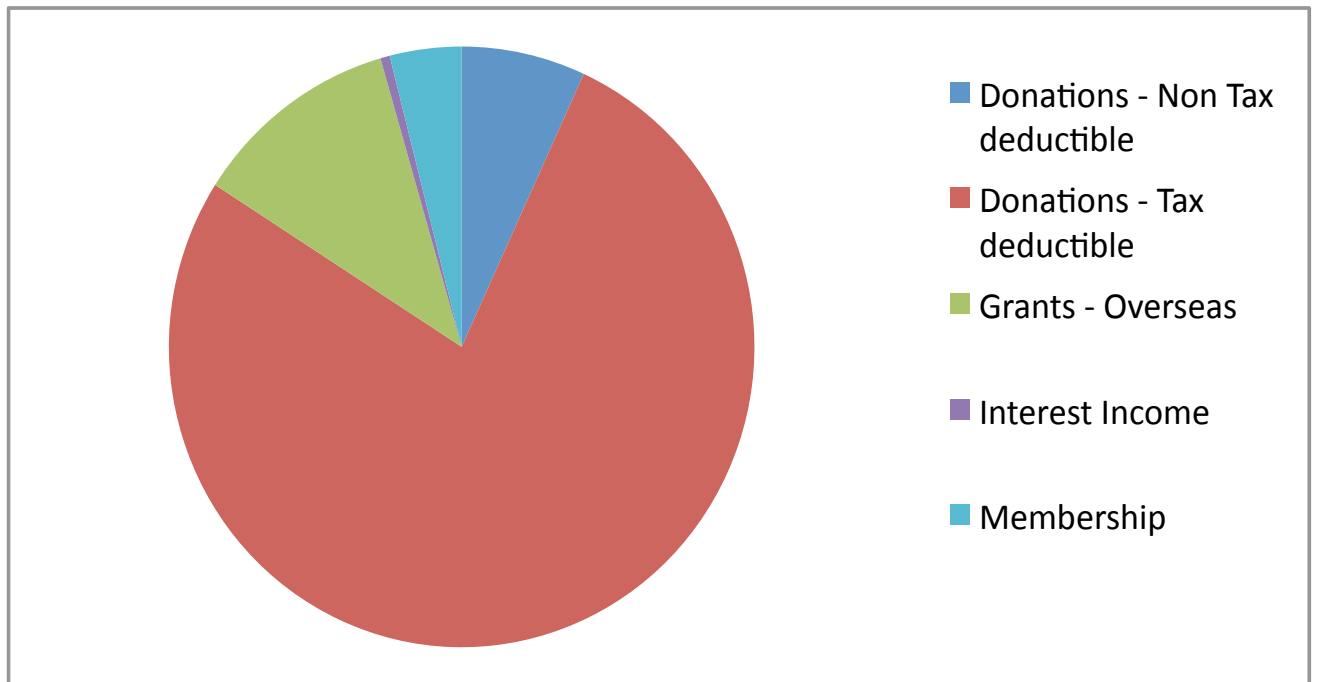
Aidwatch Inc Balance Sheet As of December 31, 2016

	Dec 31, 16	Dec 31, 15
ASSETS		
Current Assets		
Chequing/Savings		
Cash Reserve	5,261.81	5,221.17
Debit Card	0.00	351.10
Fund Account	25,503.10	24,854.93
Operating Account	2,102.83	6,277.27
Total Chequing/Savings	32,867.74	36,704.47
Total Current Assets	32,867.74	36,704.47
Fixed Assets		
Equipment at cost	5,944.00	5,944.00
Equipment at cost less Acc Dep	-5,944.00	-5,944.00
Intangible Assets at Cost	3,000.00	3,000.00
Intangible Assets less Acc Dep	-3,000.00	-3,000.00
Total Fixed Assets	0.00	0.00
TOTAL ASSETS	32,867.74	36,704.47
LIABILITIES		
Current Liabilities		
Other Current Liabilities		
Accrued Expenses	0.00	2,432.83
GST Payable	19.07	-13.00
PAYG Payable	0.00	3,651.00
Superannuation Payable	0.00	730.06
Unspent Grant	22,706.83	24,206.83
Wages to be paid	0.00	4,467.67
Total Other Current Liabilities	22,725.90	35,475.39
Total Current Liabilities	22,725.90	35,475.39
TOTAL LIABILITIES	22,725.90	35,475.39
NET ASSETS	10,141.84	1,229.08
EQUITY		
Retained Earnings	1,229.08	39,121.97
Net Income	8,912.76	-37,892.89
TOTAL EQUITY	10,141.84	1,229.08

