

Submission to the review of Australia's International Development Policy

This submission makes the case that climate and security should be a key pillar of Australia's aid policy alongside mitigation and adaptation. This responds to the Government's ambitions around enhancing state resilience and combating global challenges. Importantly, it outlines how Australia can carve out a niche for itself in the region on an issue of global significance while meeting the development needs of its regional partners and helping them navigate a less stable, less predictable world. Details about the author are included at the end of this submission.

Trends, risks and challenges

Climate change will pose the greatest threat to development and stability in our region for the foreseeable future. Following the outcomes of the recent COP27 and despite some states still clinging, for tactical reasons, to the notion of 1.5°C, the reality is that that milestone is now beyond reach. The IPCC science supports this.

We must now prepare for a 2°C world. This is one in which certain tipping points may be reached, rapidly accelerating the climate crisis. It will be a world marked by food and water insecurity, increased natural disasters, increased competition for a shrinking amount of arable land, and increased local and interstate conflict over these diminishing resources. In the next ten years, intense geo-political competition over the resources needed to support the renewable energy transition will also feature large as a source of instability. There is nothing that undermines development investments faster than violent conflict.

This all sounds very dramatic and one might ask whether it is crystal ball gazing, particularly on the conflict front. We know however, that this is what the future holds because it is already happening. What we are talking about here is a growing trend not a future forecast of something that may or may not occur. There are seven core climate security issues that Australia will face in its region in the coming years.

Maladaptation / Conflict over the development of renewable resources: At the local level there are now multiple examples of usually well-meaning renewable energy investments resulting in increased tension and conflict, particularly where local groups are marginalised from the development process and access to the benefits of the scheme are denied. This has been the case with solar projects in places like Morocco and Kenyaⁱ as well as around hydro in places like Myanmarⁱⁱ, Cambodiaⁱⁱⁱ and related to bio-fuels in Indonesia^{iv}. There are several examples of development projects in the Southwest Pacific which have contributed to community conflict^v. A conflict sensitive approach to investments is critical.

Intra-state conflict and instability: Shrinking water and land resources as well as inequitable access to energy is already leading to localised conflict. One of the best examples from our region is the water conflict between Karnataka and Tamil Nadu states in India^{vi} which has led to violence. Globally, probably one of the best known climate security issues is the farmer herder conflict, present in Nigeria, most of west Africa and the Sahel. Reduced rainfall and less arable land, combined with poor land use planning has led to violence between these two groups across the region. In Nigeria, at one point the conflict had killed more people than Boko Haram^{vii}. In Mali, where the government has taken sides in the dispute, the conflict has been exploited by Islamic violent extremist groups to build out a support base and fuel their operations. Widespread food insecurity will represent a major trigger for domestic unrest. In places like Indonesia, crop yields are already down, while reef die-off will deplete its primary source of protein – fisheries. Conflict can also exacerbate climate change.

For example, the involvement of organised crime in logging across the region will hamper efforts to reduce carbon emissions.

Instability in cities: The mega-cities of the Indo-Pacific are also likely to see increased violence and instability as climate migrants flow into urban areas^{viii}. A recent White House Commissioned paper^{ix} noted that most people who are displaced by climatic events will remain in their countries, in part, because the poorest simply do not have the means to migrate further afield. This will likely lead to increased urbanisation and downward pressure on already overstretched or in some instances non-existent basic services, justice, policing and infrastructure. These are trends that can be exploited by illiberal populist leaders and indeed, by violent extremist groups when combined with perceptions of exclusion, discrimination and corruption. We have already seen a dramatic rise in rates of protest and civil unrest across the region.

Interstate conflict: Cross-border resources, particularly, water, are becoming flashpoints. Egypt has actually threatened conflict over Ethiopian efforts to dam the Nile for hydro power. Closer to home the framework that has governed water resources between Pakistan and India is beginning to fail with an increase in tensions^x. The Brahmaputra River which is a source of water and livelihoods for more than 130 million people in China, India, and Bangladesh is also seeing tension ratchet up^{xi}. The Mekong will also be a source of resource competition and potential instability, with a heavy geo-political character given China's particular investments in the river system^{xii}.

