

INTERNATIONAL DEVELOPMENT POLICY SUBMISSION

Anna Gibert, independent consultant

annapomeconsulting@gmail.com

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There are **significant challenges** faced by our region in the coming decade, including the obvious need to manage the **effects of climate change**, and the **rise of China** and its real and present threat to the rule of law, small island state sovereignty and fundamental human rights. There is also the **disturbing lack of progress in key health and education indicators** in many of our neighbouring countries, particularly across Melanesia, despite the substantial, long-term donor aid flows that have ostensibly been directed in these areas for decades. The cross-border impact of the weakness of these countries' broader health systems has been thrown into sharp relief with the advent of the COVID-19 pandemic and there is every chance there could be future events of this nature, **threatening Australia's own health security**. Within many Pacific Islands, **it is the weakness of governance and the functionality of the state** to direct resources to address critical issues of system strengthening and state-building, which is **at the heart of risks to security and prosperity** in our region.

To be able to assist in addressing these risks and achieve its new policy aim to **'build effective, accountable states that can sustain their own development in our region'**, Australia must reset its approach to development cooperation - one that is based on honesty and lucidity **around how development in sovereign, foreign countries takes place**. For too long, Australia's aid program has continued to be implemented based on out-dated and debunked assumptions that the primary factor behind a lack of development progress in some of our neighbouring countries is a lack of money and 'technical capacity'. If this were the case, given the billions of dollars disbursed and tens of thousands of 'TA' mobilised across Melanesia through Australia's aid program, for example, the problems should have well and truly been fixed. But as all analysis of how social/economic/political change has actually ever happened, in any country, in any time period, external funds and assistance are never the main factor in state-building reform; it is through the intrinsically motivated local actors who have enough courage, influence and legitimacy to shift the domestic power dynamics of the status quo to enter into what [Stefan Dercon calls the 'development bargain'](#): the 'political will' that enables resources to be directed to nation-building aims, and not to self-serving interests.

So, what is the role of development cooperation in this process? How can Australia's aid program **better work to support these local drivers of reform** and not fall into the well documented traps of

[‘dead aid’](#), which can often perpetuate the forces of corruption and dysfunctionality that block the very reform it seeks to realise?

1. [Differentiate between leaders of the status quo and reformist leaders](#) who share Australia’s development objectives; support the latter and avoid propping up the former

While there may be seeming consensus that what is needed is better leadership and better governance in the region, many of Australia’s aid programs in the Pacific address these issues within the prevailing workings of power. The standard aid response is to ‘capacity build’ existing leaders and powerholders, many of whom are themselves part of the systems of elitism and corruption, and who have a deeply vested interest in things remaining exactly as they are. These representatives of the status quo are frequently the recipients of training and leadership programs funded by DFAT programs; it is they who appear on the ‘lists of people consulted’ on program design documents; and it is they who are the prime interlocutors in the high-level bilateral meetings to determine significant development cooperation decisions. Yet in this way, **external assistance can inadvertently be perpetuating that which it is seeking to change.**

It is therefore critical to heed the [obvious implications of working in countries with poor governance and development outcomes](#); reformist drivers of change – those who deeply care about the well-being of their communities and share Australia’s development aspirations for their nation - will rarely hold formal authority and be in positions of power in contexts of endemic corruption. Australia’s development program consequently needs to be informed by an understanding of the vast difference that can exist between overt, legitimised leaders and covert, oftentimes embryonic, developmental leaders, whose status is not necessarily reflected in their formal positionality. Because it is **these local reformists whom Australia’s aid development cooperation needs to be supporting.**

In particular, Australia needs to assume a much more **astute role of convenor and facilitator** - strengthening the capability of these local actors to come together to form coalitions that **identify root causes of a lack of development progress**. They need to be encouraged to **use their legitimacy and influence** to contest the dysfunctional workings of the state and normalised inequitable behaviours and attitudes, and propose new models and alternatives. The most successful Australian-funded investments in the region in supporting effective state-building and norm-changing – for example, [Coalitions for Change in the Philippines](#), [Vanuatu Skills Partnership](#) and [Governance for Growth](#) in Vanuatu, and [MAMPU](#) and [INOVASI](#) in Indonesia - have all operated in this way and **should be forensically examined** to inform future investments.

In terms of the **development capabilities required to operationalise** this lucid approach to supporting effective state-building in our region, Australia's development agencies need to be **much more skilled in undertaking in-depth contextual analyses of the political economies** in which they are working. Designs need to stop being solely based on technical 'situational analysis' which continue to naively assume that technical solutions will solve deep-seated issues of power and relationships. Instead, they need to be much **more politically savvy and aware of what the real blockers to progress are** and to identify the 'green shoots' of **endogenous reform momentum**. By fostering and amplifying the latter's efforts, Australia will have a chance of achieving real development outcomes, not the fairy-tale ones of the thousands of politically blind and silent design documents whose 'End of Program Outcomes' are never realised. This approach will also require a much more **strategic approach to Australia Awards** programs, so that the potential of these investments to **cultivate and maintain reformist allyship** between Australia and its closest neighbours is leveraged from and maximised.

