



Pacific Update

Australia as an effective infrastructure partner for the
Pacific & Southeast Asia

About AP4D

Organisation type: a non-government “initiative”

Mission: Encouraging better statecraft to maximise Australia’s influence in a difficult, dangerous and complex world.

Vision: An integrated, ambitious foreign policy which can generate long-term influence and engagement with the region and the world.

Method: Bring together the three Ds (and wider international policy community)



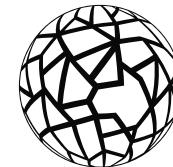
Australian Government

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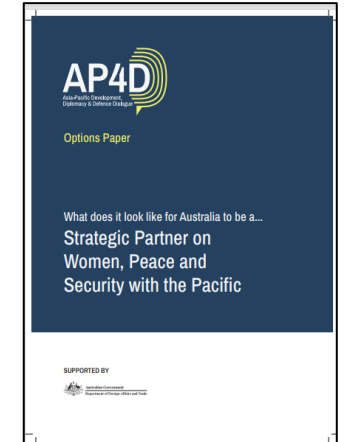
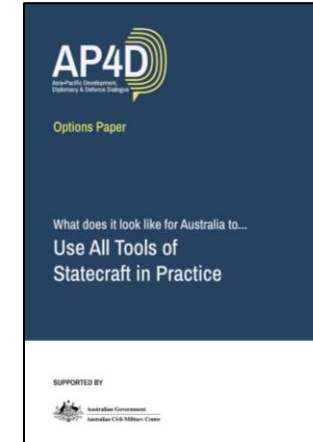
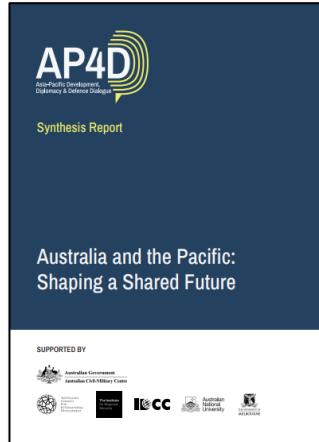


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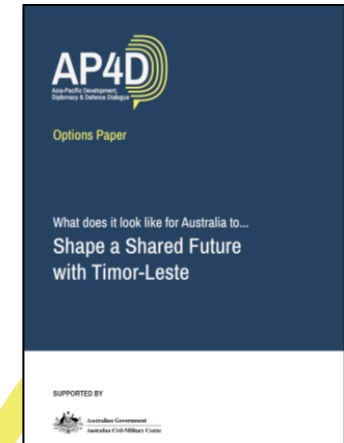
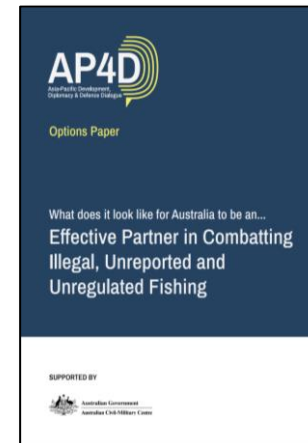
CEO, Oaktree

AP4D Options Papers

What does it look like for Australia to be a partner with the Pacific



What does it look like for Australia to be a partner with Southeast Asia



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Pacific Community

Engaging Policymakers



AP4D Southeast Asia Symposium - A message from Pat Conroy MP

"The work of AP4D in bringing together the development, diplomacy and defence communities is timely and important."

Pat Conroy, Minister for International Development and the Pacific and Defence Industry

"Congratulations to the AP4D on the release of Australia and the Pacific: Shaping the Future. This is a very valuable document that comes at a very important time for our nation."

Simon Birmingham, Shadow Minister for Foreign Affairs



AP4D Southeast Asia Symposium - A message from Australian Foreign Minister Marise Payne

"The Asia Pacific Development, Diplomacy & Defence Dialogue is a valuable contribution at a time of rapid change."

Marise Payne, Former Minister for Foreign Affairs



What does it look like for Australia to be an effective infrastructure partner for the Pacific and Southeast Asia?

AP4D Process

Papers are the result of an extensive consultation process



Vibe: Credible, practical, future-facing, collaborative, solutions-oriented
Tone: Positive, ambitious, propositional, critical friend


AP4D Dialogue

An interactive dialogue was held on 1 December 2022 and attended by 21 participants.


Guest speakers:

- **Roland Rajah** (Lead Economist & Director, International Economics Program at Lowy Institute)
- **Richard Maude** (Executive Director, Policy at Asia Society Australia and Senior Fellow at the Asia Society Policy Institute)
- **Joanne Wallis** (Professor of International Security at the University of Adelaide)
- **Jane Haycock** (CEO, International Development Contractors Community)

Participants came from a range of NGOs and academic institutions:

- Equity Economics and Development Partners
 - CSIS
 - Deloitte
 - Transparency International
 - University of Sydney
 - DT Global
 - Australian Red Cross
 - Perth USAsia Centre
 - ANU
 - Asia Foundation
 - SMEC
- 

Working group

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Outline | Options Paper

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Why it matters

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Status quo snapshot

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Perspectives

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Vision

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Principles



Why it matters | Importance of partnerships for infrastructure

- Clear Australian interest in growth and prosperity of Pacific & Southeast Asia – infrastructure is an essential enabler of growth
- Enormous infrastructure gaps in Pacific and Southeast Asia
- Infrastructure increasingly subject to strategic competition – fuelling greater investment, but risks associated with strategic motivations
- Effective partnerships between Australia and regional countries for infrastructure will ensure investments are relevant, impactful and contribute to prosperity and stability
 - ***So, what do effective partnerships for infrastructure look like?***

Perspectives | Diplomacy, development & defence views on infrastructure

How do Australia's '3D' communities view infrastructure?

