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## In search of a strategic aid program: five messages for the new Australian aid policy

By Jacqui de Lacy and Lavinia Tyrrel  
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The [new international development framework](#) presents a strategic choice for Australia: will it use its development program to 'gain influence', to counter the growing power of China? Or will it tackle deeper but more intractable drivers of regional conflict, economic stagnation and inequality?

The decision about where Australia comes down on this spectrum is critical. It will determine priorities, budget allocations and management approaches, as well as how Australia measures success.

[We have five messages](#) for the new development framework, building on what we said in our [2017 submission](#) to the Foreign Policy White Paper.

### **1. Play the long game - address causes not symptoms**

Our overarching message is simple: focus the majority of development on the long game. Refocus effort to address the underlying drivers of instability, inequality and poor growth in Southeast Asia and the Pacific, thereby shoring up Australia's national interests in the region and its position as partner of choice for coming decades – not just months or years.

Responding only to proximate and immediate threats as they emerge (e.g. natural disasters, intra-state violence or fiscal crises) is important, but will not address the fundamental drivers that perpetuate conflict, economic stagnation and inequality.

### **2. Go for depth not breadth**

The aid program is operating in a constrained budgetary environment. Choices must be made to invest in areas that will have the greatest return on Australia's investment.

If Australia wishes to prioritise the core drivers of insecurity, instability, inequality and

economic stagnation ([our aid submission](#) has more detail) – and secure its long-term interests in the Asia-Pacific – we recommend Australia focus on three key issues:

1. *The inability of states to enforce rules and deliver core services*: conflict is lower, and GDP is higher when states can legitimately enforce laws and regulation (and not just further narrow interests), extend authority over borders, and help ensure people are healthy, educated and employed.
2. *Inequality of opportunity and income*: communities, workplaces, countries and economies do better when women are given equal opportunities in all aspects of public and private life.
3. *Environmental and transboundary threats*: the impact of climate change, transnational crime and disease (e.g. coronavirus) are being borne unevenly by the Asia-Pacific region – and pose real threats to Australia's interests. Strong prevention, preparedness and emergency warning and response systems can reduce the impact of these challenges.

This would translate into four sectoral areas for the aid program: health and education; gender and social equality; climate change and resilience to disasters/epidemics; and effective governance and leadership.

While there is much we have left off this list, that is the point of prioritisation. Likeminded development partners can be encouraged to 'pick up the tab' in sectors where Australia will not focus.

### **3. Change how we talk about our relationship with the region, especially the Pacific**

The new international development policy is an opportunity to talk of common values and beliefs. The Asia-Pacific outpouring of support for the bushfire crisis reminds us there is more that *binds* us to our neighbours than sets us apart. Australia can use the new policy to reframe how it wants its relationship to look in the region. Adversarial, Hobbesian and protectionist rhetoric that pits the narrow country interests of one against those of the other – 'protecting our interests', 'contain geopolitical threats' – should give way to concepts that foster mutual respect and common experiences and values. The damaging debate over Australia's position on climate change is a good example of how protecting our domestic interests can undermine our regional ones.

Development is not a zero-sum game, and many of Australia's closest neighbours – Melanesia especially – want a partnership of respect and equality with Australia. They

desire a more equal cultural, commercial and political exchange, focusing not just on what Australia can 'do for them', but what they can give back.

## **4. The Pacific matters, but don't forget Southeast Asia and Indonesia**

While we support Australia's focus on the Pacific, there are significant economic and strategic challenges faced by Indonesia and Southeast Asian (SEA) nations – which also matter to Australia. Even though many SEA nations have achieved middle-income status, this should not obfuscate rising inequality, pressures for state fragmentation and religious radicalisation, challenges to core institutional arrangements that have supported growth to date, and urbanisation and youth unemployment. These challenges do not disappear once a certain GNI per capita is reached; and for some countries these factors limit future growth.

Australia should protect aid allocations to Indonesia and a small number of priority SEA countries where insecurity, instability and economic stagnation is pressing and matters to Australia.

## **5. Treat monitoring, evaluation and learning as core to the aid program - not a 'nice to have'**

The aid policy is to be [accompanied by a "streamlined performance framework"](#). In order to 'measure success' of the framework, investment must be made in monitoring, evaluation, research and learning (MERL). The quality of DFAT's results reporting will only be as good as the investment made in MERL at the country and program level. Quarantining 5%-10% of all ODA budgets for country and program-level analysis and MERL would be a great start.

It is important that the MERL agenda is not captured only by accountability needs. Aid programs are more effective (and therefore spend taxpayer money better) if investments are made in applied research, learning and evaluation during project implementation. These are core to effective aid, not a 'nice to have'.

## **Final words**

Australia needs to reinvigorate its reputation for generosity, innovation and risk-taking. The new development framework is an opportunity to do this by focusing on the long-term drivers of stability, security, equality and growth, protecting support for Indonesia and select SEA nations, and showing that we are committed to building trust and addressing the critical global and local issues that matter to our region. And if we get this right, the implications will be more than just words on a page for how the region perceives, acts and responds to Australia over the coming 5-10 years.

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