2. Stimulate domestic demand for effective, accountable states that can sustain their own development

As stated above, no external aid program can 'build' another independent country's sovereign 'state'. However, in addition to supporting local drivers of change to increase their influence and come to together as coalitions for reform, external development assistance can contribute to the process by **stimulating domestic demand** for more effective and accountable leadership, governance and service delivery.

The Australian Government's renewed commitment to supporting media in the region is a welcome shift in approach in this regard. Through the **ABC and SBS, Australia is a world leader in media quality and independence**, a bedrock of any state-building enterprise founded on the principles of transparency and accountability; Australia should be **building on and utilising this strength** to prosecute a state-building agenda more deliberately in the region. Initiatives such as the relatively poorly resourced [PACMAS](#) should be revitalised and re-strategised directly in line **with the two focus areas of Australia's new aid policy** – a) building effective, accountable states; b) generating collective action on global challenges that impact our region. This should include increased support to media associations in the region, with opportunities to **strengthen people-to-people/institution-to-institution links** with journalists and media organisations in Australia.

Australia also needs to work much more strategically to **support civic education around demand for better governance**. Too many assumptions are currently made that communities across the Pacific have access to information around what they can expect and demand from their democratically elected government – and indeed even what effective representation looks like. It is for this reason that so many so many of the ‘usual suspects’ of elite cronyism get elected time and time again in national elections across Melanesia, for example. Clearly, these are sensitive areas to work in, but a savvy, locally-informed and politically intelligent aid program can navigate these sensitivities to support locally-led civic education programs and electoral reform initiatives in ways that do not compromise Australia’s reputation as a (capital P) politically neutral partner. The [regional Balance of Power program](#) is an excellent example of a DFAT-funded initiative that is explicitly seeking to address social norms and foster demand for improved leadership and governance, and should also be learned from in a new and improved development cooperation paradigm.

However, to ensure that these types of (critical) investments are indeed managed sensitively and competently, Australia needs to **intentionally improve its capability in this respect**. Importantly, DFAT needs to ensure it is **prioritising the right attributes** in the selection of the managing contractors/INGOs (and their agent Team Leaders and Advisers) to whom much of its aid program is outsourced. Although implemented in diverse geographic settings and across diverse technical sectors, the most effective of DFAT’s (AusAID’s) past and current investments have been supported by contractors with a set of common operational values and systems. These include: administrative processes that are **truly flexible and able to be appropriately adapted** to the unique operating environment; personnel recruitment processes that **weigh heavily the primacy of relational and political navigation skills**; and a ‘corporate humility’ that demonstrates an understanding that the comparative advantage of the best managing contractor is precisely to not be the main player on the development stage, but rather a **nimble, behind-the-scenes facilitator and enabler** of locally-led, complex social change processes. While all contractors (including INGOs) make many of these claims in their polished tender submissions, the differences between implementing organisations on the ground are enormous, and DFAT need to make sure it has access to credible **performance information that enables it to differentiate between reality and rhetoric**.

A key – and proven – strategy to improve Australia’s capability to contribute to potentially sensitive, but deeply necessary, enhanced civic awareness and demand is to ensure its programs are **increasingly led by local Team Leaders**, consistent with DFAT’s emerging localisation agenda. In doing so, Australia will not only have increased confidence that its investments are being directed in contextually sensitive and shrewd ways, but it will also have **increased access to local networks of**

power, influence and intelligence, which the bulk of its current expatriate Team Leaders and Advisers will never reach. Again, two of DFAT's stand-out initiatives in this regard, the Vanuatu Skills Partnership and Balance of Power, [provide timely lessons](#).

In summary, to achieve outcomes against the new development policy's focus areas of:

- 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

Australia needs to:

- a) Significantly improve the political economy analysis capability of its development agents.
- b) Based on this, develop strategies and investments that amplify the reformist work of endogenous drivers of change and strengthen coalitions for collective action and influence.
- c) Invest in more initiatives explicitly focused on increasing domestic demand for better governance and state functionality in partner countries. This should include greater prioritisation of local media empowerment.
- d) Overhaul its procurement processes to maximise selection of contractors with demonstrated expertise in politically savvy implementation.
- e) Prioritise local leadership of its development investments, in line with DFAT's emerging localisation agenda.
- f) Forensically examine high impact programs to determine factors of success to inform future designs and programming.