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## **ODI submission for DFAT Foreign Policy White Paper - February 2017**

### **Addressing new challenges**

In the last 30 years, the East Asia and Pacific region has made remarkable progress in the eradication of extreme poverty and in delivering strong and sustained economic growth. Through its ongoing commitment to providing aid, development support and diplomacy, the Government of Australia has made a significant contribution to this success. However, as new challenges emerge, it is important that the strategic focus evolves to reflect political and economic realities.

This White Paper comes at a critical time. Globally, nationalism and insularity appear to be on the rise. If Australia is to maintain its regional leadership role, it must strike an outward-looking foreign policy that embraces, rather than shirks from, growing global interconnectedness. It must more fully utilise the foreign policy toolbox available. Principally, the aid program needs to play a much larger and more prominent role.

To support the Department of Foreign Affairs and Trade (DFAT), ODI has identified a number of inputs which we believe will help Australia contribute to a stable, secure and prosperous Pacific.

### **What aid can offer**

A clear and principled commitment to aid will build upon Australia's existing role as the region's biggest donor and actively demonstrate its support to neighbouring countries in their efforts to build stable, prosperous and resilient communities. It would create space for building partnerships and collaborative approaches to jointly address the current and emerging challenges for the region, including transnational threats such as terrorism, migration and crime. It would be a significant statement of intent for Australia's ambitions for a stable and secure region and provide mechanisms to support the less developed countries in the region.

Aid has the benefit of being both in the interests of Australia – ensuring stability and prosperity at home – as well as in the interests of Australia's neighbours in the region. Aid thus makes sense both for pragmatic reasons of national interest, as well as for principled reasons about the kind of nation Australia is and the values it promotes globally. Emphasising a commitment to aid would also create political opportunities for achieving Australian economic and foreign policy objectives, contributing to the country's own security and prosperity.



## **Ways of working**

The Australian aid program has learned a lot over the last fifty years about effective ways of working and is currently leading the way internationally in making the case for more politically smart approaches. This view draws on the strengths and expertise of Australian diplomatic and aid personnel to understand that development challenges are fundamentally political. As a result, Australia's aid investments must be informed by a deep understanding of the political context it is operating within. In part, Australia is well placed to bring such contextual knowledge to bear given its strong focus on its immediate neighbourhood – the Asia Pacific.

A renewed aid program within Australia's foreign policy must understand how power and politics operate and how change happens in partner countries so that aid investments can be appropriately tailored to deliver transformational, not merely transactional change. It must also continue to learn throughout the delivery cycle to remain adaptive to rapidly changing contexts, new opportunities and emerging results. This will help to maximise the returns on aid spending for both Australia and beneficiaries.

By advocating new approaches that incorporate a nuanced understanding of local political economies, and by 'thinking and working politically', DFAT would cement its reputation as a thought and practice leader within the donor community. Three key factors to guide a new approach are; to be politically smart and problem-driven; to be adaptive and entrepreneurial; and to take action that is locally led. By adopting and championing innovative methods and new ways of working, DFAT can develop lessons which shape the global approach to aid delivery.

## **Gender equality and women's economic empowerment**

By drawing on its high profile role, DFAT can be a hugely influential role in building the global momentum around gender equality and women's economic empowerment. It can work with country partners to ensure implementation of international standards including the SDGs, Beijing declaration and Platform for Action, UNSCR 1325 and related women, peace and security Resolutions, and relevant ILO conventions.

Integrating gender analysis into all areas of work, including economic and social development, trade and investment, and peace and security, would ensure recognition and support for women's priorities and economic contributions, including in the informal economy and through unpaid care and domestic work.

DFAT can also play a leading role in identifying and addressing the emerging structural challenges to women's economic empowerment, including critical and growing decent work deficits, ageing societies, changing global trade and investment patterns, and technological changes, such as automation and the rise of the gig economy, which risk displacing jobs and disrupting women's access to quality economic opportunities.



## **Fragility and Conflict**

Australia has a history of supporting regional stability, for instance, through peacekeeping missions in East Timor and the Solomon Islands. While (increasingly sub-national) conflict continues to be a challenge in some neighbouring countries, transnational threats such as violent extremism, international crime and migration present new challenges that Australia must also be prepared for.

In confronting these challenges, however, Australia cannot act solely within the confines of the national interest narrowly defined. Rather, Australia must recognise that its stability is best served by meeting the region's interests. Safer and more prosperous populations in the region are the best guarantee of a safer and more prosperous Australia. This means not just working cooperatively on transnational threats with neighbours in the region, but also extending Australia's commitments to supporting access to safety and justice for citizens, particularly women, girls and other vulnerable groups, to provide wellbeing, stability and prosperity for citizens.

While cooperation of security institutions will no doubt form part of Australia's response to addressing conflict and fragility, the role of law and justice programming within the aid programming will remain equally relevant. Such programs create safer, more just and equitable societies, and thereby can help to address underlying causes.

An insular and protective approach to dealing with conflict and fragility may give the illusion of a protected fortress, but it will exist precariously within a volatile neighbourhood. A more long-term, principled and strategic approach is to strengthen relationships within the region and confront transnational challenges as a community of states, not as competitors. This will strengthen Australia's stability as well as that of the broader region.

## **Economic development and growth**

The global economy will undergo deep structural changes over the next two years, reflecting the impact of new technologies and demographic changes. DFAT has the opportunity to identify and advocate new approaches to achieve high quality, resilient and inclusive economic growth. It can play a key role in thought leadership and in creating markets for unlocking investment capital. DFAT should identify and support policy innovation which create the potential for development partners to adopt new, and more sustainable, economic development pathways.

Expanding access to reliable and sustainable energy is a key priority. Key challenges include how to secure adequate and reliable supplies of energy, how to ensure equitable access to modern energy services, and how to reduce the negative environmental impacts of energy production and consumption. All of Australia's major aid partners (Indonesia, Papua New Guinea, Philippines, Solomon Islands and Vietnam) are expected to be substantial net oil importers by 2035, and potentially vulnerable to oil price shocks. Rapidly falling prices for solar panels and wind turbines present an opportunity to invest in renewable energy and create low cost and resilient micro-grids



that meet the needs of the most vulnerable. Australia has the opportunity to support countries make rapid progress in this area which would result in significant development gains.

### **Building Resilience**

70% of the world's natural disasters occur in the East Asia and Pacific region, including cyclones, droughts, earthquakes, floods, storm surges, tsunamis and volcanoes. Climate change and natural disasters cut across sectors, erode economic gains and exacerbate existing pressures on food, water, infrastructure, health and economies. Australia should therefore reiterate its commitment to assist the region with the implementation of the Sendai Framework on Disaster Risk Reduction. It should also identify approaches to help strengthen the resilience to shocks of neighbouring countries. As these often events often have transnational impacts such as migration or provision of humanitarian relief, supporting resilience programming would be firmly in Australia's national interest.