Income and Expenses 2016

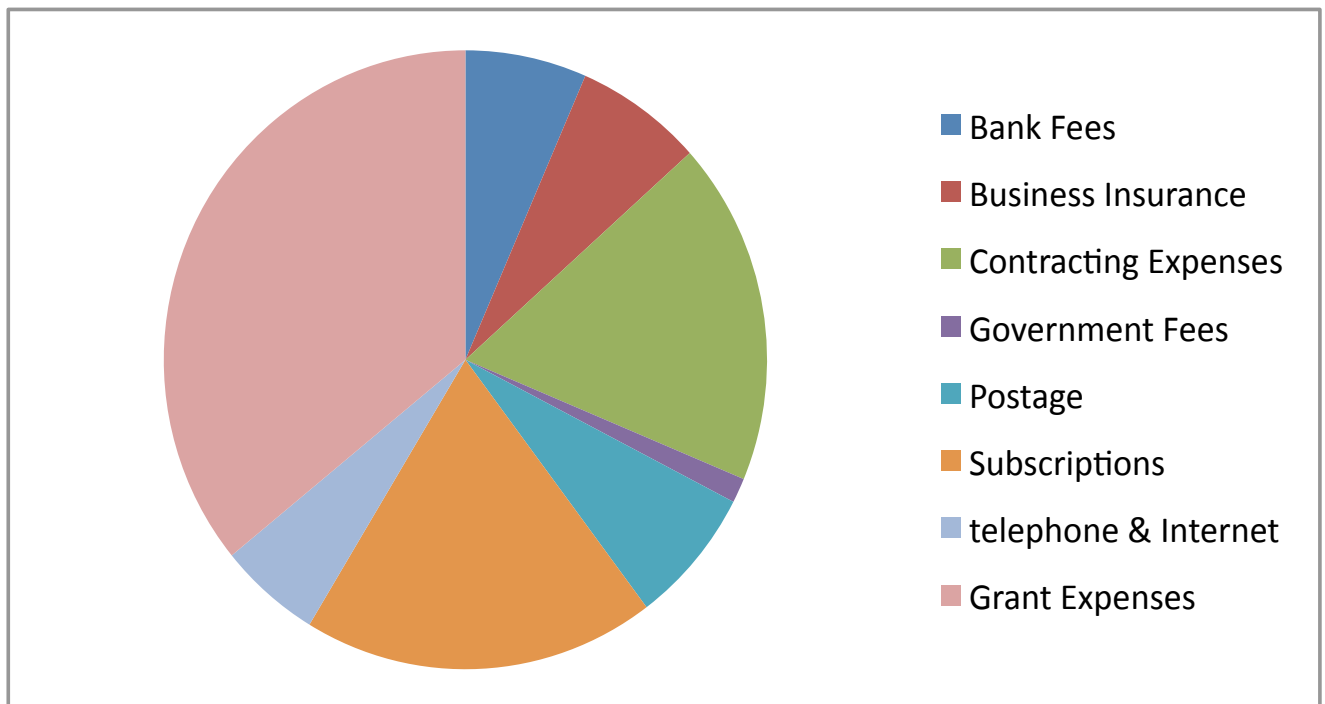
Income

Donations - Non Tax deductible	897.00
Donations - Tax deductible	10,110.00
Grants - Overseas	1,500.00
Interest Income	68.00
Membership	518.18
TOTAL	13,092.00



Expenses

Bank Fees	272
Business Insurance	286
Contracting Expenses	750
Government Fees	54
Postage	299
Subscriptions	790
telephone & Internet	228
Grant Expenses	1,500
TOTAL	4,180



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