Green minerals: The minerals needed to develop and deploy renewable energy systems, from batteries to wind turbines, have created a geo-politically charged race for resources. China currently has, more or less, a monopoly on many of these minerals and has withheld them in the past as a means of coercion^{xiii}. Many of the states where these minerals are found are developing countries. In our region, after China, Vietnam hosts the largest reserves of such minerals, but they are also present in Myanmar and elsewhere. Demand has also reignited interest in deep-seabed mining in the Pacific. This has proved highly controversial with a moratorium imposed by most states, Nauru being the outlier. Extractives industry operations have had a long history of either sparking or exacerbating conflict, Australia need look no further than its northern neighbour Bougainville, but the geo-politics adds a different dimension. Both Russia and China are heavily invested in securing resources across the African continent and further afield. The Wagner group has been implicated in violence and killings in CAR and political interference in Madagascar in exchange for mining concessions, while China is increasingly cornering cobalt mining operations in DRC which has a long history of violence associated with artisanal and industrial mining. An additional risk is of course the potential for the 'resource curse' which makes economies less resilient and often more corrupt, eroding the state-citizen relationship and ultimately stability.

Energy coercion: While the transition to renewable energy is likely to make the west more energy independent, the same cannot be said for other regions. China has a strong track record of energy diplomacy. It has been the largest financier of coal power in the developing world for more than a decade which has helped spread its influence. In its most recent Five-year renewable energy plan it has confirmed it will cease this finance, pivoting to clean energy. China, including its internal capacity, has already been the world's largest investor in clean energy nine out of the last 10 years. Who finances the energy transition in developing countries, on what terms and with whose technology will play a role in the future energy independence of the region. Countries in the region need an alternative, especially where that technology on offer is nuclear which comes with both safety and proliferation concerns and is a key part of both China and Russia's plans in the region. It is, however, China's plan to develop a Global Energy Interconnection that may leave open the door to Russia-style energy coercion. Interconnection already exists with Pakistan, Nepal, Bangladesh and

Thailand, with plans to extend it to Vietnam, Laos, Myanmar and other countries in the region. The risks are obvious and developing their own independent indigenous energy capability will be critical.

Extremist groups: There is an increasing cognisance of how climate change is supporting the rise and growth of non-state armed groups^{xiv}. Indeed, it has been addressed as an issue in the UN Security Council.^{xv} Climate change is contributing to conflicts surrounding natural resources and livelihood insecurity. Terrorist groups proliferate and can operate more easily in these fragile and conflict-affected environments and sometimes try to fill the gap left by the state by providing basic services in order to gain legitimacy. The impact of climate change on livelihoods makes the affected population groups more vulnerable to recruitment. Terrorist groups are also increasingly using natural resources, such as water, as a weapon of war^{xvi}. The scarcer resources become, the more power is given to those who control them.

Opportunities

Despite the challenges associated with climate, conflict and security Australian efforts in the region have largely been limited to mitigation, adaptation and humanitarian response to natural disasters.

By contrast, Australia's allies, particularly the US, but also European allies, are looking more closely at the interaction between climate change and security. A 2021 National Intelligence Estimate^{xvii}, commissioned by the White House outlined a raft of related security challenges expected to arise from climate change. In USAID's Climate Strategy 2022-2030 it lays out as a key goal, 'strengthening the coordination of humanitarian, development and peacebuilding', and prioritises 'peacebuilding assistance to address climate impacts, focusing work in climate-vulnerable geographies with complex contexts to address conflict, insecurity, and structural governance challenges'. Although not as advanced in policy terms as the US, for the first time the UK included climate and security as a key pillar of its national security strategy (the Integrated Review) released in March 2021. The UK is putting its money where its mouth is announcing a £274m boost to climate resilience across Indo-Pacific^{xviii}. At the 2022 G7 Foreign Minister's meeting an outcomes statement on climate, peace and security, laid out a seven-point agenda, pledging to amongst other things, 'align policies and practices as a whole-of-government response to better understand and address peace and security implications of climate change and support those states and regions whose stability and peace are most affected by climate risks'.

So what can Australia usefully do in framing a climate and security pillar within its broader aid policy?