Diplomacy (foreign policy)

- Infrastructure sits in broader context of bilateral & regional partnerships
- Infrastructure is a means to secure and maintain influence in relationships while shaping a region more favourable to Australian interests
- Australia's capacity to provide effective infrastructure is a reputational matter – especially vis-à-vis other external actors

Development

- With limited development resources, Australia should focus its investments on having greatest human development impact – this can include infrastructure, but Australia's advantages often lie elsewhere
- Australia's development contribution must primarily be driven by the needs of countries & communities we partner with
- Recognising security imperatives of states, Australian interests best served by playing to its strengths in development and adhering to robust sustainability safeguards

Defence (and security)

- Infrastructure is a critical security enabler, providing physical assets and means to respond to and deter threats
- Concern over 'dual use' of civilian infrastructure by adversaries to project force
- Provision of defence infrastructure support to Pacific helps build and maintain security relationships, while enabling Pacific nations to meet their own security challenges
- Building/maintaining infrastructure in region can also enable ongoing or future ADF operations

Risks | Barriers & risks to effective infrastructure partnerships

Australia's objectives & capacities

- Not having a clear sense of what 'success' looks like given mixed perspectives
- Does Australia have sufficient resources/capacity to scale up infrastructure investment?
- Australia's commitment to high standards and rigorous process can make us a less attractive partners
- Market rate loans are becoming less competitive, especially with debt concerns in Pacific
- With limited resourcing for development and foreign policy in Australia, is infrastructure 'good value for money' (especially relative to other donors)?

Local limitations & risks

- Insufficient supply of local labour and other public resources to build and maintain infrastructure
 - PALM contributes to this problem
- Local perceptions around strategic competition can undermine soft power or political influence outcomes from infrastructure
- Corruption in early phases of decision-making about selecting projects before contracting
- Superficial commitments to human rights and sustainability of local decision makers
- Political imperatives of local leaders clashing with actual local needs

Coordination & crowding-in

- Mobilising private investment is difficult, especially in Pacific
 - Lack of bankable projects, high risks, low returns, uncertain local conditions, bureaucratic hurdles
- Mobilising multilateral/multinational partnerships for infrastructure is difficult because of different processes, languages, perspectives and priorities

Vision & Principles | Characteristics of effective partnerships for infrastructure

Philosophy & approach

- The primary consideration for Australia's infrastructure decisions should be addressing the priorities of partner countries.
- Australia should develop an overarching policy framework for how it thinks about infrastructure as a tool of statecraft and measures 'success'.
- While foreign policy and strategic calculations are unavoidable, the primary motivation for Australia's infrastructure investment should be long-term sustainable development outcomes that enhance partner capabilities and allow local communities to flourish.
- When strategic or political motivations are driving an infrastructure decision, non-ODA funds should be used as much as possible.
- Given limited resources, Australia's approach to infrastructure should be targeted to where Australia has advantages and strengths.
- Australia should prioritise grants and gifts (where relevant) in infrastructure. Debt-based finance should be carefully considered to ensure Australia does not contribute to further debt distress of regional partners.
- Australia should continue to develop a range of infrastructure offerings appropriate to the diverse needs of the Pacific and Southeast Asia
- Australia should adopt a broader definition for infrastructure that aligns with international terminology and that includes 'social infrastructure'.
- Australia should look to encourage investment from other OECD countries, the EU, multilateral development banks and the private sector.
- Australia should ensure the competitiveness of its offers by avoiding unnecessary red tape, while still maintaining high standards.

Vision & Principles | Characteristics of effective partnerships for infrastructure

Project process & delivery

- Australia should pursue a transparent, non-discriminatory and merit-based process for infrastructure projects and programs.
- Central to Australia's infrastructure investments should be the transfer of skills and technology to regional partners.
- Australia should maintain our trusted partnerships and relationships through respectful and considered conversations that recognise and enhance the capabilities of our regional partners and encourage local leadership.
- Any projects, programs or other initiatives that Australia contributes to must uphold international best practices, especially related to safeguards.
- Australia should foster strong relationships with civil society in partner countries to mitigate potential political and corruption risks related to major infrastructure investments.
- Australia should plan a lifecycle approach to supporting the region's infrastructure needs.
- Australia should prioritise supporting investment in infrastructure that is sustainable, maintainable and culturally appropriate.
- Australia should prioritise supporting infrastructure that is culturally appropriate.
- Australia should take a proactive and responsible approach to coordinating with other external actors on infrastructure in the region.
- Australia should prioritise internal coordination in addressing the infrastructure need of partner countries.

What does it look like for Australia to be an effective infrastructure partner for the Pacific?

Tell us your views