Global leadership: While commitment to addressing climate and security is growing it is also very fragmented across states, institutions and agreements. The first opportunity for Australia is to forge a coalition of states to develop a specific forum focused on the issue. This is unlikely to take shape in the UN system in any useful way due to the geo-political sensitivities associated with the topic but there is more than enough interest for an independent regional or even global grouping on the issue. Unlike other areas of climate change policy where Australia has been well and truly behind over the last ten years this represents a relative green-fields opportunity for global leadership.

Governance and natural resource management: Australian assistance can help countries in the region manage strategic resources for the benefit of their people. In particular, the global race to secure green minerals, will impact states in our region. In addition to the extraction of on-land deposits, as deep seabed mining for such minerals has become increasingly financially and technologically viable, there will be particular pressure in the Pacific to explore and extract. Naru has already expressed an intention to pursue such operations. Australia can play an important role in

helping states to avoid environmental damage and the ubiquitous 'resource curse' so that revenues are ploughed into poverty alleviation rather than elite capture. The same applies to land-based mining operations.

Leveraging existing finance: Common responses to climate change can be an important vehicle for peacebuilding and conflict resolution. An emphasis on integrating peacebuilding approaches into Aid program resource management interventions, into humanitarian assistance and conversely the integration of climate into peacebuilding activities will be essential. DFAT will however, need to build out its expertise on climate and security. The FCDO has an entire section dedicated to the issue. In the US, expertise is integrated across multiple agencies. It will also need to expand the amount it invests in peacebuilding. Fortunately, peacebuilding is cost effective and relatively cheap compared to service delivery or infrastructure programs.

Apply a conflict sensitive approach: As Australia's spend on infrastructure in the region grows and humanitarian budgets increase correspondingly to increased natural disasters it will be essential that a conflict sensitive approach is championed and applied. Examples of infrastructure investments that have led to conflict were provided earlier. While not climate induced, the Nepal earthquake illustrates the point on the humanitarian front. Here, aid was delivered through selected community leaders. In principle this sounds positive, but this approach in fact reinforced the caste system (one of the driving forces behind the conflict in Nepal) and meant that aid was not equitably received. A conflict sensitive approach that invests in upfront analysis and draws on the insights of peacebuilding organisations could have changed this outcome. Having disbanded its fragility and conflict team, DFAT will need to build out its capacity to apply a conflict sensitive approach.

Australia as peacemaker: As the threat of interest conflict grows over natural resources straddling borders Australia could position itself as an intermediary. While, given our current relations, this would be challenging in contexts where China is one of the parties to a conflict, there is no shortage of interstate conflict where Australia could assist. In a region that prizes its sovereignty Australia may be best placed to contribute through supporting Track-2 diplomacy but also research and analysis that could help find solutions in challenging contexts. Where China is a factor, Australia could look to support other countries in their negotiations through support with scientific research and capacity building to help off-set the power imbalance. Where Australia can probably make the greatest difference is on intra-state conflict, particularly at the local level where investments in peacebuilding and conflict resolution, particularly around resources competition, could avert conflict's either emerging or spiralling out of control in the future.

Promote energy independence: Countries in the region will be concerned about hitching their horse to China during a transition to a low carbon economy. This is where Australia can develop a comparative advantage and possibly even a flagship initiative. Both the EU^{xix} and US have already identified this as part of their climate and development strategies in the Indo-Pacific and there will potentially be opportunities for partnerships to leverage a broader set of resources and for Australia to play a coordinating role.

But Australia's engagement should be more than just providing pathways for energy independence to countries in the region. The Australian aid programme can play an important role in making sure that the energy transition is an equitable one, noting that energy production is often the captive of elites in many countries in the region. This sort of work will help ensure that inequalities are not further entrenched.

It may also represent an opportunity to better interconnect the Pacific region. A truly regional fund for Pacific energy transition could be something that the region itself can own and focus on, setting up regionally sustainable, but most importantly, affordable energy solutions. A perennial challenge has been economies of scale. Integrated infrastructure would help overcome this.

A surge in renewables uptake will also be vital to counter increasing emissions in the region. As overall demand for fossil fuels declines, oil for example, will become cheaper, incentivising some developing countries to increase their consumption. Indonesia is already the world's 5th largest emitter and its energy needs will continue to grow. A surge in access to renewables will also provide an alternative to the uptake of nuclear power, which is ill suited to a region with frequent natural disasters, while mitigating the risk of nuclear proliferation. Once countries sign on the dotted line with China and Russian supported nuclear power this creates a 30-50 year dependency strengthening those states influence over energy production in the region.

Australia, working with its multilateral partners, can also encourage responsible lending when it comes to climate adaptation and energy transition. While opinion is divided on the notion of a Chinese 'debt trap', corruption and elite capture has risen in parallel with Chinese economic development projects in countries such as Malaysia and Indonesia.

Recommendations

The bottom line is that the aid program needs to make climate and conflict a priority. Under this banner the aid program should seek to:

1. Lead a global coalition of states to develop an intergovernmental forum on climate and security to advance collaboration and coordination
2. Support national level governance on natural resources including, water, arable land, fisheries and forests and green minerals
3. Leverage climate interventions for peacebuilding
4. Invest in local level conflict prevention and peacebuilding, particularly around competition over resources
5. Develop a capacity to support mediation and Track-2 diplomacy related to interstate and regional fault lines
6. Ensure that other climate interventions (particularly infrastructure) and natural disaster response are conflict sensitive
7. Promote energy independence, equitable access and responsible investment as part of the energy transition

About the author: Julian Egan is a peace and conflict policy specialist with more than 17 years' experience. From 2005-2014 he served as an official with AusAID-DFAT with an interval as a NATO civilian in Afghanistan. For the last seven years he has been Director of Policy and Advocacy at International Alert, Europe's largest peacebuilding organisation. During his tenure he oversaw the organisation's climate and security team and also led on EU and UK peace and security policy writ large. Most recently he led engagement with UK government and Parliamentary committees on the UK's Integrated Review of Security, Defence, Development and Foreign Policy. Julian is currently undertaking post graduate studies at King's College London, Department of War Studies with a special focus on climate and security.

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- ⁱ <https://www.international-alert.org/publications/fuelling-conflict-the-impact-of-the-green-energy-transition-on-peace-and-security/>
- ⁱⁱ <https://www.usip.org/publications/2022/10/how-balance-hydropower-and-local-conflict-risks> see also <https://climate-diplomacy.org/case-studies/salween-river-dam-conflict-myanmar>
- ⁱⁱⁱ <https://www.usip.org/publications/2022/10/how-balance-hydropower-and-local-conflict-risks>
- ^{iv} <https://climate-diplomacy.org/case-studies/protests-against-palm-oil-indonesia>
- ^v https://rc-services-assets.s3.eu-west-1.amazonaws.com/s3fs-public/Climate_Change_and_Conflict_Risks_in_the_Pacific.pdf
- ^{vi} <https://climate-diplomacy.org/case-studies/dispute-over-water-cauvery-basin-india>
- ^{vii} <https://www.reuters.com/article/us-nigeria-security-farmer-herder-idUSKBN1OG001>
- ^{viii} <https://www.usip.org/publications/2022/06/climate-change-migration-and-risk-conflict-growing-urban-centers> see also <https://www.worldbank.org/en/news/feature/2021/09/13/millions-on-the-move-in-their-own-countries-the-human-face-of-climate-change>
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- ^{xiii} <https://www.nytimes.com/2010/09/23/business/global/23rare.html>
- ^{xiv} <https://www.adelphi.de/en/publication/insurgency-terrorism-and-organised-crime-warming-climate>
- ^{xv} <https://reliefweb.int/report/world/people-countries-impacted-climate-change-also-vulnerable-terrorist-recruitment-violence>
- ^{xvi} <https://www.newsecuritybeat.org/2019/09/terrorists-leverage-climate-change/> see also <https://www.nationalgeographic.com/science/article/climate-change-drought-drove-isis-terrorist-recruiting-iraq> see also <https://www.bbc.co.uk/news/av/world-middle-east-34905237> see also <https://www.wilsoncenter.org/publication/climate-change-and-violent-extremism-lake-chad-basin-key-issues-and-way-forward>
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